Call 087 461 3322

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What exactly are the Insolvency Arrangements I need a PIP for?

- **A Debt Settlement Arrangement (DSA)** is a personal insolvency mechanism for **UNSECURED DEBTS**. It allows debtors pay their unsecured Creditors from their surplus income (after Allowable Living Expenses etc), by way of a formal Court approved arrangement, for a period of five years (typically) , when upon, the outstanding balances are written off if the Arrangement has been adhered to and successfully completed. **There is no cap on the total debt covered by a DSA**
- **A Personal Insolvency Arrangement (PIA)**is a personal insolvency mechanism for **SECURED AND UNSECURED DEBTS**. Like the DSA, there is no cap on the unsecured debt that can be included, while there is a 3m value given for Secured Debt in the Act itself**, however this can be lifted if all the Secured Creditors agree.** A PIA is an alternative worth considering if Bankruptcy is to be avoided for professional reasons.

What is the difference between secured and unsecured debts?

- **Secured** debts are borrowings that are backed up by an asset, like a house in the case of a mortgage, or a car under a car loan. These assets offer some recourse to the Lendor in the event of default.
- On the other hand, **unsecured** debts have no such recourse for the Creditor, and a like credit card or a loan from a Credit Union.

Who can apply for an Insolvency Arrangement?

You must be insolvent, resident in Ireland and not already in a bankruptcy arrangement. You cannot have previously been the subject of a Protective Certificate (PC) for a DSA/PIA within the previous 12 months, or still be in under the terms of another personal insolvency arrangement. Any Debtor who applies for a DSA/PIA, must also show that not more that 25% of their total debt was incurred in the previous 6 months.

I have debts that I cannot pay, but I am not insolvent; can I apply still for an Insolvency Arrangement?

No. But an Informal Agreement may be an option. (Over half of Recovery Partners Clients to date, have had enormous success with this approach.)

I am insolvent and I want to apply for a DSA/ PIA, can I do this myself?

No. To access a Debt Settlement Arrangement or a Personal Insolvency Arrangement you must first appoint a Personal Insolvency Practitioner (PIP) **Please contact v.pip@recoverypartners.ie**

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If I am eligible for a DSA/ PIA, what happens next?

Download a Client Form, available HERE. It must honest and give full disclosure, you should also include any applicable and relevant information before your **free consultation** meeting, **Recovery Partners** will review and test the data, and may seek more information and or third party confirmations of the details you have presented. After which, **Recovery Partners**, as is required to do so by law, will give a professional opinion. Where it is established that the correct course of action is either a DSA or a PIA, v.pip will prepare your application. First; the Protective Certificate, (PC). Then, when the Arrangement is approved by you and your creditors, v.pip manages the DSA/PIA for its term.

What is a Protective Certificate, also known as a PC?

This is a certificate issued by the Court, that protects you from any further action by your Creditors while **Recovery Partners** are developing a DSA/PIA proposal . A PC usually lasts 70 days.

Ideally **Recovery Partners** or your appointed PIP will assist with the Prescribed Financial Statement (PFS) portion of the application process; this is the documented record for the Court of your income, expenditure, assets and liabilities. The PFS will then be sworn by you in front of a Solicitor, Peace Commissioner or Commissioner for Oaths, that it is a true and accurate account of your current financial situation. The sworn PFS, in effect, is your Protective Certificate (PC) application for the Court.

What happens once the DSA/ PIA proposal is prepared?

As long as you agree to the proposal built for you, your appointed PIP will call a Creditors Meeting and provide all the relevant documentation and the draft proposal with 14 days notice. (The Insolvency Servicie of Ireland (ISI) would also be copied with this meeting notice and draft proposal.)

What does Excluded Debt mean?

Not all debt can be included in an Insolvency Arrangement. Some money you owe may be qualified as **"Excluded debt",** which means it cannot be included. Excluded debts include:

- Maintenance and other family law payments ordered by a Court.
- Monies owed due to personal injury or wrongful death.

- Loans obtained by way of fraud or other deceitful conduct and deceptions
- Court fines in respect of criminal offences.
- Court ordered payments made under the Proceeds of Crimes Act 1996 and 2005.

