



**Insolvency  
Practitioners  
Association**

**VPR**

**VOLUME  
PROVIDER  
REGULATION**

IMPLEMENTING CHANGE - IMPROVING QUALITY

# **BENCHMARK REPORT**

# **2021**

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## CEO Introduction

Paul Smith



Welcome to the third benchmark report of the Insolvency Practitioners Association (IPA) Volume Provider Regulation Scheme (the Scheme).

The Scheme was developed in consultation with key stakeholders in 2018 and came into effect on 1 January 2019 in response to the rapid change being seen in the Individual Voluntary Arrangement (IVA) market. It was clear to the IPA that the market needed a new form of regulation to provide assurance that it 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 IPs, the Government, debt charities and creditors. In July 2019, the Scheme was extended to cover Scottish Protected Trust Deeds (PTDs) administered at volume.

The Scheme has continued to grow in its third year, welcoming both new IVA and PTD provider members Harper McDermott, StepChange Voluntary Arrangements and The IVA Advisor. During 2021 the Scheme covered 68% of the IVA market and 79% of the PTD market. The Scheme market coverage is expected to increase further during 2022 with new members joining.

The Scheme is the only example of continuous monitoring in insolvency regulation, and we believe it offers as close or higher a level of scrutiny of any financial services provider in any sector. Improving standards is a key aim of the Scheme. In this regard, we were particularly pleased to see a reduction in complaints across Scheme members during 2021, down to 100 from 205 in 2020, which suggests that the Scheme is being successful in achieving a marked improvement in standards.

The IPA are committed to tackling any inconsistencies in the volume IVA and PTD market but have to work within the existing regulatory confines whilst still seeking to achieve meaningful regulatory impact. The IPA has considered for some time 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 have campaigned for an audit of the commercial landscape in the IVA market, the introduction of new regulatory powers to regulate firms, and a review of debt management products in their entirety. As a consequence, the IPA welcome the

Insolvency Service's review of the personal insolvency landscape which was announced in September 2021 as part of their five-year strategy.

As noted above, the Scheme is the only example of monitoring of this level and scrutiny across Insolvency regulators. The Scheme is unique to the IPA, and as a consequence there is a resulting inconsistency in how volume providers are regulated across the market more broadly. The IPA consider that this is an important area to be considered, along with the introduction of new regulatory powers to regulate firms, in the Insolvency Service's consultation on a Single Regulator which was released on 21 December 2021.

The flexibility of the Scheme is one of its key benefits, and we can tailor activity according to particular areas of focus. 2021 has seen the Scheme increase further its intense activity on advice call reviewing, increasing the number of calls reviewed to 1,010 calls (being 2% of IVA new work and 0.5% of PTD new work) across our Scheme members, an uplift of 564% on 2020. The full detail on the call reviews can be found in Chapter 10 of this report.

The Scheme has continued its focus of reviewing case failures during 2021, as we know this remains an area of concern. 5.74% of IVAs failed across Scheme members during 2021, which is a noteworthy improvement on the 8.4% sector statistic relating to failures released by the Insolvency Service for 2019. As with the 2020 review into failures, the 2021 review identified that there are no particular reasons or trends for the failure of an IVA/PTD. The full detail on the failure review can be found in Chapter 8 of this report.

2021 also saw us turn our focus to reasons why individuals choose an IVA over other debt solutions in response to concerns raised by the Insolvency Service. As you will see from the full detail on this review, which is in Chapter 9 of this report, the review did not identify any underlying problems. The IPA consider it to be an individual's choice as to what solution they select and whilst to a third party it may not appear to be the 'best' choice for them and their circumstances, ultimately it is their choice. The role of the Insolvency Practitioner is to ensure that detail on all options available for which they are eligible is provided, and to ensure the individual fully understands the options, in order to make their informed choice. Scheme members are expected to obtain reasons for not choosing other available debt solutions in order to ascertain the individual's understanding of the solutions. The reasons are presented in Chapter 9.

The IPA are concerned about the potential impact that the rising cost of living is going to have on existing IVAs and PTDs in 2022. The IPA consider the changes will

also result in more people needing to seek advice and enter into debt solutions. The IPA will once again strive to be at the forefront of developments in this area, and we have already begun to raise this issue with members as well as entering into discussions with the Insolvency Service, the IVA Standing Committee and the Accountant in Bankruptcy. This will ensure that the profession responds to this changing environment in a positive and proactive way to help people at a time when help is most needed. 2022 will no doubt be yet another challenging time for the IPA but I know that the team will respond and continue to achieve the highest standards across the sector.

**Paul Smith**  
**Chief Executive Officer**

## Chief Inspector Introduction

David Holland



In the three years since the inception of the Scheme, I am pleased with the progress made. We have modernised the monitoring processes and seen improvements in respect of standards, controls and outcomes for all interested parties. The creation of the Scheme has allowed monitoring to adapt to the changes in an industry that has commercialised and has now opened up the Individual Voluntary Arrangement (IVA) and Protected Trust Deed (PTD) debt solutions to a wider potential audience. Whilst regulation has caught up, it is the legislation that now needs to modernise to give more certainty to IVA outcomes. This can easily be achieved by defining more clearly the entry requirements and suitability of all the debt solutions and minimizing some of the overlap and hurdles to enter different solutions. This in turn will assist the decision process for potential clients by making the choices simpler, future proof and flexible.

Last year I mentioned the success of [IVA protocol](#) and in particular how the [Covid Protocol](#) changes were enacted at pace and how the Scheme data helped make a lot of the changes possible. The Covid Protocol ultimately helped thousands maintain their IVAs. The current crisis for living standards is an area that once again will require creditors to be more flexible in their expectation of repayment. The current IVA protocol only allows for Supervisors to have discretion to vary repayments by 15%. This level has worked well during recent times when inflation rates have remained stable, but in the current climate expectations should be reviewed. This will allow IVA Supervisors more discretion for reductions in payments and still ensure that clients can successfully complete their IVA, without it being necessary to seek further creditor approval to agree increases of expenditure outside of the original limits.

Despite the facts available, there continues to be skepticism of IVAs and PTDs. The debt solutions sit firmly between the current options of complete debt forgiveness (via a Debt Relief Order (DRO) and bankruptcy) and payment in full (via a Debt Management Plan (DMP)). IVAs and PTDs are a valuable middle ground to allow a formal and legally binding agreement that allows the debtor to pay back only part of the debt. It is unfortunate that plans for Statutory Debt Repayment Plan in England and Wales have not yet been implemented. The lack of simple legislation in this field would complete the three tiers of debt management that is shown to work better in Scotland by giving people more defined choice with less overlap.

As part of the [DRO consultation](#), we were able to use the data available to show the impact of the proposed changes. Specifically, we were able to demonstrate that IVAs play a significant role in keeping credit affordable and widely available. [Bank of England figures](#) for the quarter to September 2020 showed credit card write off of £365million and debt repayment plans and IVAs produce a significant repayment mechanism (£185m from scheme member for 2021) to keep this level down. The debt under management in IVAs is in the region of £7bn and this is similar to the £6bn disclosed in the last [FCA review](#) of the DMP market in March 2019.

Despite the similarities of debt under management there continues to be a huge difference in the availability of information on outcomes. For IVAs there continues to be a huge amount of interest in failure rates for what is a voluntary agreement supported by law. This report will highlight the work undertaken on this area. We tripled the number of reviews to assist our understanding and to verify that our risk-based approach was capturing the correct information on this subject. Further details of the failure review are in Section 8 of the report. It is unfortunate that work on a further independent review of this area had to be paused due to the consultation on [the future of insolvency regulation](#).

The Insolvency Service recently published a '[Commentary - Individual Voluntary Arrangements Outcomes and Providers 2021](#)'. The details presented show some encouraging improvements in outcomes on more recent IVAs and this reflects some of the data we hold. As mentioned already, there is a continued focus on the cases that fail in what is a voluntary agreement. The overall positive outcomes of the successful cases of over 80% is continually overlooked and the focus is on the negative failures.

I have highlighted to the Insolvency Service concern over the accuracy of the data used to calculate prior failure rates. During last year's Insolvency Live 2020, requests were made by debt advisors for IVA failure rates and they were referred to the following [statistics](#), which at table 1 shows a similarly improving failure rates total of 23.3% for 2015, 25.1% in 2016 and to 19% in 2017. What is more striking from the figures is how two firms stand out as disproportionately high failures, with the first firm failures at 68% and 75%, and the second firm at 80% and 88.7% for 2015 and 2016, which really skews the overall average figures for the periods. It is only with industry knowledge that you would know that the two firms concerned, One Advice and Knightsbridge Insolvency Services, had all their cases passed over to new firms and the administration of the cases continued. This is clearly an error in the statistics which has a big impact on the statistics and people's opinions. The [failure results](#) published by the Insolvency Service still show an increased figure for 2016 failures with a further 8% failure rate for cases which are likely to be in the last year of an IVA.

I think it is appropriate all information is presented, but it needs to be accurate to allow informed decisions to be made. There needs to be a clearer focus on the success of IVAs and PTDs for individuals and creditors. As regulators we will continue to focus on ensuring that advice is clear and that clients understand the debt agreements require engagement and commitment to complete. As the pressures of the cost of living crisis increase, creditors will also play an important role on the future success rates of IVAs. Creditors will need to be more flexible in their expectations of receiving the expected dividend. The 15% discretion in outcomes is unlikely to be realistic for a growing number of cases and we are working with the Insolvency Service and creditor groups to see if IVAs can be easily amended to allow greater discretion by the Supervisor.

**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.
- 1.2 The IPA has around 1,400 individual and firm members and is the largest of the Recognised Professional Bodies (RPBs) in terms of case numbers, since the IPA's IPs are responsible for 90% of the UK market overall.
- 1.3 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.
- 1.4 The IPA also look 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.
- 1.5 The IPA have amongst its regulatory population, the largest share of IPs and firms operating in the Personal Insolvency market, especially at scale ("volume providers").
- 1.6 At the beginning of 2019 the IPA launched a new regulatory framework, the Volume Provider Regulation (VPR) Scheme (the Scheme) in response to the Insolvency Service's (IS) call for more stringent monitoring of volume Individual Voluntary Arrangement (IVA) providers (those who conduct more than 2% of the IVA market – entry level is currently around 6,500 IVAs). 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 3,100 PTDs).
- 1.7 Whilst the Scheme is voluntary, all volume providers who are regulated by the IPA are expected to join.
- 1.8 The additional monitoring provided by the Scheme covers the principles outlined in this [guidance](#).

- 1.9 Scheme members agree to pay for the ongoing additional VPR monitoring service provided by the Scheme.
- 1.10 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.
- 1.11 The Scheme is overseen by the IPA's Chief Inspector and carried out by a dedicated team.
- 1.12 The key features of the Scheme are as follows:
- Continuous monitoring through Monthly Data Returns
  - One full visit and up to four focused 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 Chief Inspector and each Scheme member
  - Quarterly meetings between the IPA and the Scheme member group
- 1.13 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. Where possible and practicable during 2020, the Committee's work was separated to allow a dedicated IVA/PTD committee to consider those areas. The 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.
- 1.14 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 IS's Common Sanctions Guidance (CSG) to consider the appropriate sanction, or if it is more serious and it is appropriate, refer the matter to the Disciplinary and Appeals Committee. Under current legislation there is no maximum

number of reprimands that an IP can receive but the Committee continues to consider an IP's fitness to practice. A copy of the current CSG can be found [here](#).

- 1.15 The IPA continue to be committed to tackling iniquities in the volume IVA and PTD market but have 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.
- 1.16 The IPA have campaigned for some time now 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, and the IVA in particular.
- 1.17 The IPA welcome the IS's review of the personal insolvency landscape which was announced in September 2021 as part of their five-year strategy.
- 1.18 The IPA were also particularly pleased to see that a proposal for extending regulation to firms that offer insolvency services was included in the IS's Single Regulator consultation which was released on 21 December 2021. This has been identified by the IPA as a weakness in the regulation landscape for some time.
- 1.19 This report provides more detail on the operation of the Scheme during its third year, 2021.
- 1.20 Previous years' Benchmark reports can be found here:

[2020](#) | [2019](#)

## 2. The Scheme in 2021 in Numbers

**3**

year old scheme

**8,376**  
Figures  
scrutinised



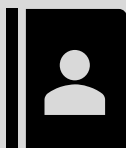
**44**

Inspections



**489**

Cases reviewed



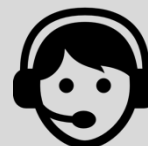
**100**

Complaints  
processed



**1,010**

Call reviews



**22,397**

Successfully  
Completed IVAs



**£185m IVA and  
£18m PTD  
Dividends paid**



**3,751**

Successfully  
Completed PTDs



**222,625**

IVAs



**43,255**

Nominees



**24,594**

PTDs



### 3. Scheme Members

#### IVA Providers

- Creditfix
- Debt Movement
- Freeman Jones
- Hanover Insolvency
- Oakfield Financial
- Payplan Partnership
- Payplan Bespoke Solutions
- Quality Insolvency Services
- StepChange Voluntary Arrangements
- The IVA Advisor



#### PTD Providers

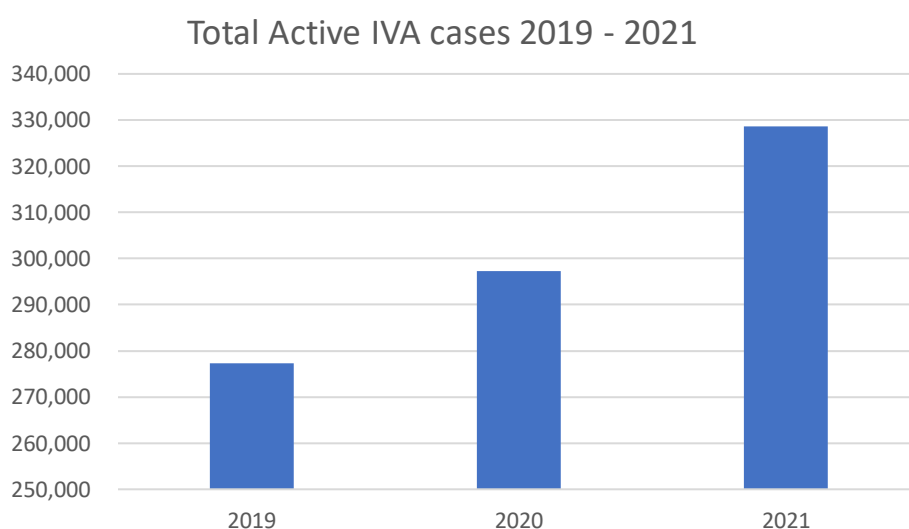
- Carrington Dean
- Harper McDermott
- Payplan Scotland
- Wilson Andrews

- 3.1 Jarvis Insolvency rebranded to Debt Movement in February 2021.
- 3.2 Whilst predominately an IVA provider, Hanover also administer a small percentage of PTDs.
- 3.3 Harper McDermott joined the Scheme at the beginning of 2021.
- 3.4 Oakfield Financial acquired the live book of cases of Vanguard Insolvency Practitioners when they ceased to trade in August 2020. Oakfield Financial do not take new appointments.
- 3.5 StepChange Voluntary Arrangements (StepChange VA) joined the Scheme in March 2021.
- 3.6 The IVA Advisor joined the Scheme part way through the year in July 2021.
- 3.7 Wilson Andrews transferred their cases to Carrington Dean in November 2021 and therefore ceased to be a member of the Scheme from that date.

## 4. IVAs and PTDs in Numbers

### IVAs

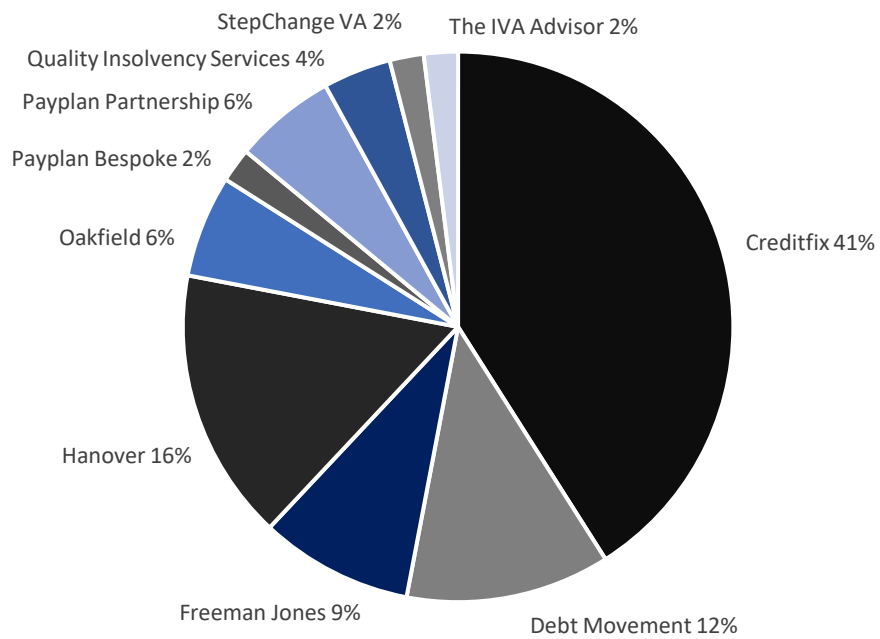
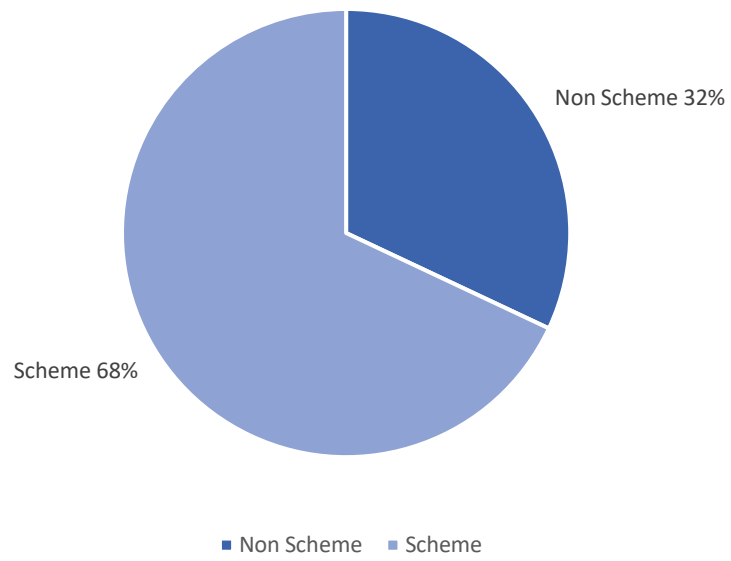
- 4.1 As at 31 December 2021 the total number of IVA cases was 328,666<sup>1</sup>. This figure represents the number of both new and existing IVAs.
- 4.2 As at 31 December 2020 the total number of IVA cases was 297,311<sup>1</sup>. IVAs have therefore increased by 31,355 during 2021. As at 31 December 2019 the total number of IVA cases was 277,295<sup>1</sup>.



- 4.3 Of the 328,666<sup>1</sup> cases, 222,625 were Scheme member cases. This is 68% of the IVA market. The charts overleaf set out the current position of the IVA market represented by Scheme members.

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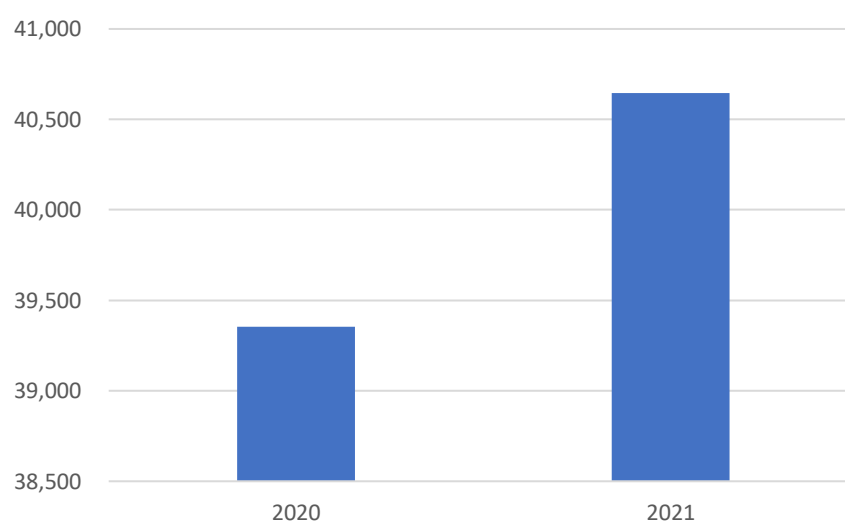
<sup>1</sup> Figure provided by the Insolvency Service



<b>Scheme Member</b>	<b>Number of Cases as at 31/12/2021</b>
Creditfix	92,448
Debt Movement	25,816
Freeman Jones	19,892
Hanover	35,972
Oakfield	12,641
Payplan Bespoke	4,183
Payplan Partnership	12,809
Quality Insolvency Services	9,696
StepChange Voluntary Arrangements	5,174
The IVA Advisor	3,994
<b>Total</b>	<b>222,625</b>

4.4 During 2021 Scheme members represented 68% of the IVA market. The Scheme members represented 68% of the IVA market in 2020, and 69% of the market in 2019. Scheme member representation has not increased during 2021 despite the two new Scheme members.

