



29 November 2018

### **IPA Announces Continuous Monitoring of High-Volume Individual Voluntary Arrangement Providers**

The Insolvency Practitioners Association is pleased to announce a new regulatory framework for the continuous monitoring of the use of an Individual Voluntary Arrangement (“IVA”) by the high-volume IVA providers. The Insolvency Service classifies high-volume as those firms that are responsible for 2% of the total number of IVAs annually. An IVA is one of the debt management solutions available to consumers, which allows individuals to enter into a binding agreement with their creditors to repay part of what they owe over a typical period of 5 years. An IVA must be supervised by an Insolvency Practitioner (‘IP’) and the majority of IPs who work on IVAs are regulated by the IPA.

This is an important area of insolvency law and practice which provides individuals with a practical way to resolve their personal financial difficulties, that may be a better solution for them than options such as bankruptcy, which can carry more obligations and restrictions. The quantity of people seeking debt relief through an IVA has increased significantly over the past 10 years, with numbers in 2017 exceeding 59,000. The IPs operating in this sector and the IPA are keen to ensure that the sector has a robust and meaningful process of regulation that will give protection to consumer debtors and particularly those considered to be vulnerable.

The traditional method of regulation does not facilitate meaningful supervision of the high-volume providers who are reliant on technology to deliver the volumes of cases that are commenced each year. Consequently, the IPA will introduce a new way to regulate the industry using continuous monitoring, with real time access to systems. This will provide the IPA inspectors with the information they need to target visits on those areas that require rapid improvement. The IPA will also expand its inspector network, and bring in specialists, to enable more frequent inspections for those organisations operating in this work with up to four visits a year, where there is usually just one.

Michelle Thorp, CEO of the IPA commented:

“The vast majority of IPs act with integrity and in the very best interests of their clients and stakeholders. Given the changing nature of the industry, we have been working to adapt our regulatory practices and this is an important improvement to how we deliver our obligations to regulate IPs in this sector. The outcome, which is a much more intensive regime, will be to improve trust and confidence in this sector and to enable us to help our IPs improve their working practices. The outcome for the consumer should be a greater degree of trust in the help they are getting at what can be an incredibly

tough time. It will also provide confidence to creditors that the IVA process is transparent and that the regulatory framework meaningful and robust. I want to thank the industry for working with us to develop this new framework – it’s a demonstration of their commitment to this agenda, as much as ours as the regulator.”

- ENDS -

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### **Notes to Editors**

As stated above, there has been a significant increase in the number of people using IVAs rather than the more traditional route of bankruptcy which has raised concerns that the regulatory framework has not kept up as this part of the industry has developed and this new regime addresses these concerns.

Under the new regime, IVA providers may expect up to four visits per year, up from just the one they receive currently, with far greater investigations into particular targeted areas which will enable the IPA to closely scrutinise any specific areas of concern. The IPA will be given access to the volume providers technology systems to enable better scrutiny of their business practices. This access will also enable the IPA to accurately review a far greater number of cases over the course of a year and to review the structures in which IPs operate as well as their operating practices and financial management considerations. This will lead to shorter, sharper, faster reports to disciplinary committees, with strong recommendations for action thus speeding up consideration of any possible sanctions and improving consistency of decision making.

### **About the Insolvency Practitioners Association**

The IPA is the only one of the recognised professional bodies specialising solely in insolvency. Its principal aim is to promote and maintain standards of performance and professional conduct amongst those engaged in insolvency practice. It is the second largest, in terms of the number of licensed insolvency practitioners (IPs), of the professional bodies recognised for the purposes of authorising IPs under the Insolvency Act 1986. You can find an IPA IP on its website:

[www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk)