



IPA Volume Provider Regulation (VPR) Scheme (the Scheme)

2020 Benchmark Report

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**David Holland
IPA Chief Inspector**

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Chief Inspector Introduction

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CEO Introduction

Michelle Thorp



Welcome to the second benchmark report of the IPA's Volume Provider Regulation Scheme (the Scheme).

The Scheme was incorporated in late 2018 and came into effect on 1 January 2019 in response to the rapid development in the Individual Voluntary Arrangement (IVA) market. It was clear to us at the IPA that the market needed a new form of regulation to provide assurance that the market was functioning as it should, and in response we implemented the Scheme with the cooperation of the Volume IVA Providers and following additional conversations with Insolvency Practitioners (IPs), the Government, debt charities and creditors.

In July 2019, the Scheme was extended to cover Scottish Protected Trust Deeds (PTDs) administered at volume.

Now, with two years since it was implemented, 68% of the IVA market and 54% of the PTD market is covered by the Scheme. The Scheme welcomed new IVA and PTD members in January 2021 and therefore the market coverage is expected to increase further.

The Scheme is the only example of continuous monitoring in insolvency regulation and, we believe, offers as close a level of scrutiny of any financial services provider.

2020 was a very difficult year due to the challenges presented by Covid-19. The Scheme members responded quickly to the fast-changing environment, moving to remote working and ensuring that service levels to clients had as minimal disruption as possible. Weekly working group meetings were held with the Scheme members and the IPA throughout the pandemic, and the Scheme members contributed to the rapid development and release of the IVA Covid Protocol.

Whilst much of the Scheme monitoring was carried out remotely throughout the Covid-19 pandemic, as you will see from the content of this report, this did not impact on the quantity or level of the reviews carried out. We are continuing to work with the Scheme members to develop remote monitoring. We are especially pleased that two of the Scheme members in particular have been proactive in pushing this forward to allow for direct access to their case records by the IPA Inspectors.

The flexibility of the Scheme is one of its key benefits, and we can tailor activity according to particular areas of focus. In 2019, we focused intense activity on call reviews. This year, we turned our attention to case reviews. You will see therefore that 466 cases were reviewed during 2020, compared to 335 in 2019. Whilst call reviews remain an important and pivotal part of the Scheme framework – in fact 2021 will see us increasing our call reviews to 1% of all new work – a large focus for 2020 was the review of case failures, in particular those cases which fail within the first 24 months, as we know this is an area of concern. The full detail of this review can be found in Chapter 8 of this report. We will be supplementing this important review by commissioning in 2021 an academic study of failure across all personal debt solutions.

The Government has recently sought views on plans to increase the eligibility criteria and monetary limits of Debt Relief Orders (DROs). Due to the monitoring work and monthly data returns submitted by Scheme members, the IPA was able to provide an informed and substantive response.

In addition to the DRO review, we also have the Breathing Space scheme, which is due to come into force in England and Wales on 4 May. The scheme will provide a timely addition to the options available for individuals with debt issues, enabling them to seek debt advice without pressure. The special provision for vulnerable individuals, particularly those with mental health issues, is also an important inclusion.

There is also a possible statutory debt repayment programme to be introduced in England and Wales, under which the individual would pay all of their debts over an extended period of up to 10 years. Given the length and terms of an IVA, it is unclear to us at this early stage how attractive a debt product this would be. We await further news and development on this with interest. In Scotland, there is a planned review of all debt solutions. However, this review is not likely to commence in full until 2022.

Here at the IPA, we are in the process of undertaking a review of our Rules and have engaged external legal advisors to assist us with this. It may lead to further improvements to the way in which we regulate the Volume IVA space. In the meantime, we continue to call for more powers to regulate firms and for IPs to be able to offer more rounded advice.

Michelle Thorp
Chief Executive Officer

Chief Inspector Introduction

David Holland

Without doubt it is fortuitous that this is the second year of the Scheme. The work undertaken in the first year of the Scheme has proved to be pivotal in dealing with the challenges posed by the Covid-19 pandemic. Greater data sharing and closer working with the main creditor groups meant that the [Covid Protocol guidance](#) was agreed within weeks of the first lockdown.



During the initial period of uncertainty, this gave Individual Voluntary Arrangement (IVA) supervisors greater discretion and time to deal with issues and has enabled more IVAs to be successfully completed. Early data shows it has been used in around 10% of cases.

The prompt agreement of the Protocol was possible only due to the sharing of case data and weekly meetings with the Scheme members. During this period, Scheme members were also going through a huge adjustment of moving all operations to home working and managing to maintain operations. I am therefore very grateful for their cooperation during this difficult period. Their ability to provide instant information showing the impact of Covid and the scope of the proposed measures enabled creditor groups to more easily sign up to the agreement.

Collective information from the Scheme members and information collected during monitoring visits has also proved vital in the discussions to revise the IVA protocol. Scheme statistics have been crucial in highlighting where the IVA Protocol needed to change to assist all interested parties. Analysis of the current IVA cases has shown how the market has changed since the previous protocol was agreed in 2016. The number of IVAs containing a property has continued to fall, and a successful remortgage was shown to only be achieved in less than 0.5% of cases.

IVAs and Protected Trust Deeds (PTDs) face much criticism, but they are the only way to repay a mutually agreed proportion of an individual's debt. They sit between a potentially long repayment via a Debt Management Plan or the formal debt write offs such as Bankruptcy and Debt Relief Orders.

It is important that both regulation and legislation keep track of developments and continue to ensure that individuals in debt end up in the most appropriate solution for their circumstances. The Scheme has proven that consistent monitoring is required to monitor the quality of advice. We have seen great improvements in this area to ensure that there is

consistent evidence that the client understands the consequences of the IVA or PTD. This level of improvement can only be achieved by frequent monitoring visits and prompt regulatory action, which has resulted in financial sanction to highlight the standards required.

The recent [Woolard](#) review on the unsecured credit market described that respondents thought the IVA market was 'broken'. The IPA was not asked to contribute to this review, but it is clear some views were not based on current outcomes. In the absence of the legislative changes seen in the PTD market, the IVA market has found a solution to the historical fee issue via the fixed fee model, which has been largely adopted, and this sees earlier repayment to creditors from the third month. The IPA are continuing to work with creditor groups to raise awareness of the powers they have to make changes in the IVA market, and we are continuing to take robust action on historical fee and expense issues to ensure that all costs drawn are fair, reasonable and transparent.

This year, the inspection team has spent a significant amount of time investigating the advertising of IVAs and PTDs. We have been working with other insolvency regulators, the Insolvency Service, FCA and Advertising Standards Agency to highlight concerns and specifically address insolvency led advertising. We remain concerned over the ability of an FCA regulated entity to have numerous Appointed Representatives who can advertise and give advice without the same level of scrutiny as members of the Scheme. We remain very concerned about the monitoring of advice, high fees and lack of oversight in this sector, given the prior concerns raised in the last FCA thematic review of March 2019 and the FCA Dear CEO letters of [5 October 2018](#) and [23 July 2020](#), which both outline concerns over advice and high fees charged to the IVA and PTD industry, comparing these to Debt Management Plans as the same service.

This year, we are continuing to explore the reasons for failure and examine if there is any link to the initial advice received. We aim to greatly increase our call monitoring of new cases. Dependent on the level of new work undertaken, we are planning to have a targeted review of in the region of 1% of new cases. This will cover the whole range of work referrers and the current monthly reporting will also allow us to track the progress of these cases at a later date through the cycle. This increased level of scrutiny once again sets a new standard for regulation. With two new members joining the Scheme, we further build on the work undertaken this year, which is explained fully in the following report.

David Holland
Chief Inspector

1. Background and Scheme Outline

- 1.1 The Insolvency Practitioners Association (IPA) is the only professional body whose sole purpose is to inform and regulate Insolvency Practitioners (IPs) licensed to operate within the UK. The IPA has around 2,000 individual and firm members and is the largest of the Recognised Professional Bodies (RPBs) in terms of fee volume, since the IPA's IPs are responsible for 90% of the UK market overall. The IPA has amongst its regulatory population the largest share of IPs and firms operating in the Personal Insolvency market, especially at scale ("volume providers"). The IPA's principal aim is to promote and maintain high standards of performance and professional conduct amongst those engaged in insolvency and insolvency-related practice. The IPA also looks to encourage wider knowledge and understanding of insolvency within and outside the insolvency profession. The IPA maintains a leading role in the development of professional insolvency standards, and its IPs are licensed in relation to formal insolvencies conducted in England, Wales, Scotland and Northern Ireland.
- 1.2 The personal insolvency landscape has changed dramatically over the last five years, and this has meant that monitoring has had to adapt. At the beginning of 2019, the IPA launched the Volume Provider Regulation (VPR) Scheme (the Scheme) in response to the need for more rigorous monitoring of the volume Individual Voluntary Arrangement (IVA) providers (those who conduct more than 2% of the IVA market; entry level is currently around 5,000 IVAs).
- 1.3 In July 2019, the Scheme was extended to also include volume Protected Trust Deed (PTD) providers (those who conduct more than 10% of the PTD market; entry level is currently around 2,800 PTDs).
- 1.4 The Scheme covers 68% of IVAs and 54% of PTDs registered. Whilst the Scheme is voluntary, the IPA expects all of its eligible members to join.
- 1.5 Under the Scheme, the IPA provides additional monitoring services to Scheme members. The additional monitoring provided by the Scheme covers the principles outlined in the following guidance:
<https://www.gov.uk/guidance/monitoring-individual-voluntary-arrangement-providers>.
- 1.6 Scheme members are defined as Volume Providers and agree to pay for the ongoing additional VPR monitoring service. Whilst the IPA do not have formal powers to regulate firms, the Scheme members acknowledge the role of their firms in providing the environment in which their IPs operate, and offer great insight at firm level than other regulatory activity.

1.7 The key features of the Scheme are as follows:

- Continuous monitoring through Monthly Data Returns
- One full visit and up to four focussed reviews a year
- Regular call monitoring
- Bespoke investigations into identified areas of concern
- Scheme members provide annual accounts, detail of their corporate structures and other data as required
- Monthly meetings between the IPA and each Scheme member
- Quarterly meetings between the IPA and the Scheme member group

1.8 The Scheme is overseen by the IPA's Chief Inspector and carried out by a dedicated team.

1.9 The IPA's VPR Scheme 2019 Benchmark report gives further information on the Scheme in the first 12 months. This can be found here: <https://insolvency-practitioners.org.uk/uploads/documents/e5d6c09ead23744318fc305f9d461f7f.pdf>.

1.10 The IPA's Regulation and Conduct Committee (the Committee) is charged with a responsibility to ensure that each of the IPA's licensed IPs continues to be a fit and proper person to hold an insolvency authorisation. During 2020, the Committee's work was divided, and a dedicated IVA/PTD committee was formed. The newly formed IVA/PTD Committee comprises insolvency specialists with particular expertise in the IVA/PTD field and a majority of lay members. Together, their primary objective is to promote the highest standards of practice and carry out the Committee's functions in accordance with the Government's Better Regulation principles.

