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IVA Debt: Measures to Combat against Bankruptcy by [William Booker](#)

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IVA is an abbreviation for Individual Voluntary Arrangements introduced by the British government within the Insolvency Act 1986 for combating problems of bankruptcy. Terms and condition are set in the IVA debt in such a way that the indebted person is required to make payment to a single creditor instead of numbers of creditors from whom he has borrowed finance.

The amount that he is asked to pay can be fixed keeping in mind what his financial capacity is. His income and expenditure are taken into account when it is decided how much he will pay in every month towards IVA debt. He is allowed an economical living and not thrown into poverty. The tenure is allowed within five years, generally, but the tenure can be of seven years as per the law. If he is sincere in commitment, rest of his debts is written off after five years and he is declared free from debt. Generally, about thirty percent of his debts can be written off.

A person is qualified for an IVA debt, if amount of his debts go above Â£15,000 and if he, even with the use of his material property cannot pay off the debts. It is necessary that he has borrowed from three lenders to the least. It is also necessary that he has substantial monthly earning so that he can remain responsible in reimbursement. Moreover, three-fourth of the creditors must be convinced to this point.

IVA debt is of great help for the borrowers trapped with multiple debts and is an escape route before destination towards bankruptcy. It is true that IVA marks will be in the credit report of the concerned person for six years, but this will never appear in the newspapers or in any other social media. A self-employed or a business man can also avail of this opportunity.

IVA is a private agreement and the borrower must secure advices and assistance of professional insolvency practitioner. IVA debt includes all unsecured debts and those are consolidated into a single IVA contract. The borrower is asked to pay once in a month and the amount is to be divided among the creditors. After the end of the IVA, nothing of charges or interest can be claimed by anybody. No legal action can be taken against the borrower once the IVA debt is cleared. Both sides of the IVA are bound by the law and they must obey the terms and condition of the IVA.

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