



Call Payplan on 0800 716 239

Our free helpline is open Monday to Friday 8am-9pm, and Saturday 9am-3pm.
Find out more at www.payplan.com

Please contact us if you'd like this leaflet in Braille,
large print or other languages.

Textphone/Minicom: **0844 842 9114**

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DMP or IVA?

Find out if a Debt Management Plan (DMP)
or an Individual Voluntary Arrangement (IVA)
is right for you



helping you to take control





**you can count
on our advice
and support**



Who we are

Payplan are one of the UK's leading providers of free debt solutions. We've been successfully offering debt solutions since 1992 and we help thousands of people every year to resolve their debt issues. We're here to help you, too.

If you're struggling with debt, we can help you find a way to take back control of your money. Unlike many debt management companies, our debt management plans and advice are free of charge: we are here to help you resolve your money problems, not add to them.



Finding the right solution

We understand that there's no 'one size fits all' solution to getting out of debt. This is why we offer realistic advice tailored to your life and your circumstances.

To help us identify the right solution for you, we will start by looking at your income and expenditure, your lifestyle and your priorities. We are pleased to offer one-to-one support to all our clients, ensuring that we are there for you every step of the way.

This leaflet outlines the features of Debt Management Plans (DMPs) and Individual Voluntary Arrangements (IVAs) so that you can get a clear idea of which solution might suit you best.

Whatever solution you choose, you can count on our ongoing support and advice to help you deal with your debts. We are already a trusted choice for more than 100,000 people every year, and we can help you too.

What are DMPs and IVAs?

Debt Management Plan

A Debt Management Plan (DMP) is an informal arrangement made with your creditors to repay all your debts at a rate you can realistically afford.

With your authority, we will arrange this for you, by showing them that you are struggling to meet your monthly payments. We then agree upon a reduced payment for you to make on a regular basis. Payplan will manage your arrangement for you, taking your payment and distributing it on your behalf, for free!

With Payplan, there are no charges for setting up or running your DMP. Every penny that you pay us goes towards your debts, as we are funded by members of the credit industry.

Individual Voluntary Arrangement

An IVA allows you to make one affordable monthly payment towards your unsecured debts and stops creditor demands for money.

It can be a good option for people with debts of £10,000 or more since it offers the opportunity to be debt free within a fixed time scale and isn't as disruptive as bankruptcy.

In an IVA you will repay a percentage of your debt over a fixed period of time, usually around five years. Upon the successful completion of your IVA, the remainder of your debt will be written off.

An IVA can be a good option for your creditors too, as it will almost certainly offer them a higher return than bankruptcy.



How do debt plans work?

- 1** First of all, you'll speak to a Payplan specialist about your financial circumstances.
- 2** You will then complete a full income and expenditure review to make sure a DMP or IVA is the most appropriate debt solution for your circumstances.
To build up a picture, we will work with you to assess your debts: this will include looking at your income, expenditure, assets and creditors. Using this information, we'll complete a budget for the following twelve months. This information is essential for us to create an offer or proposal to your creditors to demonstrate what you can afford.
- 3** Once your debt plan is arranged, we'll assign an experienced Case Officer to you so that you always have the support you need, whenever you need it. Your Case Officer will be your regular point of contact should you have any questions or concerns.

If a DMP or IVA isn't the most appropriate option for you, we will assess your situation to see if an alternative solution is more suitable.

Don't worry, we're here to guide you every step of the way.

there are no set-up costs for any of our debt plans

Am I eligible?

To qualify for a DMP you must:

- ✓ Have unsecured debts of over £5,000
- ✓ Have two or more creditors
- ✓ Have a regular income
- ✓ Be struggling to meet your monthly payments.

To qualify for an IVA you must:

- ✓ Be insolvent (unable to pay debts)
- ✓ Have debts of £10,000 or more
- ✓ Have two or more creditors
- ✓ Have three or more forms of credit
- ✓ Have a monthly surplus of £100 or more.

At a glance

A direct comparison of the main features of DMPs and IVAs.

