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Dear Member,

### **Withdrawal of Plans to Introduce SIVAs and Voluntary Arrangement Practitioners**

The Government Insolvency Service has announced that it is *not* now proceeding with proposals which would have introduced:

- a simplified scheme for debtors (mainly consumers in debt) seeking to come to an arrangement with their creditors; and
- a new qualification for professionals dealing with debtor arrangements.

<http://www.insolvency.gov.uk/insolvencyprofessionandlegislation/policychange/SIVAwithdrawal.doc>

Commenting on the decision not to proceed, IPA Chief Executive, David Kerr, said "The simplified individual voluntary arrangement (SIVA) scheme would have made it more difficult for creditors to defeat reasonable proposals for repayment by setting arbitrary minimum levels of return which take no account of debtors circumstances and what they can afford to pay."

He said that considerable progress had been made through the Protocol agreed in January 2008 between the Government Insolvency Service, the insolvency profession, the British Bankers Association representing the banks, and other stakeholders to address issues which creditors and practitioners had raised in connection with the process of agreeing proposals. "But certain creditors are still insisting on receiving more than debtors can afford pay in some cases, resulting in proposals being rejected even where the creditor represents only 25% of the debts. That can be in nobody's interest. It denies the debtor access to a statutory debt relief procedure and it denies other creditors the opportunity of seeing the debtor's affairs brought within an orderly framework for repayment. We hope that the Government will explore further through the Standing Committee which oversees the Protocol how those interests can be protected going forward, where appropriate by applying pressure on those banks which adopt an unreasonable stance."

Turning to the deferral of legislation for authorising voluntary arrangement practitioners, intended to operate alongside the existing regime for insolvency practitioners authorised to handle all forms of insolvency procedures, David Kerr said: "This will undoubtedly be very disappointing for those who have been working towards the voluntary arrangement practitioner qualification, particularly in the absence of a firm timetable for implementation. It also represents something of a missed, or at least postponed, opportunity to broaden the base of the insolvency profession and the reach of the statutory insolvency regulatory framework by bringing in those who operate in the ever increasing personal debt solution market."

**IPA Secretariat  
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