4.5 There were 40,647 new IVA appointments across the Scheme members in 2021. During 2020 there were 39,354 new IVA appointments across Scheme members. Scheme member new IVA appointments have therefore increased by 1,293 during 2021.

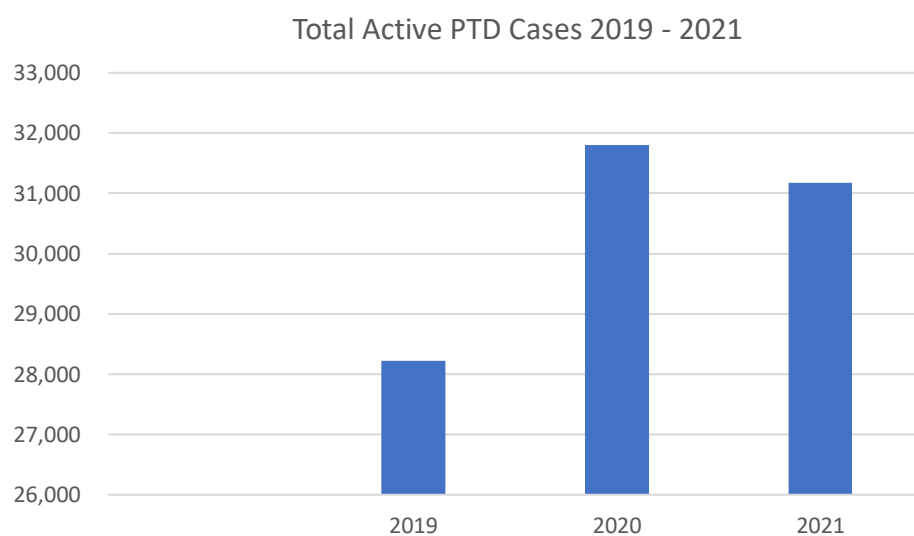




## PTDs

4.6 As at 31 December 2021 the total number of PTD cases was 31,173<sup>2</sup>. This figure represents both new and existing PTDs.

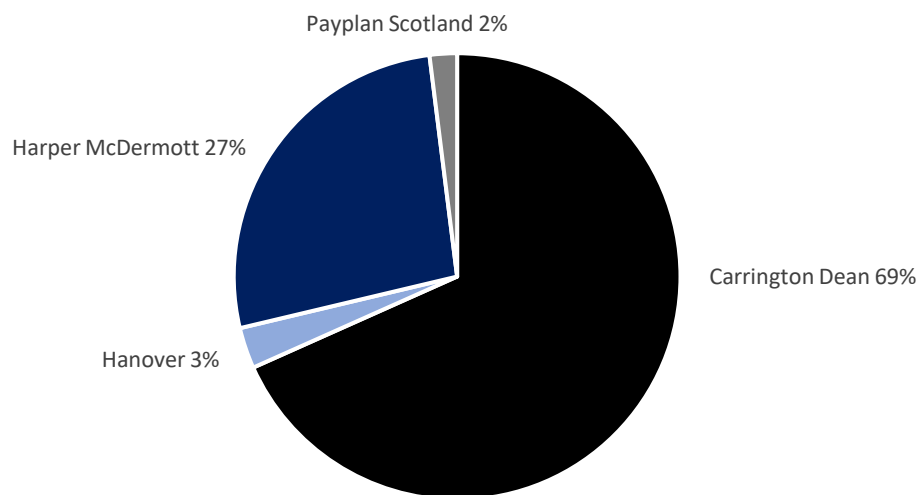
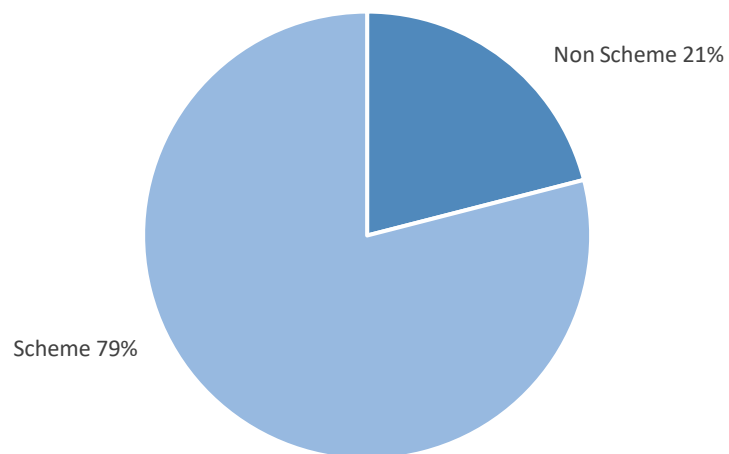
4.7 As at 31 December 2020 the total number of PTD cases was 31,798<sup>2</sup>. PTDs have therefore decreased by 625 during 2021. As at 31 December 2019 the total number of PTD cases was 28,226<sup>2</sup>.



4.8 Of the 31,173 total PTD cases 24,594 were Scheme member cases. The charts overleaf set out the current position of the PTD market represented by Scheme members.

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<sup>2</sup> Figure provided by the Accountant in Bankruptcy

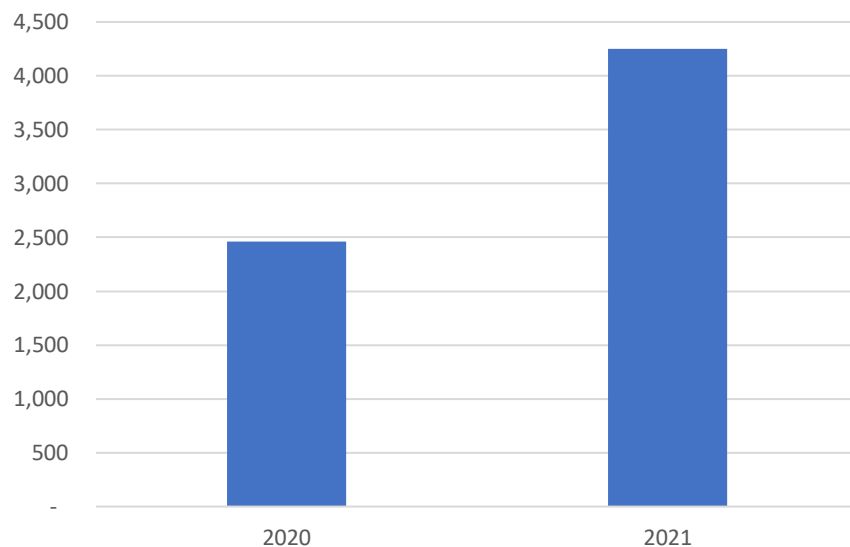


Scheme Member	Number of Cases as at 31/12/2021
Carrington Dean	17,016
Hanover	675
Harper McDermott	6,524
Payplan Scotland	379
Wilson Andrews	0*
<b>Total</b>	<b>24,594</b>

\*See 3.7.