What does Excludable Debt mean?

"Excludable debt" is debt that may, or may not, be included in the proposed arrangement, depending on whether the Creditor agrees to **Opt in** or **Opt out**. Excludable debts include:

- Taxes, duties, levies and similar charges owed to the State.
- Social Welfare debts (e.g. overpayments of benefits).
- Local Government charges, Household charges and rates due to a Local Authority.
- Debts owed to the HSE under the Nursing Home Support Scheme.
- Service charges or property management fees.

If you have excludable debts, as part of the proposal, your appointed PIP will write to your Creditors for their permission to be included. If the Creditor agrees, they will be included. However, if they do not reply to the PIPs letter within 21 days, then they are deemed to have agreed to be included.

What are the Reasonable Living Expenses?

The Insolvency Service of Ireland (ISI) is responsible for the "Guidance on a Reasonable Standard of Living" and the Reasonable Living Expenses Tables (RLE)for the many different household types, contact v.pip for an up-to-date RLE calculation for you. This is a guideline figure to suggest what you should be allowed as general living expenses month to month + your reasonable rent/ mortgage + childcare costs + any special circumstances costs (if allowed). Your appointed **PIP will deduct this total sum from your household net income, the surplus is what is available as distribution payments to your creditors.**

How does the voting work at the Creditors' Meeting?

The Creditors will be asked to vote on the proposed Insolvency Arrangement.

In a DSA, if 65% of the total debt controlled by your Creditors who attend the meeting agree to accept, it is binding on all your Creditors.

In a PIA, 65% or more of the value of the total debt, secured and unsecured must vote in favour. Additionally, this 65% must represent 50% of the secured Creditors and 50% of the unsecured Creditors values. It is also important to note that the value a Creditor is entitled to control is the lessor of the book value or the market value.

If the creditors reject the proposal, the protective certificate ceases to have effect and the DSA/ PIA process will have come to an end

By the way, if no Creditors attend the meeting, the DSA / PIA proposal is deemed approved. Please note that the Creditors who cast non acceptance votes may still lodge an objection to the relevant Court if they feel that they have been treated unfairly or on other specified grounds set out in the legislation, such as false information.

Would I have to attend the creditors meeting?

No, but you will be informed of the outcome of the meeting.

What happens once a DSA/PIA is approved at the creditors meeting?

Your PIP will notify the ISI and each of the Creditors of the outcome of the meeting. The PIP will enclose the relevant documentation along with the notification. The ISI will then apply to the court to approve it.

Is there such a thing Married Couples / Partners application?

Yes, a joint DSA/ PIA.

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Can I Access Credit Finance in the future?

Your credit rating will be affected, which would have an effect on your ability to attract finance and investment. For the lifetime of your DSA/PIA, you cannot borrow sums greater €650 without informing the prospective Lender that you are in a DSA/PIA.

Will I have to sell of my car and other items of value?

No, you will not have to sell your car, especially if you require it for work. However, in developing a proposal that will encourage Creditors to accept, it may be prudent to downsize the vehicle, or perhaps sell a valuable watch or antique; this is something that **Recovery Partners** will discuss this with you along with any other issues in relation to your financial situation.

What about my job, Trade or Profession?

Any Insolvency Arrangement should not affect any debtor's employment; however, it is advisable to check your contract of employment, and perhaps take independent advice from a Solicitor, representative body or trade union. This is particularly important if your particular job might leave you exposed to risk threats, such as influence, bribery etc. eg, an Auditor or a member of An Garda Siochana.

Why is an Insolvency Arrangement of benefit to me?

It will allow you to repay only what YOU can afford over a fixed term. How much you pay is actually determined by your own permitted Living Expenses. Also note, that since both the DSA and PIA are statutory tools, you will receive legal protection from any further action by Creditors' whose debts are included into the Arrangement. This means those Creditors cannot initiate legal action or petition for the Debtor's bankruptcy

Have I any particular legal obligations outside the arrangement as voted on?