1.11 Every inspection visit, review outcome and substantiated complaint is referred to the Committee for consideration. Should the Committee find a prima facie case of misconduct then it will refer to the Insolvency Service's (IS) Common Sanctions Guidance (CSG) to determine the sanction. If it is more serious, the Committee will refer the matter to the Disciplinary and Appeals Committee. Under current legislation, there is no maximum number of reprimands that an IP can receive. A copy of the current CSG can be found here: <https://www.gov.uk/government/publications/disciplinary-sanctions-against-insolvency-practitioners/common-sanctions-guidance>.

1.12 The IPA is committed to tackling iniquities in the volume IVA and PTD market but has to work within the existing regulatory confines whilst still seeking to achieve significant regulatory impact. The IPA considers that more change is needed in

the volume space. The IPA's view is that the IVA market has outgrown legislation, which was designed for a different era, and did not anticipate the commercial developments which now dominate the market. The IPA is campaigning for an audit of the commercial landscape, the introduction of new regulatory powers to regulate firms, and a review of debt management products in their entirety – the IVA in particular.

- 1.13 This report provides more detail on the operation of the Scheme during its second year, 2020.

2. The Scheme in Numbers

2
year old scheme



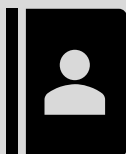
7,560
Figures scrutinised



32
Inspections



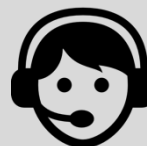
466
Cases reviewed



185
Complaints processed



152
Call reviews



33,399
Cases closed
in 2020



£151m
Dividends paid



40,575
Nominees appointed



202,823
IVAs



**18 IPs
& 840 staff**



17,171
PTDs



3. Scheme Members

IVA Providers

Aperture Debt Solutions LLP Creditfix Ltd Freeman Jones Ltd Hanover Insolvency Ltd⁽¹⁾

Jarvis Insolvency Ltd Payplan Partnership Ltd & Payplan Bespoke Solutions Ltd Oakfield Financial Ltd

PTD Providers

Carrington Dean Group Limited Payplan Scotland Limited Wilson Andrews Limited

- 3.1 In August 2020, Aperture Debt Solutions LLP ceased to take new appointments. The book of live IVA cases was transferred to Jarvis Insolvency Limited with effect from 1 September 2020. The staff of Aperture Debt Solutions LLP were also transferred to Jarvis Insolvency Limited. Jarvis Insolvency Limited joined the Scheme in September 2020, where their IPs had been previously licenced by the ICAEW.
- 3.2 The closed Trust cases remained at Aperture Debt Solutions LLP. A separate monitoring agreement has been entered into with Aperture Debt Solutions LLP in respect of the closed Trust cases.
- 3.3 In August 2020, Vanguard Insolvency Practitioners Limited ceased to trade. The IP and live book of cases were transferred to a connected party, Oakfield Financial Limited. Oakfield Financial Limited entered into a service agreement with Ebene Gate Mauritius (who are connected to Creditfix Limited) for Ebene Gate Mauritius to administer the cases of Oakfield Financial Limited. The service agreement provides for an administration service only and does not change the ownership or Supervisor of the cases.
- 3.4 On 16 February 2021, Jarvis Insolvency rebranded to Debt Movement.

⁽¹⁾Whilst predominantly an IVA provider, Hanover also administer a small percentage of PTDs.

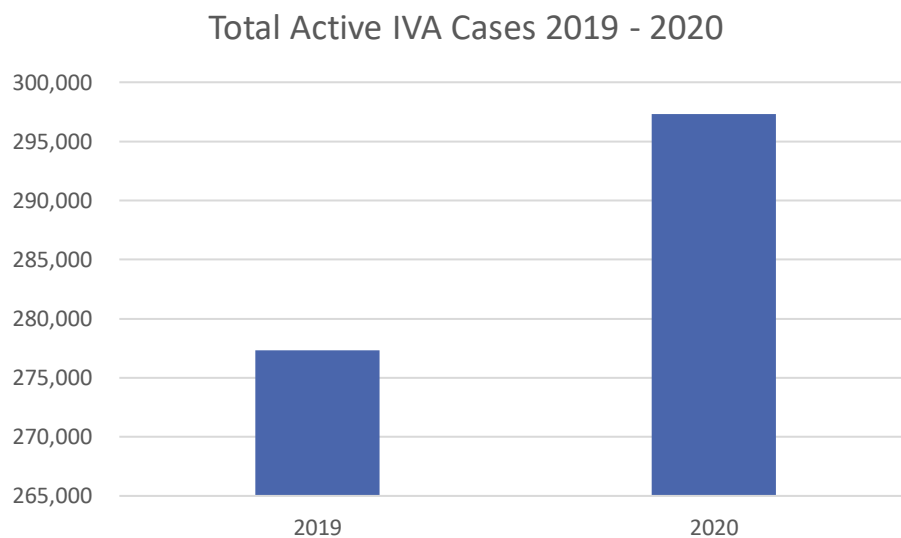


4. IVAs and PTDs in Numbers

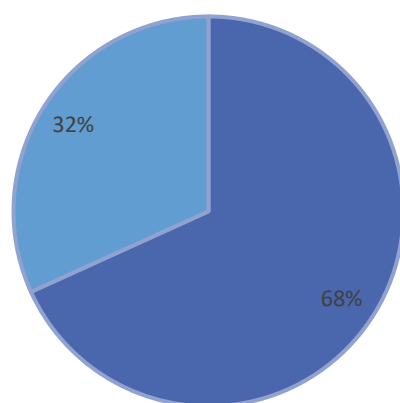
4.1 IVAs

4.1.1 As at 31 December 2020, the total number of IVA cases was 297,311 (figure provided by The Insolvency Service). This figure represents the number of both new and existing IVAs.

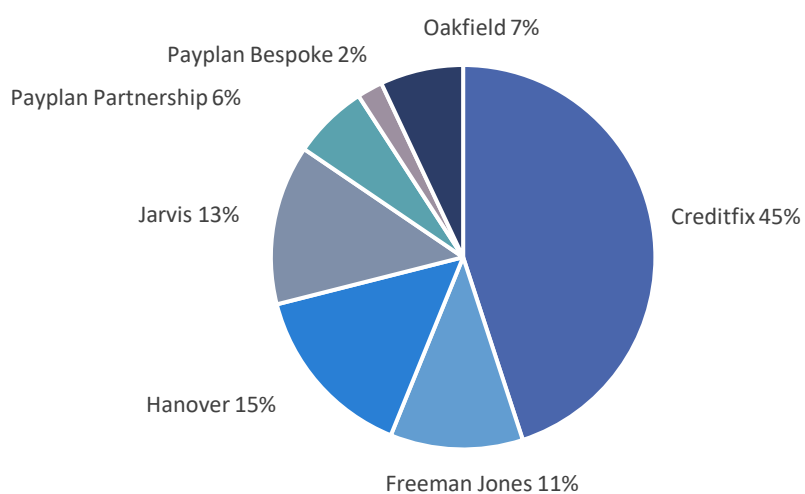
4.1.2 As at 1 December 2019, the total number of active IVA cases was 277,295. IVA case numbers therefore increased by 20,016 during 2020. The chart below shows the increase.



4.1.3 Of the 297,311 cases, 202,823 were Scheme member cases. This is 68% of the IVA market. The following charts set out the current climate of the IVA market.



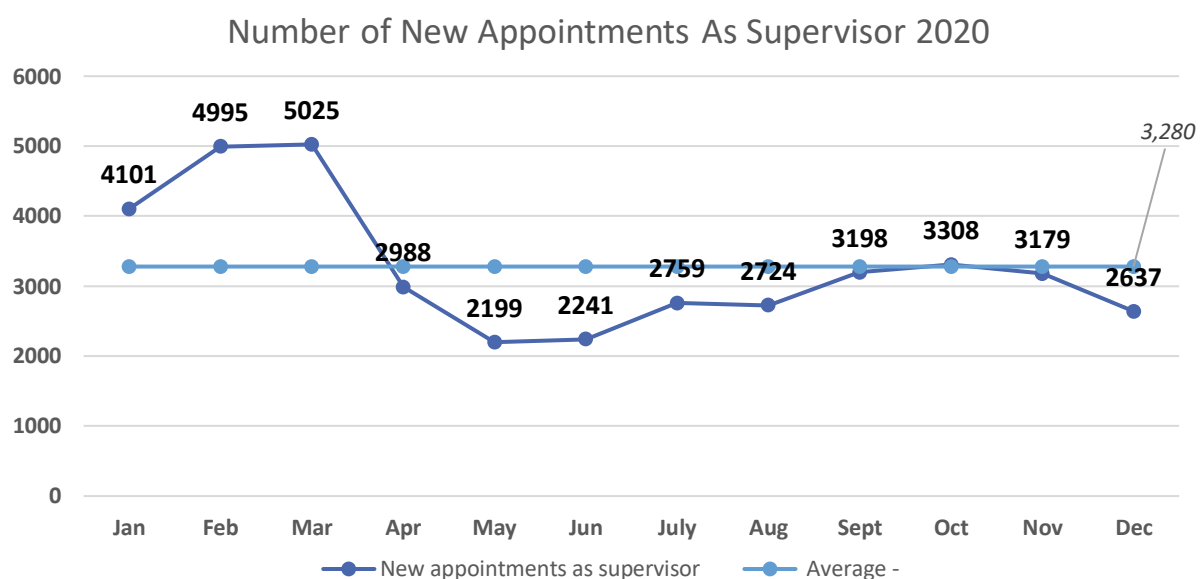
■ Scheme ■ Non Scheme



■ Creditfix ■ Freeman Jones ■ Hanover ■ Jarvis ■ Payplan Partnership ■ Payplan Bespoke ■ Oakfield

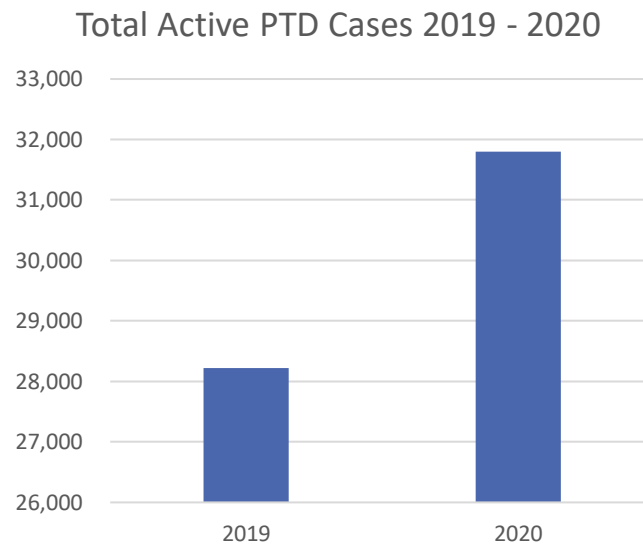
Scheme Member	Number of Cases as at 31/12/2020
Creditfix	91,224
Freeman Jones	22,637
Hanover	30,255
Jarvis	27,287
Oakfield	14,185
Payplan Bespoke	4,381
Payplan Partnership	12,854
Total	202,823

- 4.1.4 The Scheme members represented 69% of the IVA market in December 2019. This has decreased to 68% during 2020.
- 4.1.5 One further IVA provider has joined the Scheme in January 2021 and therefore Scheme members are expected to represent an increased percentage of the IVA market during 2021.
- 4.1.6 There were 39,354 new IVA appointments across the Scheme members in 2020. The graph below provides a breakdown of appointments across the 12-month period. The graph clearly shows that appointment numbers reduced following the impact of Covid-19 and the lockdown restrictions which were applied in March 2020.