4.9 During 2021 Scheme members represented 79% of the PTD market. The Scheme members represented 54% of the PTD market in 2020, and 57% of the market in 2019. The increase in representation is largely due to the addition of a new Scheme member, Harper McDermott, in 2021.

4.10 There were 4,248 new PTD appointments across the Scheme members in 2021. During 2020 there were 2,463 new PTD appointments across Scheme members.



4.11 The main reason for the increase in new appointments across Scheme members in 2021 compared to 2020 is the addition of a new member, Harper McDermott, in 2021.

## 5. Scheme Activity 2021

- 5.1 This chapter sets out the monitoring activity undertaken in 2021 in order to meet the objectives of the Scheme.
- 5.2 As the Covid restrictions of 2020 continued into and throughout 2021 all but two of the inspections and reviews were carried out remotely.
- 5.3 During 2021 the majority of the Scheme members arranged for remote access to their system for the full visits. This enabled the Inspectors to dial in remotely and have the same level of access as they would have on site.
- 5.4 Please see below for a summary of reviews carried out in 2021:

Type of Review	Carried Out	Cases reviewed
Full Inspection Visit	14	214
Focused Review	30	275
Call Review	17	207
Additional Call Monitoring	-	899

- 5.5 Further detail on the Full Inspection Visits, Focused Reviews and Call Reviews/Additional Call Monitoring is given in Chapters 6, 7, 8, 9 and 10.
- 5.6 Scheme members have continued to submit their monthly data returns throughout 2021. The monthly data return covers 21 areas.
- 5.7 The monthly data return template was updated and expanded upon for 2021 providing for separate IVA and PTD templates along with additional requests for supporting information.
- 5.8 The data returns assist with the early identification of any anomalies which can then be followed up and investigated further where necessary in a timely manner.
- 5.9 The data returns also assist in other areas such as responding to the Debt Relief Order (DRO) consultation issued by the IS, the changes from which came into effect from 29 June 2021. The statistics gathered from the monthly data returns which the IPA were able to submit with their

response to the consultation proved invaluable and enabled an informed outcome to be achieved.

- 5.10 Whilst StepChange VA did not join the Scheme until March 2021, they provided retrospective data for both January and February 2021, enabling a full 12 months' data to be captured.
- 5.11 As The IVA Advisor did not join the Scheme until July 2021, a full 12 months' statistics are not held for them and therefore they have not been included where noted in the data provided throughout this report.
- 5.12 Quarterly meetings with the Scheme member representatives, the IPA's Chief Inspector and the IPA Scheme Inspection team have continued throughout 2021. As during 2020, these meetings were held remotely due to the Covid restrictions. These meetings are held to discuss the Scheme and industry-wide issues in an open forum.
- 5.13 Individual monthly calls between the Scheme member representatives and IPA's Chief Inspector continued throughout 2021.

## 6. Full Inspection Visits

- 6.1 During 2021 full inspection visits have been carried out to all 14 Scheme members.
- 6.2 Prior to a full inspection visit, a Pre-Visit Questionnaire is issued to the Insolvency Practitioner(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 Insolvency Practitioner(s) details
  - 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
- 6.3 From the case data provided with the monthly data return, 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 14 full inspections, 12 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 each 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, income & expenditure (I&E) reviews etc. The need for this type of review may arise as a result of a number of factors. These could include any findings from a full inspection visit, 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 30 focused reviews were carried out during 2021. 14 reviews were carried out across Scheme members on Case Failure reviewing 132 cases; full details of this review can be found in Chapter 8.
- 7.3 A further 16 focused reviews were carried out reviewing 144 cases. Please see below for a summary of those reviews.

	Member	Area of Focus	# of cases
1	Freeman Jones	<b>Time Expired Cases</b> Following a focused review on case progression in 2020 the level of cases that remained open aged 6 years plus was of concern to the Inspectors. A 12-month strategy was put in place by Freeman Jones to reduce and close the cases. This was monitored by the Inspectors on a monthly basis.	-
2	Creditfix	<b>Modifications extending term of the IVA</b> Following the 2019 full visit a finding was made against one of the IPs for failing to properly advise a debtor regarding a proposed creditor modification in one case. This review was carried out to check for any systemic issues.	20
3	Hanover	<b>Annual Reporting</b> A selection of cases were reviewed to check that annual reports are issued within the statutory timeframes and are compliant.	20
4	Oakfield	<b>Issues identified from IVA forums</b> A review of the forums and discussions with the Insolvency Service highlighted some areas of concern in relation to the transfer of the Vanguard book to Oakfield and also the outsourcing function utilised by Oakfield. These	-

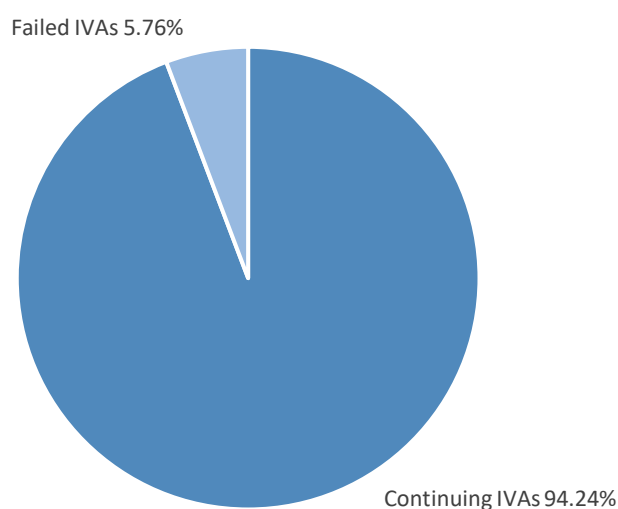


	Member	Area of Focus	# of cases
		areas of concern were reviewed by the Inspectors.	
5	Payplan Bespoke	<b>Variations and Full &amp; Final Settlements</b> A selection of cases were reviewed to check the processes on cases where a variation is required and/or a full and final settlement offered.	4
6	Payplan Partnership	<b>Variations and Full &amp; Final Settlements</b> A selection of cases were reviewed to check the processes on cases where a variation is required and/or a full and final settlement offered.	8
7	Debt Movement	<b>Progression</b> A selection of cases were reviewed to check they are being progressed in a timely manner and to identify any issues or delays.	30
8	Debt Movement	<b>Post IVA Trust (PIVAT) Cases</b> As reported in last year's report, in 2020 Debt Movement acquired the active IVA cases of Aperture Debt Solutions LLP. In April 2021 Debt Movement acquired the Aperture PIVAT cases. This review focused on the progression of the PIVAT cases.	10
9	Harper McDermott	<b>Initial Review</b> As a new member in 2021 an initial review was carried out to gauge an understanding of how the firm works. A review was carried out of the firm's standard documentation, call scripts, internal compliance reviews, complaints policy and the firm's staff.	-
10	Hanover	<b>Month 54 / Property</b> A selection of cases with a property were reviewed to check the Month 54 process.	4
11	The IVA Advisor	<b>Initial Review</b> As a new member in 2021 an initial review was carried out to gauge an understanding of how the firm works. A review was carried out of the firm's standard documentation, call scripts, internal compliance reviews, complaints policy and the firm's staff.	-
12	Carrington Dean	<b>Property</b>	12

