

Citizens Advice Hampshire - Intro to Debt 2 – Handout 2 Debt Solutions Table – From 29th June 2021

	Bankruptcy	DRO	Administration Order	IVA	Debt Management Plan	Direct with Creditors
Type	Court Based - legally binding	Court based - legally binding	Court based - legally binding	Legally binding out-of court	Informal	Informal
Debt Amount	Any (Min £5000 for creditor to force bankruptcy)	Max £30,000	Maximum £5000	No limits, but creditors won't usually agree unless its more than £10,000	Any	Any
Available Income	Any, but should be "unable to repay debts"	Maximum £75 per month	No limits.	No limits, but must be sufficient to make payments	usually at least £50 per month	There must be something with which to negotiate. If not, then "Token" offers.
Other conditions	If debtor has any funds, they may be asked to pay towards the debt for up to 3 years.	No other DRO in last 6 years, no other formal insolvency procedure pending	Must have at least one unpaid CCJ or HCJ, and TWO or more debts	Creditors representing at least 75% of the debt must agree	Can only include non-priority debts	None
Costs	£680	£90	10% of amount owed added to each monthly payment	set by industry standard, usually approx £5000	often, but not always carries a fee added to monthly payments - check at outset	None
Procedure	Application to court made online.	DRO Intermediary applies on your behalf.	Apply to county court on form N92	Consult IP who liaises with creditors direct.	Debt Management Company negotiates with creditors on client's behalf.	Negotiate Direct by phone/in writing

	Bankruptcy	DRO	Administration Order	IVA	Debt Management Plan	Direct with Creditors
Assets	May be used to repay debts. Homeowners are likely to lose their home.	No assets above £2000. May own a car, value not exceeding £2,000.	Debtors not usually required to sell or re-mortgage, so home is safe. However, some courts refuse to grant AOs to homeowners.	No limits. Homeowners are expected to re-mortgage, but should be able to keep their home	Must be declared, and creditors will expect that these will be used where appropriate.	Must be declared, and creditors will expect that these will be used where appropriate.
Time period	Normally ends after 1 year. Bankruptcy Restriction Order may last up to 15 years.	Normally ends after 1 year. Debt Relief Restriction Order may last up to 15 years.	Usually less than 3 years	Usually 5 years.	Ongoing until all debts are re-paid. Subject to 6-monthly reviews	Ongoing until all debts are re-paid. Subject to 6-monthly reviews
Debts written off?	Yes (except excluded debts)	Yes (except excluded debts)	Any outstanding at the end of the agreement are written off.	Yes at the end of term (although some debts are excluded)	No	No
Significant Impacts	Public Register, Barred professions. Official Receiver controls your finances until discharged. Credit Rating affected for 6 years. If you own a business, it may be closed.	Public Register. Official Receiver controls your finances until discharged. Credit Rating affected for 6 years.	Usual to deal with rent/mortgage arrears separately to avoid eviction.	Creditors usually expect a lump sum payment (can come from re-mortgaging). If it fails, creditors are likely to seek bankruptcy.	Creditors should only contact client through DMP	Client must liaise directly with creditors - can be stressful