In proposing a DSA/PIA to your Creditors, and for its life, you must co-operate fully with **Recovery Partners** and act honestly and in good faith. You must remain tax compliant and you have a duty to inform **Recovery Partners** of any material changes to your circumstances. This may be an accident that prevents you from working, or a change of circumstances that impact your living allowances like a new baby, or an exceptional expense like flood damage, or even a change of address. You also must notify v.pip of any financial windfall. Additionally, you cannot transfer, lease, grant security over or dispose of any interest in property which you own during the DSA/ PIA term, without the prior written consent of your PIP.

It is important to remember that a DSA only manages your unsecured debts, **YOU** (**Recovery Partners**) are still responsible for ensuring payments due to secured creditors (if applicable) continue to be paid. Such as your mortgage, or hire purchase agreements i.e. cars. These Creditors may still initiate legal action to repossess any property that have debts secured over them, and your DSA is not a defense against them.

What happens if my circumstances change during the DSA/ PIA term?

As a DSA can last for 5 years/ 60 months, and a PIA 6 years/ 72 months, it is to be expected at ones circumstances may change, be they for the better or for the worse. In the wonderful scenario where your circumstances improve, you may be required to increase the amount released to the arrangement every month. It is important to recognise that a principle purpose of any Insolvency Solution is to realise as much as is reasonable for Creditors. However, it is generally accepted, and firmly endorsed by **Recovery Partners**, that any Debtor should not be expected to increase their payments by more than 50% of any increase in their income, or by more than 50% of any unexpected windfall payment they may be fortunate to receive.

Similarly, if your circumstances deteriorate, it may be possible for **Recovery Partners** to reduce payments or allow a payment break for a set period of time, until your circumstances improve. When this occurs, the term may be extended to allow catch up with missed payment periods, or to meet up with any shortfall as a result of reduced payments. Where a change in a Debtors circumstances are likely to be long term or permanent, it may be necessary to apply for a Variation Arrangement. This requires a new proposal to be presented to Creditors, a Creditors meeting to be called and for a vote to take place.

What happens if the DSA/PIA is terminated before its agreed term?

Where a Debtor fails to fulfil any of their DSA/PIA obligations, without the prior consent of the monitoring PIP, the Creditors or the PIP may apply to the Court to have the arrangement terminated. If this happens, all the debts included in the failed DSA/PIA will re-crystallise, and this time they will include any arrears, interest and charges that have accrued. Those Creditors may now proceed with their own legal action against the Debtor, including petitioning for the Debtors' bankruptcy.

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Why not Bankruptcy?

OK, so Bankruptcy is a quicker way to end your insolvent position. And most likely cheaper. But Bankruptcy is a solution that you never really walk away from, even after your discharge (currently 12 months) you are still a Bankrupt, albeit a discharged Bankrupt. And if you are subject to a Bankruptcy Payment Order, it will continue to be applied for another 2 years after your discharge. While Bankruptcy is also a Personal Insolvency **Tool** , the DSA/PIA has far more advantages to your own financial recovery.

For starters, in Bankruptcy, Creditors may not stop contacting you, or anyone else connected to you. However, a DSA/PIA is a legally build barrier around you from the moment a Protective Cert is issued by the Court. It is illegal for Creditors to contact you.

Bankruptcy might impact on your career or your profession. Some employers and professions still forbid Bankrupts, likewise holding a Directorship.

And despite the climate of financial difficultly holding over Ireland in the last 10 years, there is still a localised and unfair stigma attached to Bankruptcy.

Your family home is at greater risk than in a PIA.

It should also be noted that for a Petition to be Adjudicated a Bankrupt, you must prove that you have attempted an alternative Insolvency Solution and met with a Personal Insolvency Practitioner.

Any other Info I need to know?

Yes. It is very important to know that to be eligible for a PIA you must have cooperated with your mortgage provider's relevant Code of Conduct and Mortgage Arrears Resolution Process (CCMA & MARP)

Building arrangements that are truly steadfast, robust and that flow smoothly for the length of their terms, requires not just **partnership building** and people management skills, they also demand **technical accountancy skills, qualifications and years of experience**. **Recovery Partners** can promise that level of assurance and competence with all our **professional relationships.**

Take this opportunity to connect with **v.pip@recoverypartners** now

Don't sit and wait for something to happen

Initial contact doesn't cost you anything.