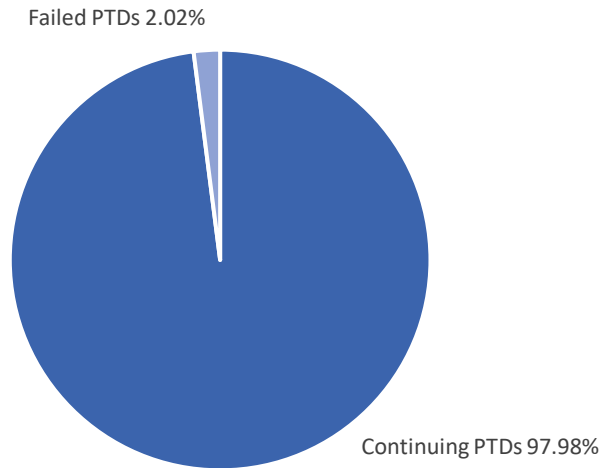
	Member	Area of Focus	# of cases
		A selection of cases with a property were reviewed to check how the equity had been dealt with.	
13	Freeman Jones	<b>Complaints</b> A review of the complaints received and how they had been dealt with.	-
14	Wilson Andrews	<b>Complaints</b> As above.	-
15	Quality Insolvency Services	<b>Annual Reporting</b> A selection of cases were reviewed to check that annual reports are issued within the statutory timeframes and are compliant.	18
16	Quality Insolvency Services	<b>I&amp;E Reviews</b> A selection of cases were reviewed to check the process for carrying out I&E reviews.	18
		<b>Total cases reviewed</b>	<b>144</b>

## 8. Case Failure Review

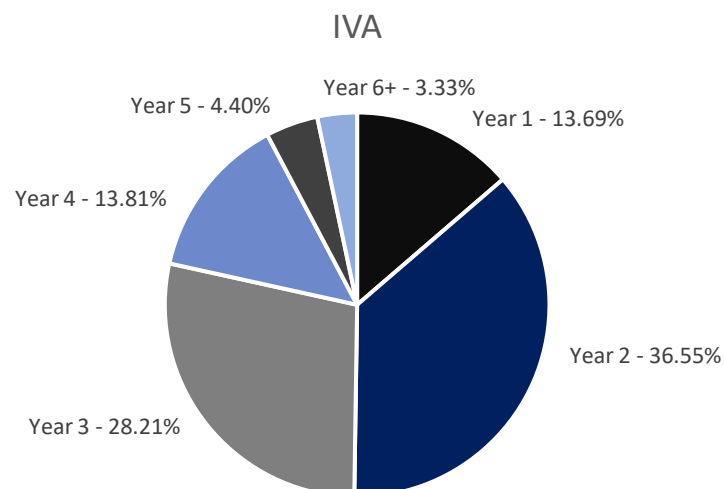
- 8.1 Statistics from the Insolvency Service showed that 8.4% of IVAs had failed in the first year in 2019. This was an increase from previous years.
- 8.2 During 2021 a total of 12,833 cases failed across Scheme members. This is 5.74% of cases based on the total number of Scheme member cases as at 31 December 2021. Please note this is based on all Scheme members excluding The IVA Advisor as a full 12 months data is not held for them. This is demonstrated in the chart below.

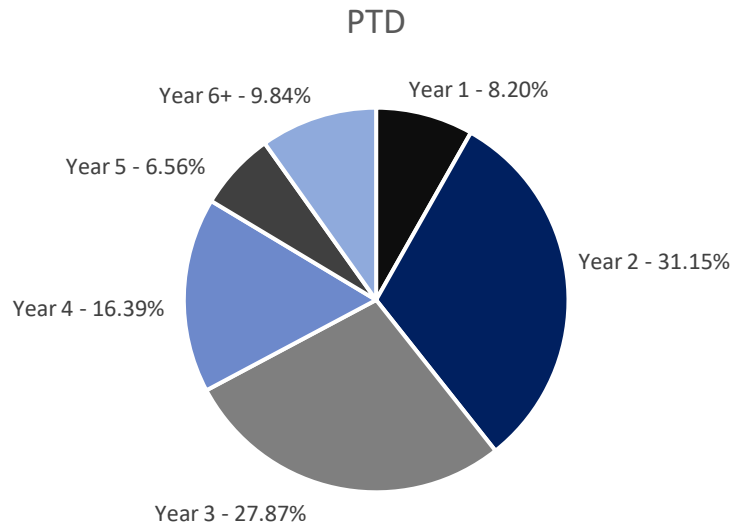


- 8.3 In 2020 a total of 13,173 IVAs failed across Scheme members. This was 6.49% of cases based on the total number of Scheme member cases as at 31 December 2020.
- 8.4 The percentage of IVA failures was consistent across all Scheme providers with no one provider having a considerably higher failure rate than others.
- 8.5 In 2021, 496 PTD cases failed across Scheme members. This is 2.02% of cases based on the total number of Scheme member cases as at 31 December 2021. This is demonstrated in the chart overleaf.



- 8.6 In 2020 a total of 254 PTD cases failed across Scheme members. This was 1.48% of cases based on the total number of Scheme member cases as at 31 December 2020.
- 8.7 The percentage of PTD failures was consistent across all Scheme providers with no one provider having a considerably higher failure rate than others.
- 8.8 For cases which failed in December 2021, the charts below detail in which year of the IVA/PTD the case failed. From the data held it can be concluded that case failures are more prevalent in years two and three for both IVAs and PTDs.





8.9 As per 2020, during 2021 a focused review on failures was carried out by the Scheme Inspectors in order to assess if there are any underlying concerns or trends regarding failure rates.

8.10 The review concentrated on cases which had failed within 30 months of appointment in order to establish the reasons for failure.

8.11 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.

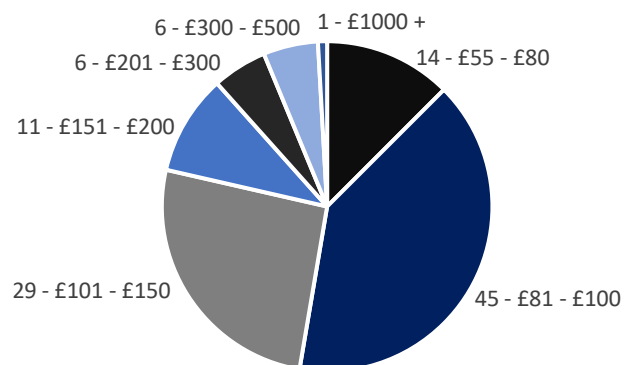
8.12 For this specific review 112 IVA cases and 20 PTD cases have been sampled. Please see below for a breakdown of the cases reviewed for each Scheme member together with the age of the case at failure:

