IVA or Bankruptcy?

# IVA

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| **Feature** | **Implications**  |
| Debt cleared within 5-6 years. |  |
| Repayment structure to suit the person in debt. |  |
| Can keep assets. |  |
| Very strict repayment structure. Failure to keep up repayments will lead to bankruptcy. |  |
| The person in debt might have to re-mortgage their house if they own one 6 months before the end to speed up repayments, if this provides £5 000 or more. Otherwise, the IVA may be extended. |  |

# Bankruptcy

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| **Feature** | **Implications**  |
| Can declare yourself bankrupt or can be declared bankrupt by others if £5 000 is owed. |  |
| Bank accounts will be frozen and assets seized. Assets will then be sold off to settle debt. |  |
| Lasts for 1 year, after which the person in debt will have a ‘clean slate’. |  |
| Strict restrictions will be put onto the person in debt in the future. They will have a poor credit rating. |  |
| It is a complex process. |  |