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CALL FOR TRANSPARENCY ON IVA FAILURE RATES

CCCSVA, a wholly owned subsidiary of Britain's leading debt charity, the Consumer Credit Counselling Service (CCCS), today called for transparency in the failure rates of Individual Voluntary Arrangements (IVAs).

Announcing the half-year figures of the charity's dedicated subsidiary, chairman Malcolm Hurlston said: "According to industry estimates the average failure ratio for IVAs is around 20 percent."¹

"When IVAs fail they impart a significant financial and human cost on the consumer who will have made payments already to the provider without getting relief from them. These payments may well average around £1,500 to £2,000 in the first year. If the IVA fails after the first year, the consumer is likely to have paid considerably more.

"Although the IVA is widely promoted as free to the consumer, this is not the case if the IVA fails. The publication of failure rates would make it easier for consumers to choose."

CCCSVA started offering IVAs to the charity's clients in the first half of 2007.

None of the IVAs that were approved in the first half of 2009 have failed and the historic failure rate is only three percent.

¹ Source Insolvency Service see page 5 on attached [link](#)

CCCSVA does not solicit clients directly: its clients approached CCCS for advice about their debt problems. In their case an IVA will have been the most appropriate possible solution. Over the first half of 2009, two percent of CCCS clients were advised that an IVA was the best solution to their debt problems. This careful counselling produces low breakage rates.

In the first half of 2009 CCCSVA arranged 239 IVAs.

The average level of debt among the clients was £59,679. Lenders agreed to write off 57 percent which left clients paying on average £26,358 over five years.

The average cost to lenders in CCCVA fees was £5,272. Additional costs (VAT, registrations, bonding etc) amounted to £888 on average.

Announcing the second quarter figures, Malcolm Hurlston, chairman of CCCSVA and of CCCS, said:

“CCCSVA is going from strength to strength. The IVA is once more growing in popularity and our figures reflect that. It is important for consumer choice that the Insolvency Service require all firms and practitioners to produce meaningful information on failure rates and costs.”

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For further information, please contact:

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Notes to editors:

1. CCCS Voluntary Arrangements (CCCSVA) is a company wholly owned by the charity, the Foundation for Credit Counselling.
2. The Insolvency Practitioner is Jackie Westerman and the Chief

Executive is Steve Nicholson.

3. CCCSVA has 43 staff; CCCS has 706. The charity maintains a Centre for Bankruptcy Counselling which offers a free and specialist service to its clients.
4. CCCS counselled 24,615 people in the first half of 2009. In the first six months of 2009, CCCS completed 5,856 bankruptcy counselling sessions and 1,455 Debt Relief Order (DRO) counselling sessions (available from April).

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