	Members	Failed within (months)					Total
		6	6 - 12	13 - 18	19 - 24	25 - 30	
	<b>IVA</b>						
1	Creditfix	8	6	5	10	1	<b>30</b>
2	Debt Movement	2	-	10	1	5	<b>18</b>
3	Freeman Jones	1	-	8	1	-	<b>10</b>
4	Hanover	4	6	-	-	-	<b>10</b>
5	Oakfield	-	-	3	5	-	<b>8</b>
6	Payplan Bespoke	-	-	-	3	-	<b>3</b>
7	Payplan Partnership	1	1	1	2	2	<b>7</b>

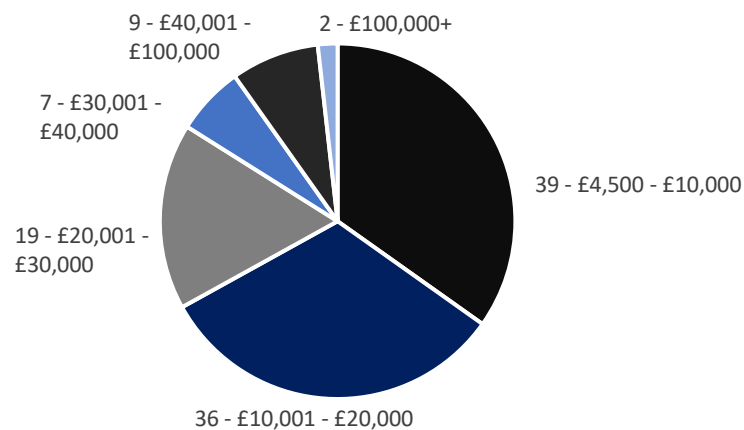
8	Quality Insolvency Services	6	3	1	-	-	<b>10</b>
9	StepChange VA	5	5	1	-	-	<b>11</b>
10	The IVA Advisor	5	-	-	-	-	<b>5</b>
		<b>32</b>	<b>21</b>	<b>29</b>	<b>22</b>	<b>8</b>	<b>112</b>
	<b>PTD</b>						
11	Carrington Dean	2	2	5	1	-	<b>10</b>
12	Harper McDermott	1	2	3	-	-	<b>6</b>
13	Payplan Scotland	1	-	-	1	-	<b>2</b>
14	Wilson Andrews	-	1	1	-	-	<b>2</b>
		<b>4</b>	<b>5</b>	<b>9</b>	<b>2</b>	<b>-</b>	<b>20</b>

8.14 The cases reviewed were selected by the Inspectors and covered a range of different criteria such as level of contribution and total debt level. Please see below charts for a breakdown of the monthly contribution and total debt level for the cases reviewed.

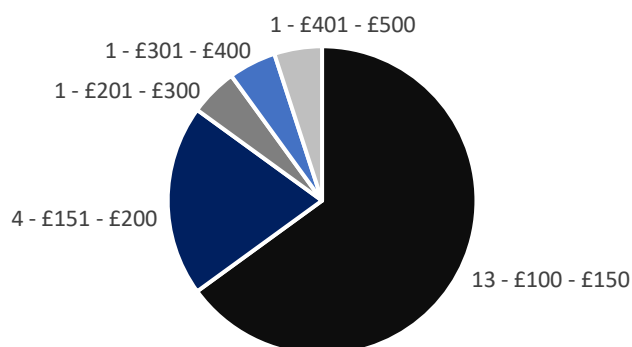
IVA Monthly Contribution



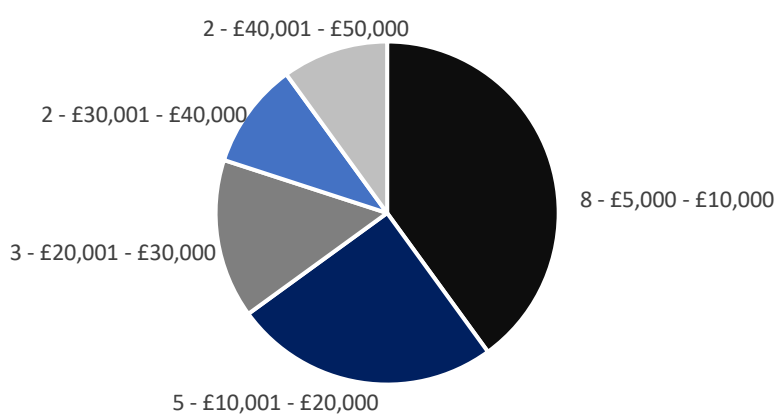
IVA Total Debt Level



PTD Monthly Contribution

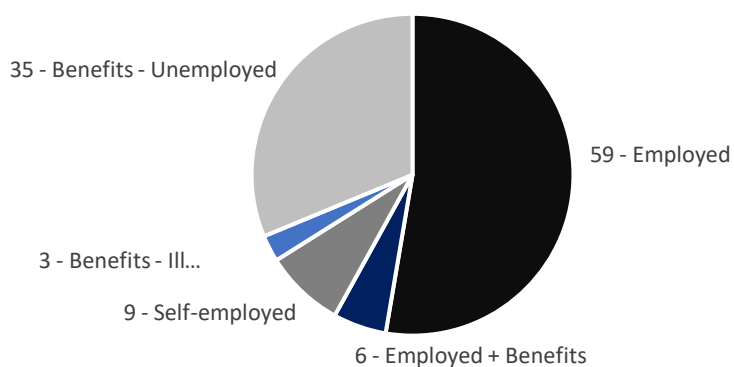


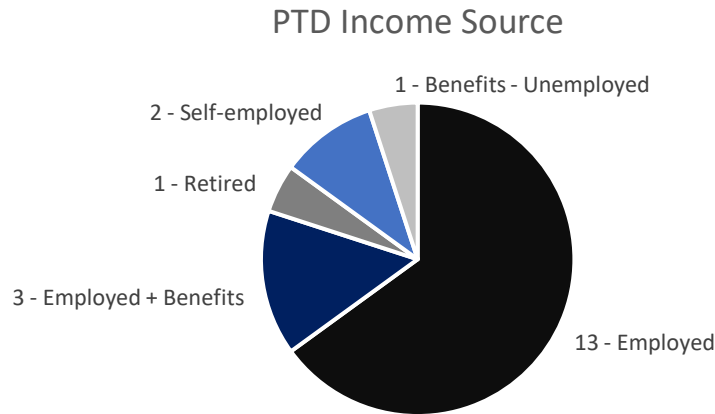
PTD Total Debt Level



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

IVA Income Source





8.16 The Inspectors reviewed the documentation for each case together with the pre appointment calls.

8.17 Reasons for failure were noted as follows.

Reason	Number of cases IVA		Number of cases PTD	
Arrears	44	39%	3	15%
Change in Circumstances (CIC)	26	23%	12	60%
Covid	14	13%	3	15%
Debtor's request	23	21%	0	0%
Other	5	4%	2	10%
<b>Total cases reviewed</b>	<b>112</b>	<b>100%</b>	<b>20</b>	<b>100%</b>

8.18 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 CIC. Another reason may have been that the debtor requested the termination due to a CIC. In cases of this nature the most pertinent reason has been allocated. For the 2021 review, Covid was also included as a reason for failure where it was the primary reason given for a CIC, arrears or request for termination.