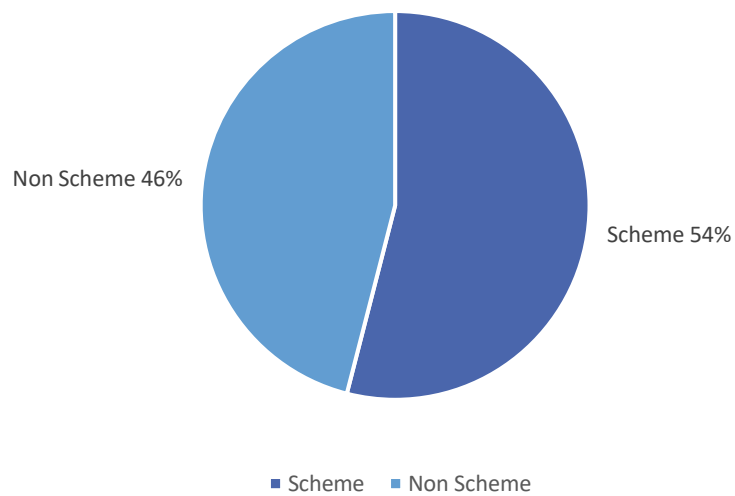


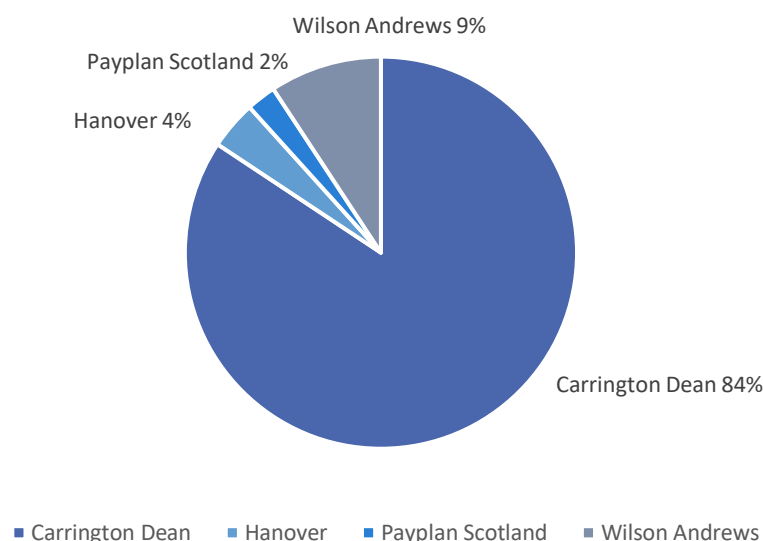
4.2 PTDs

- 4.2.1 As at 31 December 2020, the total number of PTD cases was 31,798. This figure represents the number of both new and existing PTDs.
- 4.2.2 As at December 2019, the total number of active PTD cases was 28,226. PTD case numbers therefore increased by 3,572 during 2020. The following chart shows the increase.



4.2.3 Of the 31,798 cases, 17,171 were Scheme member cases. This is 54% of the PTD market. The following charts set out the current climate of the PTD market.

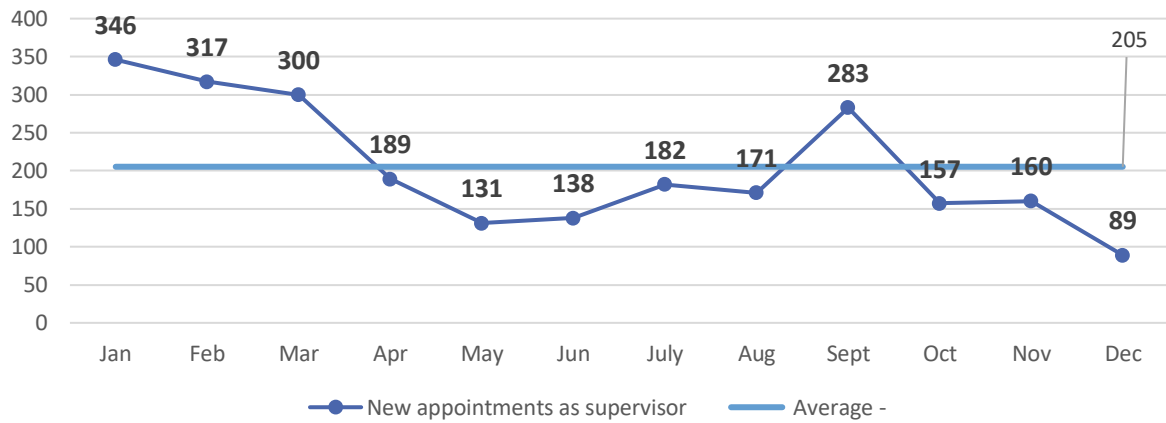




Scheme Member	Number of Cases as at 31/12/2020
Carrington Dean	14,479
Hanover	684
Payplan Scotland	418
Wilson Andrews	1,590
Total	17,171

- 4.1.4 The Scheme members represented 57% of the PTD market in December 2019. This has decreased to 54% during 2020.
- 4.1.5 One further PTD provider has joined the Scheme in January 2021, and therefore Scheme members are expected to represent an increased percentage of the PTD market during 2021.
- 4.1.6 There were 2,463 new PTD appointments across the Scheme members in 2020. The following graph provides a breakdown of appointments across the 12-month period. The graph clearly shows that appointment numbers reduced following the impact of Covid-19 and the lockdown restrictions which were applied in March 2020.

Number of New Appointments As Trustee 2020 - PTD



5. Scheme Activity 2020

- 5.1 This chapter sets out the monitoring activity undertaken in 2020 in order to meet the objectives of the Scheme.
- 5.2 It should be noted that the Covid-19 pandemic has had a significant impact on the IPA's members, changing the way in which they operate whilst striving to service their clients. Due to the impact of the pandemic, a small number of inspection visits were delayed, however the vast majority of work carried on.
- 5.3 Early in the Covid restrictions in March 2020, the IPA worked in conjunction with the IVA Standing Committee on changes to the IVA Covid Protocol, which was developed and issued on 17 April 2020 to assist IVA providers with the conduct of their cases.
- 5.4 Due to the restrictions in place, all inspections and reviews have been carried out remotely since 23 March 2020.
- 5.5 The following table is a summary of reviews carried out in 2020.

Type of Review	Carried Out	Cases reviewed	Outcome
Full Inspection Visit	11	273	4 Allegations issued 17 Advisory Notices issued
Focused Review	21	193	1 Allegation issued 6 Advisory Notices issued
Call Review	13	152	1 Allegation issued 24 Advisory Notices issued
Complaint Policy Review	6	-	
Total	51	618	

- 5.6 Further detail on the Full Inspection Visits, Focused Reviews and Call Reviews is given in Chapters 7, 8 and 9 of this report.

5.7 Complaint Policy Review

- 5.7.1 A focused review of each Scheme member's Complaint Policy was carried out. The review was to ensure that each member's policy was compliant.
- 5.7.2 The IPA was also keen to ensure that each member's policy was consistent so that any complainant was treated equally across the Scheme members.

- 5.7.3 The findings revealed that the procedures and timescales across the members were generally the same, however additional work may be carried out to align the policies further going forward.

5.8 Monthly Reporting

- 5.8.1 Scheme members have continued to submit monthly data returns throughout 2020. The data returns provide the basis for continuous monitoring and assist with the early identifying of any anomalies which can then be immediately followed up and investigated further where necessary.
- 5.8.2 There are 25 areas covered in the return. The return template has been updated during 2020 with an additional request for the level of debt in each case so that this can be compared to the level of debt in other debt solutions.

5.9 Quarterly meetings / monthly calls

- 5.9.1 As advised in the 2019 benchmark report, each Scheme member has an IP representative. Quarterly physical meetings are usually held with the representatives collectively to discuss the Scheme and industry-wide issues. During 2020, as the Covid-19 pandemic escalated, these meetings evolved to focus on the impact Covid-19 was having on Scheme members and consumers. Meetings were held remotely and more frequently to ensure that any potential issues were identified as soon as possible.
- 5.9.2 Individual monthly calls between the Scheme member representatives and the IPA's Chief Inspector continued throughout 2020.

6. Full Inspection Visits

- 6.1 During 2020, full inspections have been carried out to all 11 Scheme members (including Aperture prior to their ceasing to trade). The full visits to Payplan and Payplan Bespoke have been counted as two separate visits in the reviews summary table as the nature of the two practices is slightly different, with separate IPs.
- 6.2 Prior to a full inspection visit, a Pre-Visit Questionnaire is issued to the IP(s) for completion and return prior to the visit. The questionnaire assists the Inspectors with planning the visit and includes questions on the following:
- The details of the IP(s)
 - Practice information
 - Office procedures
 - Anti-Money Laundering procedures
 - Staff numbers and structure
 - Client money regulations
 - Sources of work
 - Fee size and basis
 - Training and ongoing development
 - Case data
- 6.3 From the case data provided, a selection is made of the cases which are to be reviewed during the inspection. The number of cases selected is dependent on the number of appointments held. A full review will be carried out on a proportion of the cases selected, with the remainder subject to specific consideration of the following areas:
- Annual reporting to creditors and individual
 - Arrears and whether payments are being followed up
 - Breaches of arrangements and the treatment of those
 - Completion and how quickly final payment arrangements are finalised
 - Distributions and fees, checking timing and quantum accords with proposal
 - Failure, checking that failure arrangements have been processed properly
 - Income and Expenditure reviews to check arrangement progression
 - Progression of cases generally
 - Property 'month 54' reviews in relation to equity
 - Time expired cases, where the initial proposal period has been exceeded
 - Variations to arrangements and the processes for obtaining those
 - Source of introduction and evidence of work undertaken by them

- 6.4 Meetings are also held with staff members to review the processes and procedures such as the cashiering function.
- 6.5 Out of 11 full inspections, 10 have been carried out remotely, rather than on site due to the Covid 19 restrictions. However, the process has remained largely the same with meetings held virtually.
- 6.6 The outcome of the full inspection visit is used to determine the areas for the focused reviews.
- 6.7 There were no common risk areas identified across the members in the course of the full inspection visits.

