

**Comparison Chart. Formal Insolvency Options. England & Wales.**

	<b>Bankruptcy</b>	<b>Debt Relief Order</b>	<b>Individual Voluntary Arrangement</b>	<b>Administration Order</b>
<b>Forms</b>	6.27 Debtor's bankruptcy petition. 6.28 Statement of Affairs (Debtor's Petition)	Apply on line to Official Receivers office via an 'Approved Intermediary'	A proposal will be put together with nominee at Insolvency Practitioners firm.	N92 Application for an Administration Order
<b>Fees</b>	£525 deposit (may get help from charity or trust fund). £175 court fee (or EX160).	£90. Can pay by instalments at Payzone.	Usually taken from payments at start of IVA (year 1&2)	No fee upfront. Court take a 10% admin charge from monthly payments.
<b>Term</b>	Usually discharged after 6-12 months.	12 months.	No set term. Standard instalment IVAs often last 5 years.	Until debt is paid in full, unless court makes a Composition Order (if so client usually pays for 3 years & remaining debt is written off).
<b>Hearing</b>	Client must attend hearing at the county court.	No hearing	No hearing	Take form to court & sign in front of a court officer. If there are objections there will be a hearing for judge to consider application & give client a chance to state their case.
<b>How much does the client need to owe?</b>	No minimum or maximum	Under £15,000	No minimum or maximum (over £15,000 is a useful guideline)	Under £5,000 Also must be insolvent, have 2 or more debts & a county court or High Court judgment
<b>How are assets affected?</b>	Assets vest in Official Receiver & can be sold within 3 years.	Cannot apply if have assets worth over £300 in total. (Vehicle must be worth less than £1,000)	Protocol compliant IVAs allow clients to Re-mortgage in 4th year of IVA to release some equity or to continue payments for one year (home is protected). Older or non-protocol IVAs could include assets in the proposal.	No impact on assets.

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<b>Surplus income required to apply</b>	None	Less than £50 per month surplus	Depends what creditors will agree to. A full & final IVA may require no monthly surplus.	At least £5 per creditor
<b>Monthly payments required</b>	Agreed with Official Receiver based on surplus. An income payment agreement (IPA) may last up to 3 years.	None	Each proposal is individual, no set requirement.	Based on available surplus
<b>Impact on employment</b>	Some employers & professional bodies may reserve the right to terminate a contract. Quite rare.	Some employers and professional bodies may reserve the right to terminate a contract. Quite rare.	Some employers & professional bodies may reserve the right to terminate a contract. Quite rare.	N/A
<b>Impact on housing</b>	Some landlords do a credit check. Interest rate offered on a future mortgage may be higher due to poor CRF. House may be sold by OR if home owner.	Some landlords do a credit check. Interest rate offered on a future mortgage may be higher due to poor CRF.	Some landlords do a credit check. Interest rate offered on a future mortgage may be higher due to poor CRF. May be expected to release equity.	Some landlords do a credit check. Interest rate offered on a future mortgage may be higher due to poor CRF.
<b>Creditor action</b>	Most action will stop as soon as bankruptcy order is made	Creditors cannot take action for 12 months, at the end of the 12 months debts are written off. Action will recommence if DRO is revoked.	Creditor action stops when interim order is obtained or from date arrangement starts.	An Administration Order stops all creditor action without the court's permission
<b>Leaving a debt out of the application</b>	If a debt is missed off the bankruptcy petition it is still written off in the bankruptcy	If a debt is missed from a DRO application it cannot be included later	Client could apply to modify their IVA & add in a debt. This will usually mean breaking the terms of the legally binding agreement so the IVA may fail.	If a debt is missed out there is no provision for client to add it later. Creditor can apply to be included but would be paid after other creditors. Court might revoke the AO.
<b>Which debts are excluded?</b>	Court fines, CSA, Student loans, Secured debts, Damages, Personal Injury, Crisis loans and budgeting loans, fraud & sometimes benefit overpayments.	Court fines, CSA, Student loans, Secured debts, Damages, Personal Injury, Crisis loans and budgeting loans, fraud & sometimes benefit overpayments.	Court fines, CSA, Secured debts, Damages, Personal Injury, fraud & sometimes benefit overpayments.	Client can attempt to include any debt. However most priority creditors will object & the judge may agree to exclude them.

	<b>Bankruptcy</b>	<b>Debt Relief Order</b>	<b>Individual Voluntary Arrangement</b>	<b>Administration Order</b>
<b>Can creditors object?</b>	No. Court makes decision.	Creditors may object to a DRO being made	If 75% of all creditors 'by value' who actually vote agree to the IVA then the rest are bound by the IVA even if they voted against it or did not vote at all.	Yes, they could object. They have 16 days. Priority creditors may ask to be left out of the order (rather than accept pro-rata payments in the order).
<b>Varying payments</b>	If a payment arrangement is in place & circumstances change contact Official Receiver to discuss altering payments.	No payments made.	Contact IVA supervisor who will request modifications to the IVA. (There may be a fee).	Use court form N244 (no fee) to vary payments with copy of client's personal budget.
<b>Restrictions</b>	Bankruptcy Restriction Order (BRO) could be applied if client is not honest & open. Can last 2-15 years	Debt Relief Restrictions Order (DRRO) could be applied if client is not honest & open. Can last 2-15 years	N/A	N/A
<b>Where are details registered?</b>	Individual Insolvency Register (public register). Credit Reference File for 6 years.	Individual Insolvency Register for 15 months (public register). On Credit Reference File for 6 years.	Individual Insolvency Register until IVA is completed or terminated (public register). On Credit Reference File for 6 years, or until IVA ends.	Register of Judgments & Fines (Registry Trust) £8 to view. On Credit Reference File for 6 years.
<b>Bank account</b>	At bank's discretion, may allow client to keep account, could be frozen and/or closed by bank	At bank's discretion, may allow client to keep account, could be frozen and/or closed by bank	Bank account not impacted. Always advise client on opening a safe account.	Bank account not impacted. Always advise client on opening a safe account.
<b>What debts are written off?</b>	All debts that can be included are written off when client is discharged (usually 6 or 12 months).	After 12 months all debts that can be included are written off if DRO has not been revoked.	After the agreed instalments or lump sum are paid any remaining debt is written off.	If the AO would last 3 years + the court may agree to a Composition Order for 3 years. At the end of the 3 years any remaining debt will be written off.