DMP	IVA
Informal arrangement	Legally binding
Interest and charges may be frozen but this cannot be guaranteed	Interest and charges will be frozen
All debt must be repaid	On completion, all remaining unsecured debt will be written off
Flexible duration, depending on your circumstances	Usually lasts five years
Suitable for unsecured debts of £5,000+	Suitable for unsecured debts of £10,000+
No need to release equity from your property if you're a homeowner	No expectation to release more than 85% of the value of your home, taking into account existing borrowing
No set-up costs	No set-up costs
One affordable monthly payment	One affordable monthly payment
Reduced contact from creditors	Creditor harassment will stop
Ongoing support and help budgeting and reducing essential expenditure	Ongoing support and help budgeting and reducing essential expenditure

repay your debts at
a rate you can afford

Frequently asked questions for DMPs

Is a Debt Management Plan (DMP) suitable for me?

A DMP requires that you owe money to more than one creditor and you have a surplus income each month (that is, money left over after you have paid all of your living costs and household bills from your income).

Is a DMP a loan?

No, a DMP is exactly what it says, a way to help manage your debts. A debt management company such as Payplan doesn't buy the debt from your original creditors, nor do they give you money to cover your existing debts.

How long will my DMP last?

The length of your DMP depends on your individual situation. It also depends on your level of debt, monthly surplus and whether your creditors freeze or reduce interest and charges.

Can I stop my DMP when I like?

A DMP is an informal arrangement between you and your creditors, so you are free to stop the DMP at any time, but we ask that you provide as much notice as possible so we can inform all of your creditors. If you are experiencing further financial problems and cannot afford the arranged DMP payments, please let us know because we may be able to restructure the plan for you.

Will my creditors agree to my DMP payments?

Creditors don't have to agree to the DMP payments. However, due to the excellent reputation in the credit industry that we've built over the years, many creditors will accept our DMP offers, as they know our reputation for providing affordable and sustainable plans.

Is my credit rating affected if I enter into a DMP?

A DMP in itself will not show on your credit file, however, any reduced or missed payments to your creditors will impact your credit rating.

Will I still receive calls and letters during the term of the DMP?

Unfortunately, due to a DMP being an informal arrangement, your creditors are still entitled to contact you directly, so Payplan cannot guarantee that all letters and phone calls will stop immediately, but we can hope to reduce communication to a minimum.

All correspondence you receive from your creditors whilst you're in a Payplan DMP should be sent to your DMP Case Officer to deal with.

Will interest and charges be frozen during DMP?

Creditors aren't legally obliged to freeze interest and charges and Payplan cannot guarantee this.

Can my creditors still issue me with a County Court Judgment (CCJ)?

A DMP isn't legally binding so creditors could feasibly still take action against you. But we have many years' experience in arranging and managing DMPs, and as we have a very good and well established relationship with creditors, this is less likely to happen if you maintain payments into your DMP.

Which debts are included in a DMP?

A DMP will only help you make reduced payments to your unsecured creditors, therefore the debts that can be included are:

- Personal loans (loans taken to purchase cars are fine but Hire Purchase (HP) agreements cannot be included as they are secured against the item being purchased)
- Credit cards
- Store cards
- Catalogues
- Overdrafts.

Secured debts can't be included in DMPs because any payments on secured debts that aren't met in full can lead to the goods being repossessed.

Frequently asked questions for IVAs

What if my IVA is not approved?

If your IVA does not get approved we are here to support you and help to find another solution. You may be able to try for an IVA again in the near future if your circumstances change, or you may be able to consider a Debt Management Plan (DMP) or bankruptcy.

What are the chances of it not being approved?

We wouldn't progress your case if we did not think it was likely to be approved. We have an extremely high approval rate of over 90%.

How long will it take to set up?

Once we have received all the information we need from you, it takes about two weeks to draw up proposals. We will then send the proposals to you to be signed and returned. Three or four weeks after this, the creditors will vote to decide whether they wish to approve your IVA.

Do all creditors have to agree to an IVA?

No. 75% of the monetary value of those that vote need to accept. If this happens, even the creditors who vote against it or do not vote at all will be legally bound by the arrangement.

What is an Insolvency Practitioner and why does an IVA need one?

An Insolvency Practitioner is an experienced individual who is licensed and qualified to act in formal insolvency cases. They are there to offer their expert advice and help to find solutions for both the creditors as well as yourself.

What happens if I can't keep up with my IVA payments?

Your monthly payments will be based on what you can afford, but if you are struggling to pay you should call us as soon as possible. An IVA is a legally binding agreement, so if you were to default on payments it will have serious consequences.



For free help and advice or to speak to someone about your own circumstances, call us today on **0800 716 239** or visit **www.payplan.com**