7. Focused Reviews

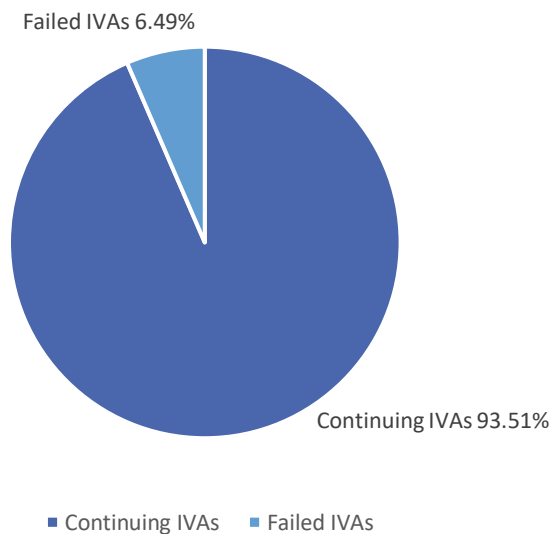
- 7.1 The purpose of a focused review is to look at specific areas, such as case progression, annual reporting etc. The need for this type of review may arise as a result of any findings from a full inspection visit or intelligence from a complaint, or as a result of the Committee asking for a review to be focused on a particular area.
- 7.2 A total of 21 focused reviews were carried out during 2020. 11 reviews were carried out across Scheme members on Case Failure. Full details of this review can be found in Chapter 8. A further 10 focused reviews were carried out, reviewing 107 cases. The following table contains a summary of those reviews.

	Member	Area of Focus	# of cases
1	Aperture	Case Progression A selection of cases were reviewed to check they are being progressed in a timely manner and to identify any issues or delays.	18
2	Freeman Jones	Case Progression A selection of cases were reviewed to check they are being progressed in a timely manner and to identify any issues or delays.	30
3	Freeman Jones	Annual Reporting A selection of cases were reviewed to check that annual reports are issued within the statutory timeframes and are compliant.	20
4	Wilson Andrews	Case Progression and Annual Reporting A selection of cases were reviewed to check they are being progressed in a timely manner and to identify any issues or delays. The same selection of cases were also reviewed to check that annual reports are issued within the statutory timeframes and are compliant.	10
5	Creditfix	Post Appointment The Inspectors attended the offices of Ebene Gate Mauritius, a connected company with whom Creditfix have a service agreement for the provision of the post appointment administration functions. The Inspectors met with the Creditfix IPs who oversee the service provision, the department heads	-

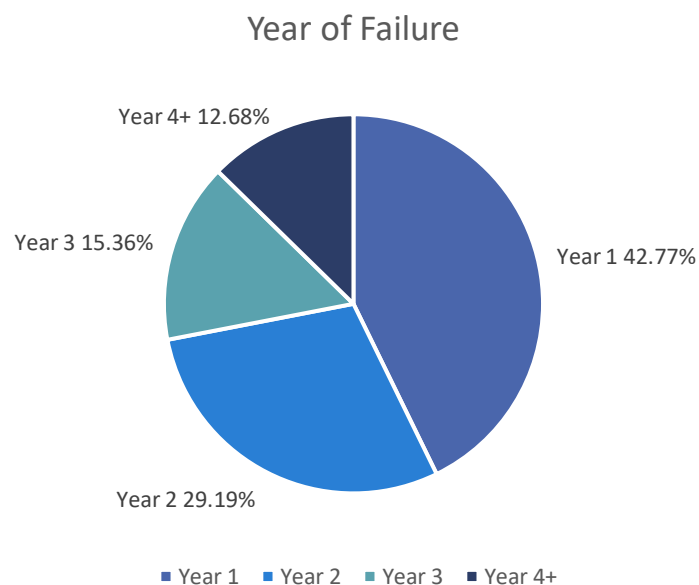
	Member	Area of Focus	# of cases
		and team leaders. Presentations were provided on the processes for each function, such as case progression, annual reporting, income and expenditure reviews, property reviews, termination, closure, customer services and creditor services. The Inspectors also sat within each team for working demonstrations.	
6	Carrington Dean	Posts Appointment As per Creditfix detailed above.	-
7	Payplan Partnership	Case Progression and Property A selection of cases were reviewed to check they are being progressed in a timely manner and to identify any issues or delays. Where those cases had a property, a review was also carried out of the Month 54 process.	15
8	Payplan Bespoke	Case Progression and Month 54 A selection of cases were reviewed to check they are being progressed in a timely manner and to identify any issues or delays. Where those cases had a property, a review was also carried out of the Month 54 process.	5
9	Payplan Scotland	Case Progression and Property A selection of cases were reviewed to check they are being progressed in a timely manner and to identify any issues or delays. Where those cases had a property, a review was also carried out on this.	4
10	Creditfix	Treatment of Proxies A selection of cases were reviewed for the treatment of proxies when voting for the approval of an IVA and, in particular, the proposed fee structure.	5
		Total cases reviewed	107

8. Case Failure Review

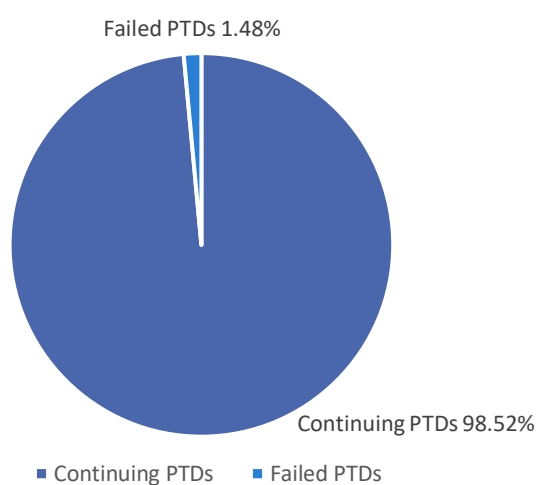
- 8.1 Statistics from The Insolvency Service showed that the proportion of IVAs which failed in their first year had risen to 8.4% in 2019.
- 8.2 In 2020, a total of 13,173 IVA cases failed across Scheme members. This is 6.49% of cases (based on the total number of Scheme member cases as at 31 December 2020). This is demonstrated in the following chart.



- 8.3 The number of failures was consistent across all Scheme providers, with no one provider having a considerably higher failure rate than others.
- 8.4 For cases which failed in December 2020, the following chart details which year of the IVA cases failed. From the data held, it can be concluded that case failures are more prevalent in years one and two of the IVA term.



- 8.5 In 2020, 254 PTD cases failed across Scheme members. This is 1.48% of cases (based on the total number of Scheme member cases as at 31 December 2020). This is demonstrated in the following chart.

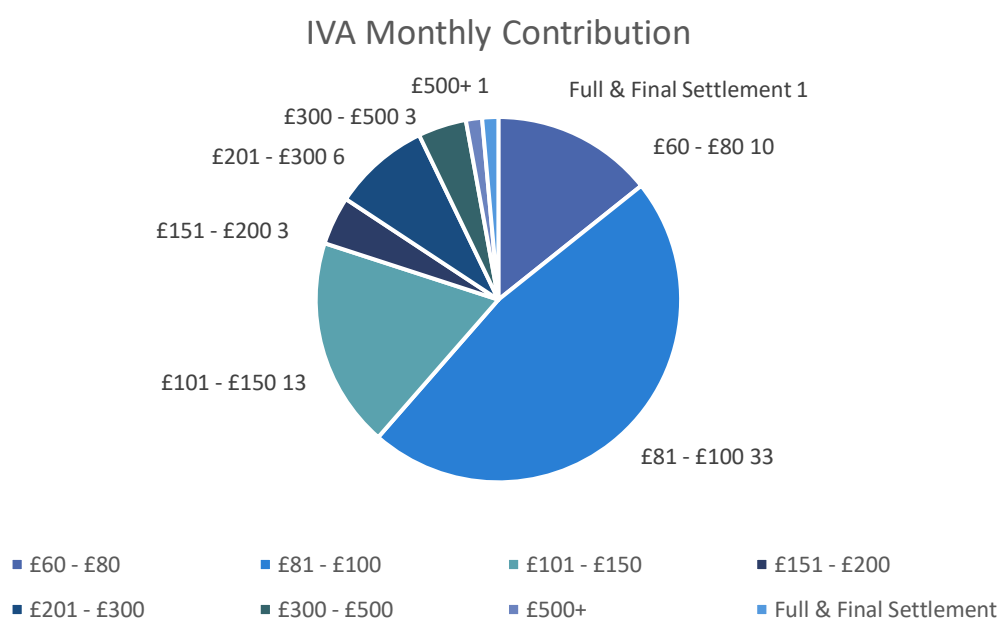


- 8.6 In order to assess whether there were any underlying concerns or trends regarding failure rates, a focused review of both IVA and PTD cases was carried out. This review concentrated on cases which had failed within 24 months of appointment, in order to establish the reasons for failure.
- 8.7 The review also sought to ascertain whether the advice given prior to appointment had had any impact on the failure or had been a contributing factor. A total of 86 cases were reviewed across all Scheme members. Please see

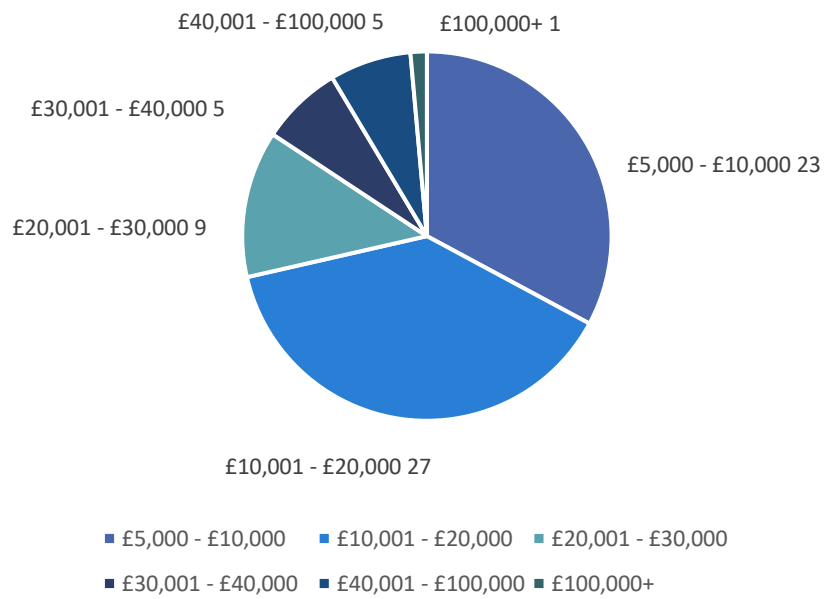
the following breakdown of the 86 cases for each provider, together with the age of case at failure:

	Members	Failed within (months)				Total Number of cases
		6	6 - 12	12 – 18	18 - 12	
	IVAs					
1	Hanover	4	8	-	-	12
2	Aperture	3	-	8	-	11
3	Oakfield	2	4	1	2	9
4	Creditfix	1	2	9	3	15
5	Freeman Jones	2	1	9	-	12
6	Payplan Partnership	7	4	-	-	11
7	Payplan Bespoke	1	1	-	-	2
	PTDs					
7	Wilson Andrews	-	1	1	-	2
8	Carrington Dean	-	4	6	-	10
9	Payplan Scotland	-	1	-	1	2
	Total cases reviewed	20	26	34	6	86

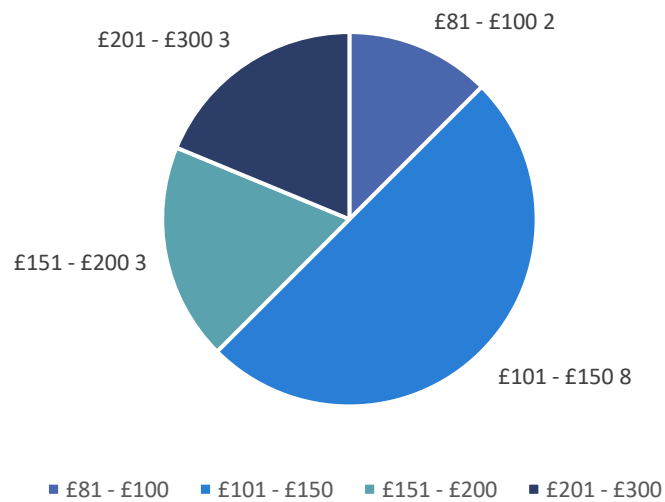
- 8.8 Cases were selected to cover a range of different criteria such as level of monthly contribution and total debt levels. The following charts give a breakdown.

