

	BANKRUPTCY	INDIVIDUAL VOLUNTARY ARRANGEMENT (IVA)
Advice	Free from Bretts Business Recovery	Free from Bretts Business Recovery
Bank Account	Frozen initially and likely to lose if overdrawn	May be retained provided the bank is not a creditor in the IVA
Credit	Cannot incur credit for period of bankruptcy	Cannot incur credit for period of IVA
Credit File	Marked for 6 years	Marked for 6 years
Creditor approval required?	No	Yes (requisite majority)
Creditor Communication	Creditors will deal with Official Receiver and you should have no further communication with them.	Creditors will deal with the Insolvency Practitioner (IP) and you should have no further communication with them.
Debts	Unsecured debt (with a few exceptions) will be written off	Unsecured debt will be "settled" in full and final settlement. Balance will be written off
Default/Non Compliance	You may be subjected to a Bankruptcy Restriction Order or your automatic discharge from bankruptcy may be suspended	The terms of the Arrangement may stipulate that the IP has to petition for your bankruptcy if breach is not rectified.
Directorship	Cannot be a director of a limited company, nor involved in the formation, promotion or management	Can be a director of a limited company
Duration	Usually 12 months but can be extended	Can be up to 5 years
Employment	Could be at risk for certain professions and could affect chances of gaining employment	Should not affect present employment but might affect chances of gaining employment depending upon your profession
Fees	£705 although exemptions may apply	Drawn from funds paid into the IVA. Fees will vary according to each individual circumstances. Usually capped at 15% of realisations. No up front fees usually charged
Home	At risk if equity available. May retain if in negative equity.	If equity available this <u>may</u> need to be included in the IVA but you will have time to sell voluntarily and will control the process
Income	Any surplus income will be claimed for the bankruptcy estate for up to three years	surplus income will be made available for the duration of the IVA
Legal Action	Prevented	Is prevented once approval to IVA achieved
Legal Obligations	To surrender to the proceedings, attend upon the official receiver and provide all information requested. Inform of any increase in earnings.	An IVA is a legally binding contract between you and your creditors. You must adhere to the terms of the IVA Proposal.
Motor Vehicle	At risk unless you can evidence that it is vital for the purposes of work	Allowed to keep if moderately priced
Privacy	Registered on the Insolvency Service Website	Registered on the Insolvency Service Website
Professional Qualifications	Will be lost for professionals such as accountants and solicitors	May be retained
Windfalls/ Inheritances	May be claimed if you become entitled to before or during the bankruptcy	Will be claimed under the terms of the Arrangement