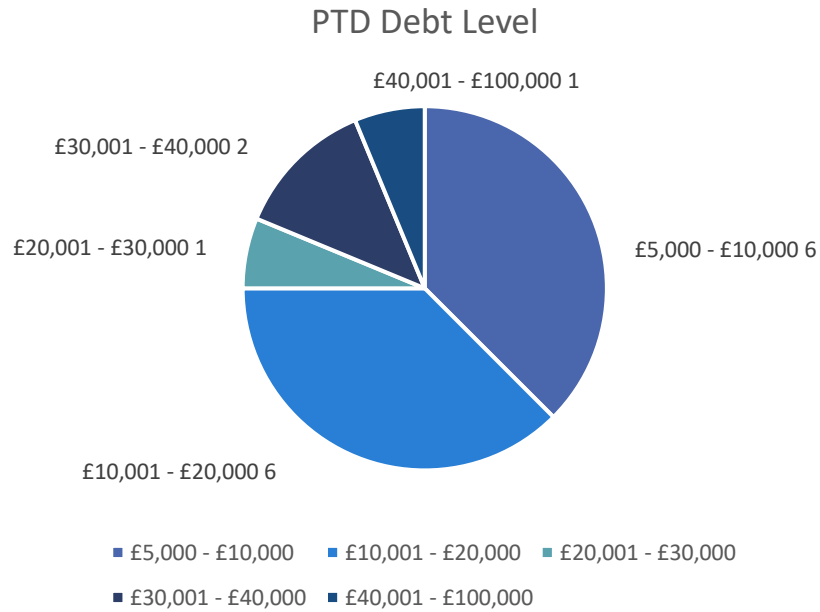


IVA Debt Level

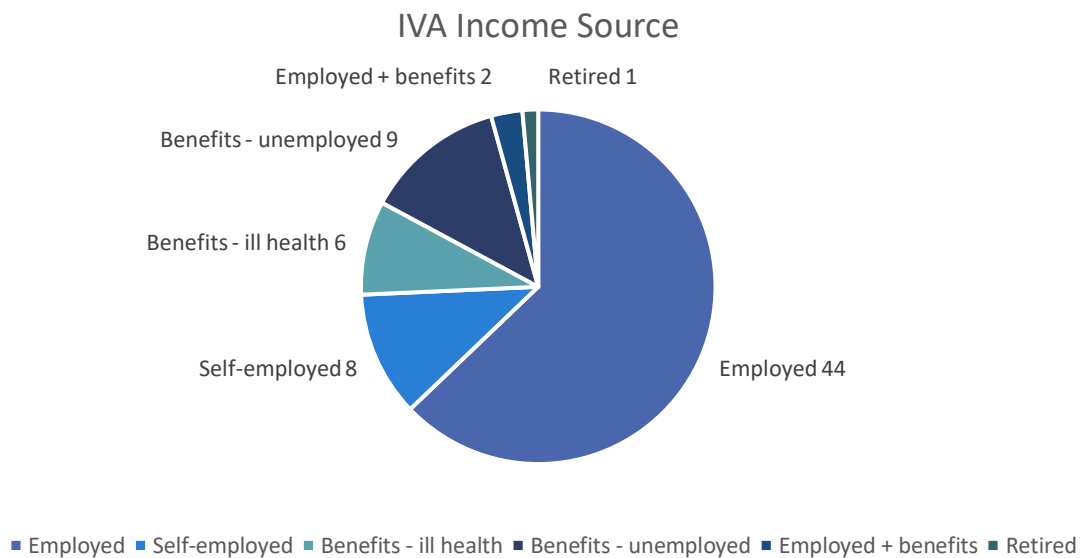


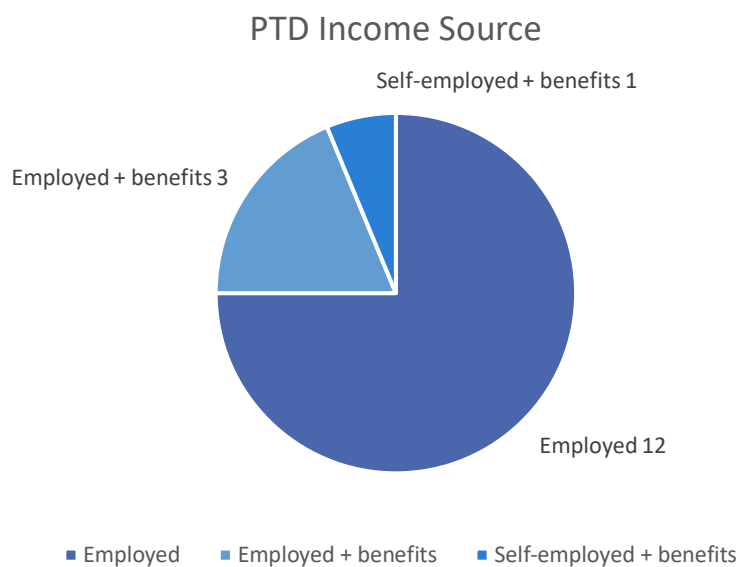
PTD Monthly Contributions





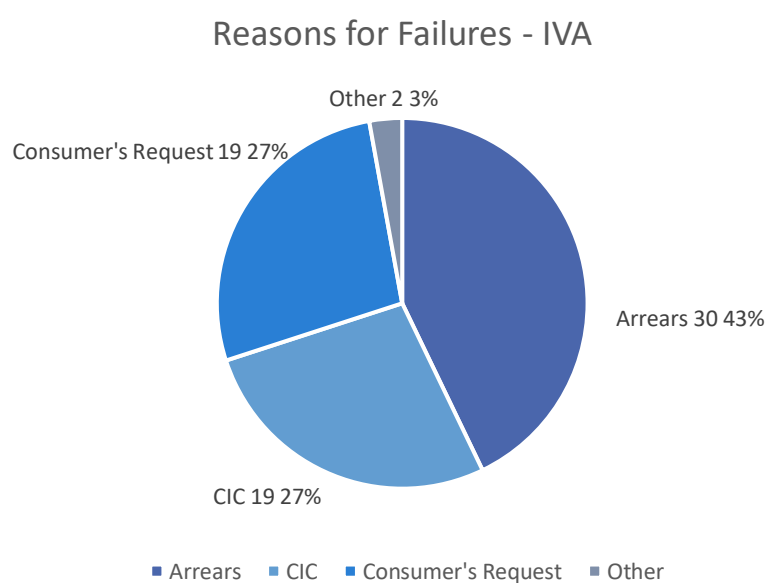
8.9 Cases were also selected to encompass a range of different income sources for consumers, such as employed, self-employed and benefit only income. Please see the following charts for a breakdown.



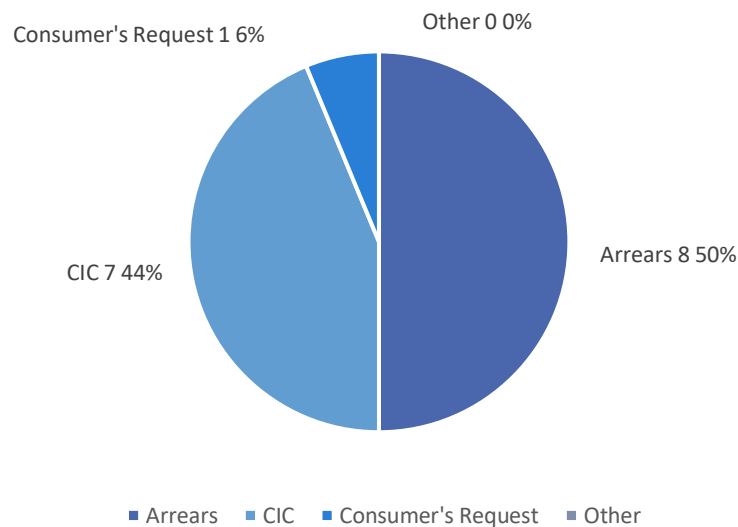


8.10 Reasons for failure were noted as follows:

Reason	Number of cases IVA		Number of cases PTD	
Arrears	30	43%	8	50%
Change in Circumstances (CIC)	19	27%	7	44%
Consumer's Request	19	27%	1	6%
Other	2	3%	0	0%
Total cases reviewed	70		16	



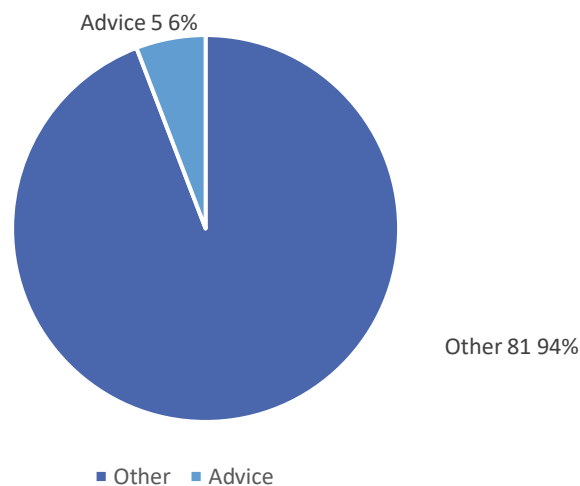
Reasons for Failures - PTD



- 8.11 The reason for failure on some cases fell into more than one category. For instance, a case may have failed due to arrears, however the arrears had accrued due to a change in circumstances. Another reason may have been that the consumer requested the termination due to a change in circumstances. In cases of this nature, the most pertinent reason has been allocated.
- 8.12 Cases where arrears have been noted as the reason are cases where arrears have accrued, and either no reason has been provided by the consumer for the arrears or the consumer has failed to engage in any communication with the Scheme member to address the arrears.
- 8.13 Change in circumstances is where the consumer's circumstances have changed, impacting on their income and expenditure and making the IVA/PTD no longer sustainable or viable. Changes include illness, divorce, loss of employment, changes to benefit income and death. In two cases, the consumer had gained new employment with a considerable salary increase, meaning the IVA was no longer needed.
- 8.14 A consumer's request is where the consumer has requested that their IVA be terminated without a change in circumstances prompting the request. In these cases, the consumer had changed their mind, had decided to pursue another available solution/option, or was not happy with how the arrangement was progressing.
- 8.15 Where the reason for failure is noted as 'other', this relates to one case which was approved in error and one case where the consumer had a gambling problem which had not previously been highlighted.

- 8.16 The review concluded that there was no overriding trend identified from the cases reviewed. The failures did not fall into any specific category of case type. We are commissioning an academic study to more fully consider why some IVAs and PTDs fail, comparing them to other debt solutions (e.g. Debt Management Plans) and to consider why they fall into arrears.
- 8.17 Out of the total 86 cases reviewed, five cases have been identified where the Inspectors consider that the failure could be attributed to poor advice. These were all IVA cases. There were no PTD cases where failure was identified to be attributed to advice on the cases reviewed. The five cases were across three Scheme members.

Cases Identified where the Failure Attributed to Advice



The five cases are as follows:

- One case - the consumer had answered 'no' when asked if any changes in circumstances were foreseen over the next five years. However, later in the conversation, the consumer did make reference to a possible loss of income which was not picked up by the call handler. The loss of income subsequently occurred, making the IVA unsustainable.
- Two cases - a Debt Relief Order (DRO) was ruled out due to the consumer's available disposable income, which was higher than the £50 per month DRO limit. The consumers cannot afford the IVA contributions and requested terminations so that DROs can be entered.
- One case - the consumer is elderly and does not appear fully engaged during the telephone conversations. The Inspectors did not consider that the IP could be satisfied of the consumer's understanding, in accordance with SIP 3.1.
- One case – the Inspectors considered it difficult to conclude that the consumer understood what was being said due to a language barrier.

These cases were discussed with the relevant Insolvency Practitioner and reported on accordingly to the Committee.

- 8.18 This review did not highlight evidence of systemic mis-advice attributing to the early failure of IVAs/PTDs. However, the quality of advice offered will continue to be an area of focus in 2021, with additional cases to be reviewed.

9. Call Monitoring

- 9.1 The first focus of the Scheme in 2019 was to review the consistency of the advice given by Scheme members, as this was seen as a common concern from stakeholders and featured in a number of cases.
- 9.2 The call monitoring evolved over 2019, which continued into 2020. Introducer details are requested on each case. Where the case has come by way of a direct approach to the member, or via one of their connected companies, these calls are also required for review in addition to the SIP/verification call.
- 9.3 13 call monitoring reviews were carried out during 2020, reviewing the calls on 152 cases. The following table gives a summary of those reviews.

	Member	Number of cases
1	Oakfield	30
2	Freeman Jones	20
3	Wilson Andrews	10
4	Payplan Partnership	15
5	Payplan Bespoke	12
6	Payplan Scotland	6
7	Oakfield (further review requested by the Committee)	20
8	Jarvis	9
9	Hanover	7
10	Freeman Jones	8
11	Wilson Andrews	1
12	Oakfield	7
13	Payplan (x 3)	7
	Total cases reviewed	152

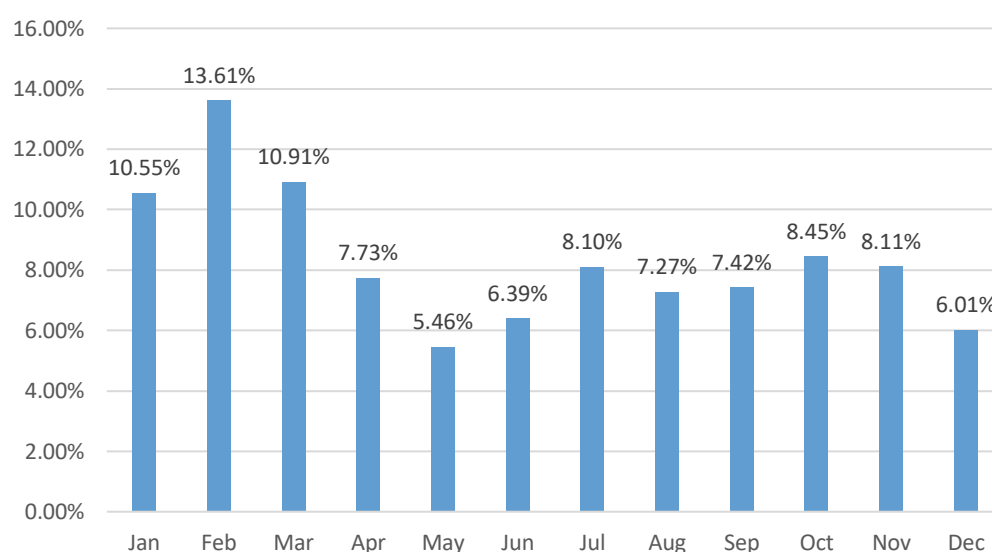
- 9.4 As a result of the findings from the IPA's call reviews carried out under the Scheme, one member disbanded their direct approach call team (the team that handled calls that came in by way of a direct approach from an individual rather than by a third-party introducer) in its entirety, changing their business model so that they no longer took cases which had come by way of direct contact from the client. This was due to concerns raised by the Inspectors of poor advice and coaching. The findings in respect of this matter are subject to ongoing regulatory action.
- 9.5 In December 2020, the IPA, in conjunction with Insolvency Support Services, rolled out an IVA Provider Regulation Workshop. The workshop included a

detailed session on Statement of Insolvency Practice (SIP) 3.1, IVAs and advice given to consumers. The workshops were interactive and covered important factors including getting to know the client, asking questions and listening to the responses given, recognising the pertinent information, and the script and the role it plays. The client's journey starts with the advice calls, and the workshops provided useful guidance for IPs and their call handlers.

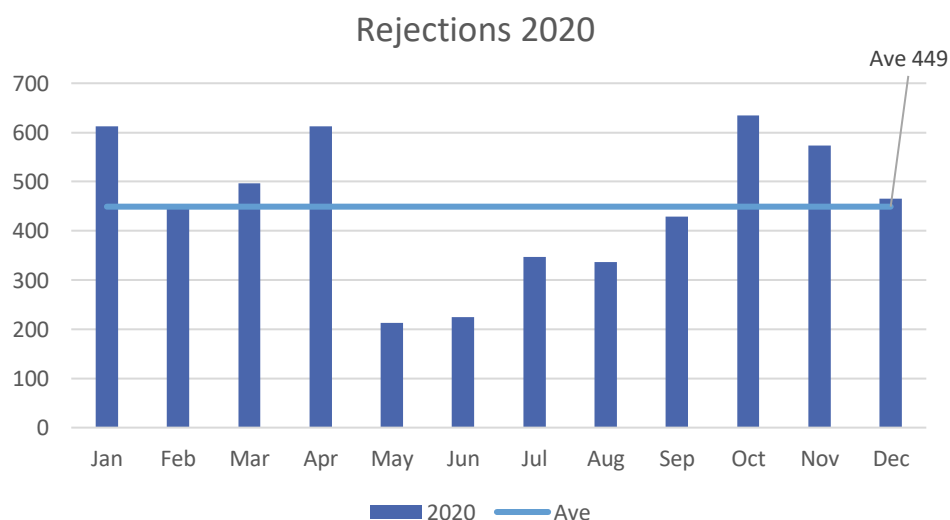
10. Focus Areas Summary and Statistics

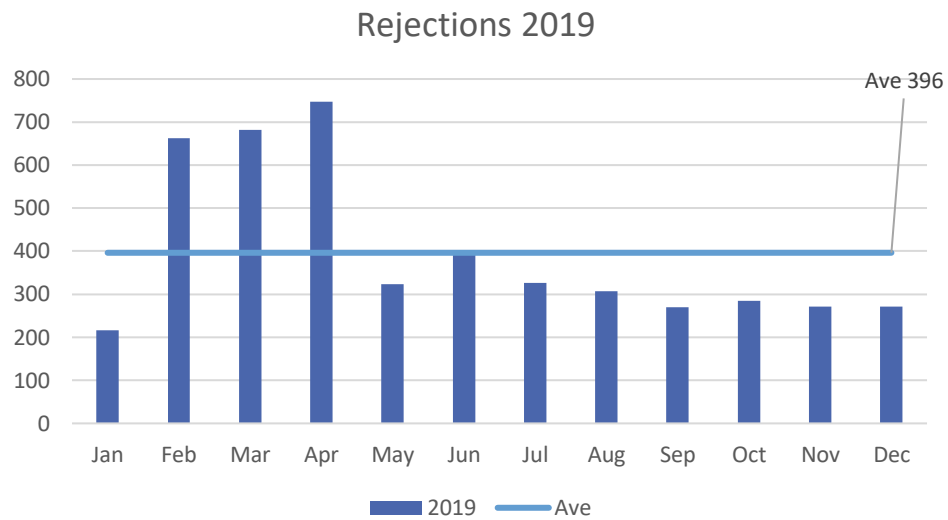
10.1 New appointments / Rejections

10.1.1 The total number of new Nominee appointments for 2020 for Scheme members was 40,575. The following chart shows the percentage of new Nominee appointments each month. With this data we can look at trends such as whether appointments are seasonal.



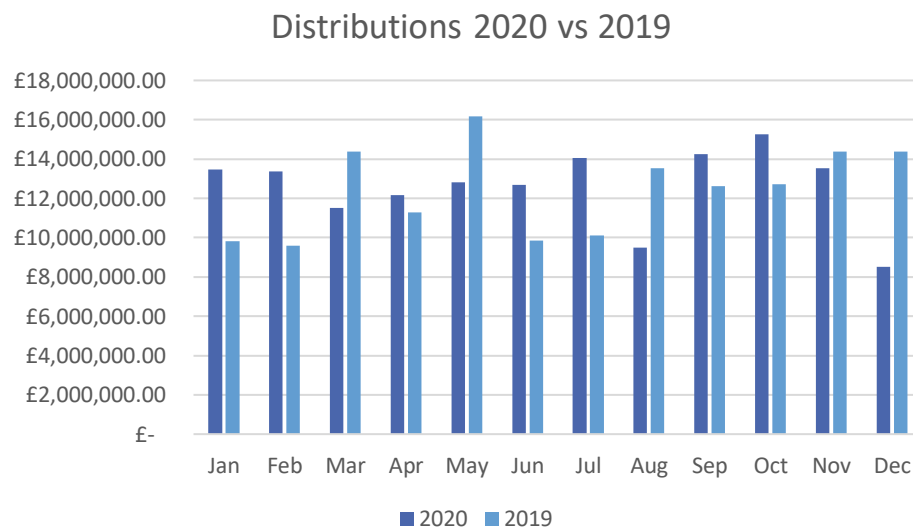
10.1.2 Of the 40,575 Nominee appointments in 2020, 5,390 (13.28%) of proposals were rejected. During 2019, 8% of proposals were rejected by creditors. The charts below show the percentage of rejections each month during 2020 compared to 2019.

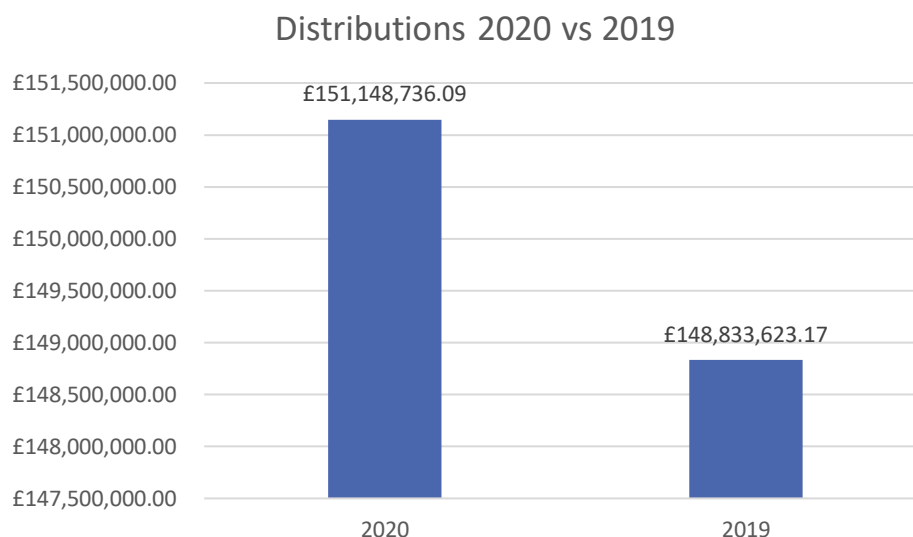




10.2 Distributions

10.2.1 A total of £151,148,736.09 has been distributed by Scheme members to creditors between January and December 2020. The sum distributed for the same period in 2019 was £148,833,623.17.



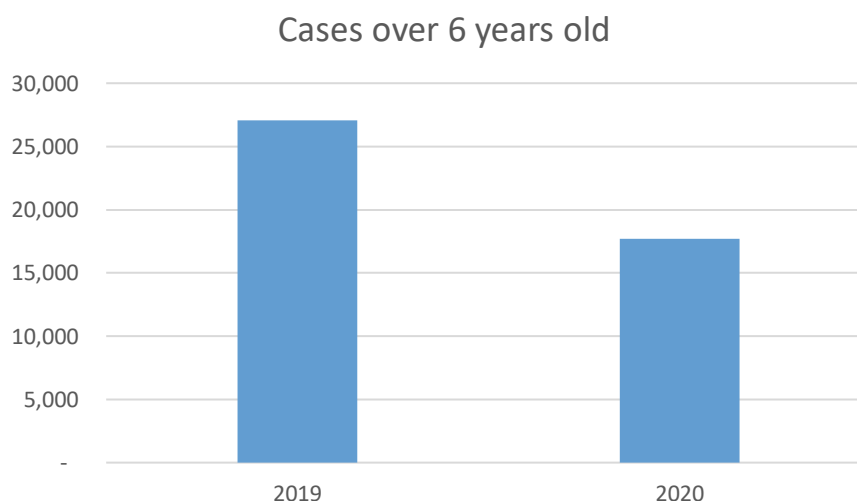


10.2.2 The monthly return highlights any anomalies or reductions in distributions, which would then be investigated to identify any underlying reasons. A selection of cases were reviewed for distributions at each full inspection visit, and distributions were also reviewed as part of the focused reviews carried out on case progression.

10.2.3 The IPA also continue to work with the creditor groups in order to review distribution rates and improve any areas where concerns are reported.

10.3 Cases over six years old

10.3.1 The monthly return shows the total number of cases that are over six years old for each Scheme member. In August 2019, there were a total of 27,060 open IVA cases which were over six years old. As at August 2020, this number had reduced to 17,715 following a concerted effort by Scheme members to progress cases over six years old to closure. This work remains ongoing.



10.3.2 A review of a selection of the cases over six years old has been carried out on each full inspection visit. A selection of those cases was also reviewed as part of the focused reviews on case progression.

10.4 Property / Month 54

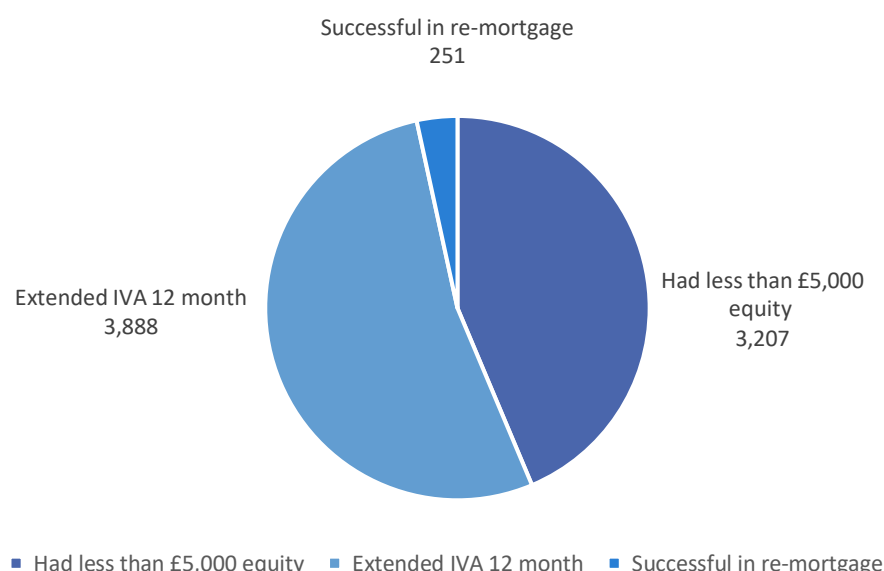
10.4.1 In cases where an individual owns, or jointly owns, a mortgaged property, a valuation will be carried out on the property by a third party on behalf of the Supervisor six months before the expected end of the IVA (Month 54).

10.4.2 The Straightforward Consumer IVA Protocol 2016 defines the requirements to review the equity and the obligations to try and release funds to the IVA.

10.4.3 Property was a focus of review in 2019 and, as noted in the 2019 Benchmark report, continued to be an area of focus in 2020 to ensure that the process is carried out in line with the IVA protocol.

10.4.4 The following chart shows cases with property that reached Month 54 in 2020 and, out of those cases, how many:

- Had <£5,000 equity and therefore no action was required
- Were successful in securing a re-mortgage in order to release equity
- Were not successful in securing a re-mortgage and therefore extended the IVA term by 12 months in lieu of equity



10.4.5 A selection of Month 54 cases have been reviewed on each full visit to ensure that the process is being carried out in line with the IVA Protocol.

11. Other Areas of Focus

11.1 Advertising/Marketing

- 11.1.1 In late 2019, Scheme members were requested to submit quarterly reports detailing any advertising and marketing activity carried out in the last quarter and any planned for the coming quarter. The submission of these reports has continued throughout 2020.
- 11.1.2 The information provided within the reports assists the IPA to identify and address any areas of concern in this area.
- 11.1.3 The [Ethics Code for Members](#) was revised with effect from 1 May 2020. A significant area of revision was in respect of advertising and marketing. The Scheme members have been very active in ensuring that marketing meets the standards required, including the marketing employed by work introducers. In accordance with the principles of the [Monitoring Volume Individual Voluntary Arrangement and Protected Trust Deed providers](#) guidance, we have been advised by Scheme members of poor advertising standards. These have been repeatedly reported to the Financial Conduct Authority (FCA), and Scheme members have ceased to use such work introducers.

11.2 Work Introducers

- 11.2.1 In 2019, the IPA commenced work with the FCA in sharing intelligence and training in order to improve the advice given prior to an IP receiving the case. This work has continued throughout 2020.
- 11.2.2 The IPA has worked in conjunction with the Insolvency Service and other RPBs in liaising with the FCA and Advertising Standards Agency (ASA), discussing areas of concern and commencing steps to improve the standards in this area.
- 11.2.3 Only FCA registered work introducers are to be engaged by IPA IVA provider members. Scheme members are expected to carry out ongoing due diligence on their work providers, which includes regularly reviewing a sample of calls carried out by work introducers with consumers. Scheme members are expected to report any adverse findings to the FCA.
- 11.2.4 With the assistance of IVA provider members, both Scheme and non-Scheme members, the IPA has carried out a considerable amount of work into bogus websites. These are websites which are purporting to be, or to be connected to, a regulated IVA provider, when in fact they are not. The number of these websites is considerable, and they appear in many guises.

11.3 Inquiry into PTDs

- 11.3.1 In January 2020, the IPA's CEO attended the Scottish Economy, Energy and Fair Work Committee Parliamentary review into PTDs in order to give evidence on behalf of the IPA and its members. The Committee's inquiry was to focus on the advantages and disadvantages of PTDs as a viable debt solution in the interests of people in debt and their creditors.
- 11.3.2 Prior to this, the IPA's CEO also contributed to a Ministerial investigation on PTDs, and the IPA continues to contribute as the Scottish Government progresses its investigation of possible changes to the policy environment of personal debt solutions.

11.4 Trust Cases

- 11.4.1 In the 2019 benchmark report, the IPA gave details of what constituted a post IVA Trust case and advised that it considered Trust cases to be a risk area. The IPA noted that it would continue to review any firm considered to be high risk in this area.
- 11.4.2 In 2019, the IPA issued guidance on such Trust cases, and the retention of Trust funds, which can be found here: [Member guidance on non-Insolvency Act work | Insolvency Practitioners Association \(insolvency-practitioners.org.uk\)](https://www.insolvency-practitioners.org.uk/Member-guidance-on-non-Insolvency-Act-work/).
- 11.4.3 During 2019 and 2020, the Trust cases of all Scheme members were reviewed. The majority of Scheme members sever the Trust either on closure of the IVA or after 12 months from the date of closure of the IVA.
- 11.4.4 One member, however, had a large number of Trust cases, which raised serious concern for the IPA. This matter has been, and continues to be, monitored and progressed with the member concerned.

11.5 Case Registrations

- 11.5.1 The Insolvency Service made the IPA aware of IVA cases which did not appear to have been registered by one of its Scheme members, and then latterly of further late registration of IVA cases. This matter continues to be investigated.
- 11.5.2 In response to this matter, the IPA has commenced monthly spot checks on a random selection of cases for each Scheme member to ensure registration has been carried out.

11.6 Creditor Relations

- 11.6.1 Throughout 2020, steps have continued to be taken to strengthen relations with the Creditor Groups in order to identify and address any potential issues.
- 11.6.2 Regular meetings have been carried out by the Chief Inspector, with additional remote check-ins held as and when necessary.
- 11.6.3 In 2020, links have been further established with the free debt advice sector, online forums and Credit Unions. Sharing of information is key to understanding concerns from these groups. This year has seen greater collaboration, which has assisted regulation through the early sharing of concerns. We have been able to work together to address issues in areas such as fees and advertising. A presentation was undertaken with regional debt advisors to answer queries raised and highlight the work being undertaken.

11.7 Ethics Code

- 11.7.1 As noted in the 2019 benchmark report, the Ethics Code for IPs was under review. A new Insolvency Code of Ethics was issued on 2 March, with an effective date of 1 May 2020. The new code can be found here: <https://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code>. Following this, the IPA, in conjunction with Insolvency Support Services, provided a workshop on the Ethics Code, particularly the public interest element, which was offered to IVA provider members.

11.8 IVA Protocol

- 11.8.1 As advised in the 2019 benchmark report, the Straightforward Consumer IVA Protocol is currently being redrafted by the IVA Standing Committee to ensure it is fit for purpose within the current market. The IPA is represented on the IVA Standing Committee and continues to be involved with the development of the redraft. The redraft is expected to be released during early 2021.

11.9 Mis-selling

- 11.9.1 2020 has seen a rise in claims being made to members of the Scheme. Whilst the numbers received remain very low, there is a concern over claims made on agents' websites which often claim widespread mis-selling in the industry and make bold claims of being able to successfully write-off debt. The examples seen typically result in payments into the IVA being stopped or even paid to the agent. We have raised with the Insolvency Service our concerns over the IVA register

being used by agents. As yet, we have not seen through our monitoring, or any complaints received, that any successful claims have been completed.

11.10 Anti-Money Laundering

11.10.1 It is widely reported that 2020 saw a dramatic rise in fraudulent activity. The [National Risk Assessment](#) for 2020 highlighted the risk of vulnerable individuals being used as money mules. Mule accounts continued to be used extensively to move funds, and the report highlighted that there were more than 42,482 cases of suspected money mule account activity reported in 2019, the latest available figures, up 32% on 2017. This risk has been highlighted to Scheme members to ensure that staff are aware of the importance of the issue and are able to flag the issue and report accordingly.

12. Complaints Overview

12.1 IVA and PTD Complaints Overview

- 12.1.1 This section explains how we process complaints and the complaints activity in 2020.
- 12.1.2 The majority of complaints dealt with by the IPA are referred from the Insolvency Service's dedicated Complaints Gateway, which provides a single access point to register a complaint about an Insolvency Practitioner. The Complaints Gateway undertakes an initial assessment of the complaint. If it decides there are grounds for the matter to proceed, it will refer the complaint to the regulator responsible for licensing the IP.
- 12.1.3 Investigations may also arise as a result of monitoring visits, decisions of the IPA's Regulation and Conduct Committee (the Committee) or other intelligence.

12.2 Complaints handling process

- 12.2.1 Stage 1 (initial assessment): The Secretariat undertakes a review of the complaint to establish whether there are facts or matters that indicate the IP has potentially become liable to disciplinary action. A decision will be made at this stage as to whether the complaint should be rejected or taken forward for a formal investigation of professional misconduct.
- 12.2.2 Intelligence sharing/Risk Profiling: If, during the initial assessment of the complaint, the Secretariat does not consider that it is sufficiently serious to constitute professional misconduct but is not considered 'good practice', the matter will be drawn to the attention of the inspection team and it may influence the specific areas requiring a focussed review.
- 12.2.3 Stage 2 (formal investigation): A draft allegation will be formulated and put to the IP for their final representations before the complaint is then presented to the Committee for a final determination on whether there is a prima-facie case of misconduct.
- 12.2.4 The Committee is responsible for considering any matter the Secretariat identifies as requiring Committee attention relating to the fitness of licensed IPs or liability to disciplinary action, including applications for authorisation. If, on consideration of the complaint, the Committee determines that there is a prima-facie case of misconduct, it has the power to invoke a licence restriction/withdrawal proceeding and invite disciplinary sanctions by consent, including reprimands and fines.

12.3 Complaints in 2020

12.3.1 In 2020 there were 185 complaints (compared to 131 in 2019) recorded against the firms in the Scheme, of which 180 related to IVAs and 5 related to PTDs.

12.3.2 Complaints received in 2020 remain low, representing 0.06% of IVAs and 0.03% of PTDs administered by the firms in the Scheme.

12.3.3 There were 132 complaint closures in 2020, either by the Secretariat at the initial assessment stage or, in cases where a formal investigation was opened, following consideration/sanction by the Committee. Some of the closed complaints relate to complaints that were received prior to 2020.

12.3.4 Given the nature of the complaints handling process, closures are now measured against the number of complaints received in 2020.

12.3.5 The table below provides an overview of the number of cases where a Committee decision was requested in 2020:

	IVAs	PTD
Number referred and outcome reached	36	2
Number where a prima-facie case of misconduct was made out by the Committee	14	1
Nature of complaints	<ul style="list-style-type: none">- Breakdown in communication- Closure delay or process not followed correctly- Overdrawn remuneration- Failure to notify creditor of initial meeting of creditors- Voting omissions- Other	<ul style="list-style-type: none">- Income & expenditure- Other

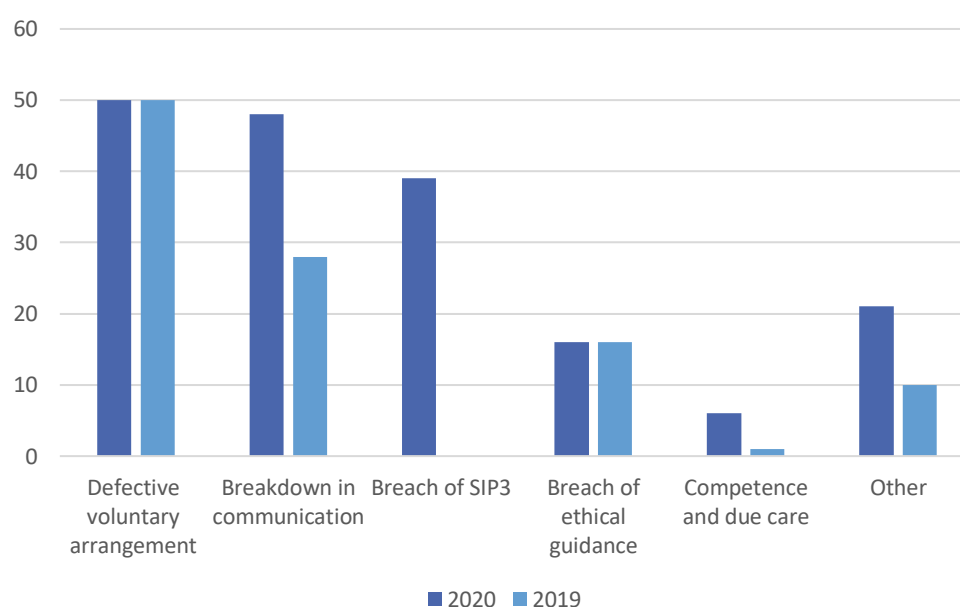
12.4 Complaints Themes in 2020

12.4.1 Communication issues (i.e. inaccurate information, delays and/or failures to respond) continue to be a significant feature of complaints in 2020. Other prominent themes include issues in relation to initial advice given and mis-sold IVAs, dividend delays and inadequate consideration given to the debtor's mental health and/or disability. In the latter half of 2020, the IPA has also received a

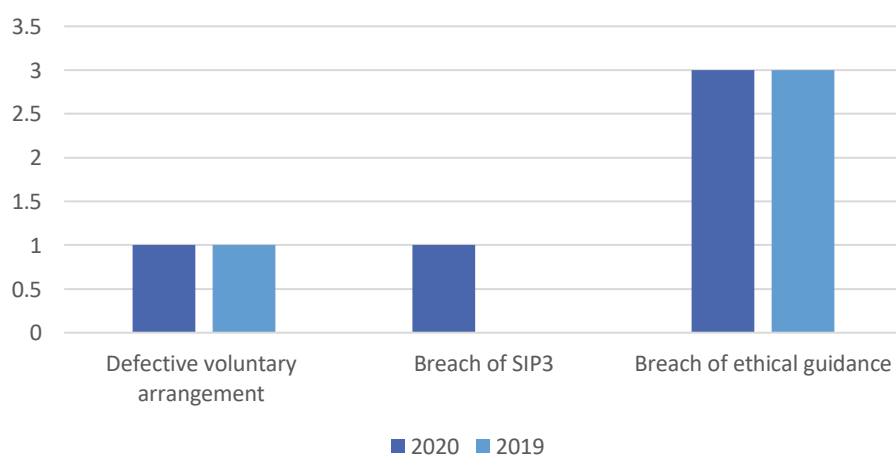
number of complaints about potential breaches of advertising (i.e. the inclusion of misleading statements on websites).

	IVAs		PTDs	
	2020	2019	2020	2019
Defective voluntary arrangement	50	50	1	1
Breakdown in communication	48	28	-	-
Breach of SIP3	39	-	1	-
Breach of ethical guidance	16	16	3	3
Competence and due care	6	1	-	-
Other	21	10	-	-
Total complaints:	180	105	5	4

IVA Complaint Themes 2020 vs 2019



PTD Complaint Themes 2020 vs 2019



13. The Scheme 2021 Focus

13.1 Scheme Membership

- 13.1.1 It is anticipated that membership of the Scheme will continue to grow during 2021 with new members joining as and when they meet the criteria.
- 13.1.2 In addition, in order to align the IPA's regulation, the Scheme Inspection team will take forward the monitoring of the non-Scheme volume IVA and PTD providers, those providers who have lower numbers of cases but are still regarded as part of this market.
- 13.1.3 The IPA consider that this will not only provide consistency across the monitoring of its volume provider members, but it will also ensure that all IVA and PTD provider members are able to actively participate and help to shape the market, and advance the interests of the sector.
- 13.1.4 In order to assist with this expansion, the IPA recruited a dedicated Administration Assistant for the Scheme Inspection team in 2020. An additional Inspector has also recently been recruited for the team, who joined the IPA in January of this year.

13.2 SIP 3.1/3.3 Advice

- 13.2.1 SIP 3.1/3.3 advice will continue to be monitored during 2021 as the IPA considers that continuous monitoring is key in this area.
- 13.2.2 The IPA will increase the number of cases for which the advice calls are reviewed. The aim is that 1% of all new cases will be reviewed in 2021.
- 13.2.3 In order to achieve this target, the IPA has recruited three Call Reviewers to work alongside the Scheme Inspection team in reviewing calls.
- 13.2.4 A working group has been set up by the Joint Insolvency Committee to review SIP 3.1 following the consultation on SIP 3 in 2020. The IPA will take an active role in this working group.

13.3 Disbursements and Expenses

- 13.3.1 During 2021, a focused review will be carried out across all Scheme members on the disbursements and expenses charged on cases, both current and historical.

13.3.2 Whilst this area is reviewed as a matter of course on the Full Inspection Visits, this review will have a particular focus on establishing whether any connection between the service provider and Scheme member exists.

13.4 Work Introducers

13.4.1 The IPA will continue its work in the work introducer/lead generator area, furthering its working relationship with the FCA and other parties in this arena.

13.5 Case Failures

13.5.1 As noted at Chapter 8 of this report, this will continue to be an area of focus in 2021 with additional cases to be reviewed.

13.5.2 The IPA will be seeking collaboration in this area from other stakeholders in order to widen the scope of investigation into failures across the personal insolvency arena.

13.5.3 In addition, the IPA has commenced steps to commission and fund an academic study across the personal debt landscape.

13.6 Anti-Money Laundering

13.6.1 As noted at Section 11.10, the IPA will continue to review risks in the IVA market and ensure that firms have effective policies and procedures that are able to both spot current risks and adapt as risks change.

13.7 Scheme Logo

13.7.1 The IPA is in the process of trademarking the Scheme and developing a Scheme logo. The logo will be available for Scheme members to use to link them to the Scheme standards and members' obligations of enhanced monitoring under the Scheme.

General Data Protection Regulation (GDPR) Statement

The IPA is committed to ensuring the security and protection of the personal information that we process, and to provide a compliant and consistent approach to data protection. If you have any questions related to our GDPR compliance, please contact us.

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