8.19 Cases where arrears have been noted as the reason for failure are cases where arrears have accrued and either no reason has been provided by the debtor for the arrears or the debtor has failed to engage in any communication with the Scheme member to address the arrears.

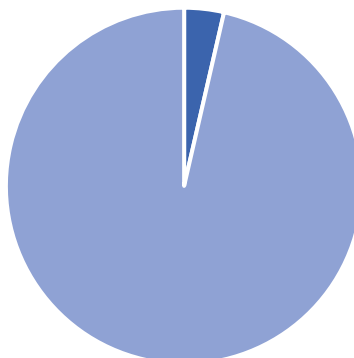
8.20 CIC is where the debtor's circumstances have changed, impacting on their income and expenditure, making the IVA/PTD no longer sustainable



or viable. Changes include illness, divorce/separation, loss of employment, changes to benefit income and death. For example, in one IVA case, the debtor had gained new employment with a salary increase meaning the IVA was no longer required.

- 8.21 A debtor's request is where the debtor has requested that their IVA be terminated without a change in circumstances prompting the request. In these cases, the debtor had changed their mind, had decided to pursue another available solution/option, or was not happy with how the arrangement was progressing.
- 8.22 Where the reason for failure is noted as 'other' this relates to 4 IVA cases of material irregularities and 1 case where the IVA was approved in error. The two PTD cases noted as 'other' were where the case was terminated by the Trustee for non-compliance by the debtor.
- 8.23 The 2021 review reached the same conclusion as the review carried out in 2020 in that there was no overriding trend identified from the cases reviewed. The failures did not fall into any specific category of case characteristic.
- 8.24 Out of the total 112 IVA cases reviewed, 4 cases have been identified where the Inspectors consider that the failure could be attributed to poor advice. There were no PTD cases where failure was identified to be attributed to advice on the cases reviewed. The 4 cases were across three Scheme members.

3.6% - Cases identified where failure could be attributed to poor advice



96.4% - Cases identified where failure was not connected to advice

8.25 The four cases are as follows:

- One case – the debtor was not informed that their loan guarantor would become liable for the debt upon the debtor entering an IVA.
- One case – the Inspectors did not consider that the Bankruptcy option was sufficiently explored to ensure the debtor was making an informed decision.
- One case – a debt had been incorrectly included which could not be included in an IVA.
- One case – the call handler did not ensure that the debtor considered the monthly contribution to be affordable and sustainable.

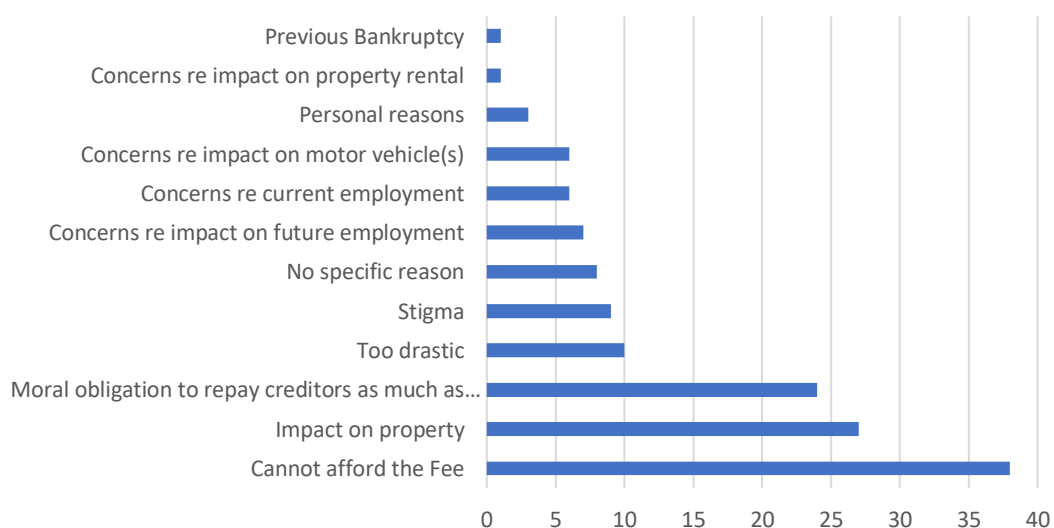
8.26 By contrast to the failures, during 2021 22,397 IVAs and 3,751 PTDs were successfully completed during 2021.

## 9. Review of Reasons why Debtors do not Choose Other Available Personal Insolvency Solutions over IVA

- 9.1 Under the Scheme, members are subject to regular call reviews. As part of those reviews the Inspectors check that the debtor has made an informed decision when choosing a Personal Insolvency (PI) solution. All
- 9.2 Scheme members are expected to ask, and check, the reasons why a debtor does not wish to choose another available PI solution over an IVA. This is so that the call handler can be satisfied that the debtor fully understands all options available and is therefore making an informed decision.
- 9.3 The other formal PI solutions are Bankruptcy, Debt Management Plan and Debt Relief Order.
- 9.4 For this review, 98 cases were selected across Scheme members and the particular reasons noted for why the debtor did not wish to choose any of the other available formal PI solutions.
- 9.5 The cases reviewed were selected by the Inspectors. The cases covered calls conducted on appointments from April 2019 – October 2021.

### Bankruptcy

- 9.6 The reasons given by debtors for not wishing to proceed with the Bankruptcy solution are detailed below. It should be noted that in some cases debtors gave more than one reason for not wishing to proceed with Bankruptcy. All reasons have been recorded.



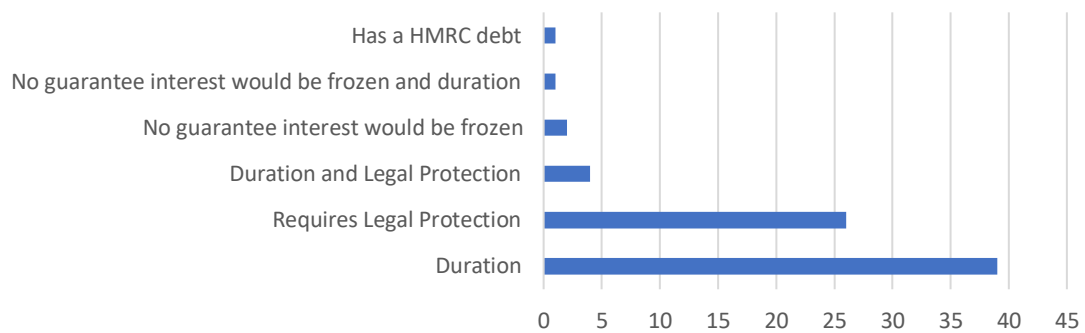
Reason for not choosing Bankruptcy	Number of Debtors	Percentage of Debtors
Cannot afford the Fee	38	51%
Impact on property	27	36%
Moral obligation to repay creditors as much as possible	24	32%
Too drastic	10	13%
Stigma	9	12%
No specific reason	8	11%
Concerns re impact on future employment	7	9%
Concerns re current employment	6	8%
Concerns re impact on motor vehicle(s)	6	8%
Personal reasons	3	4%
Concerns re impact on property rental	1	1%
Previous Bankruptcy	1	1%
<b>Total</b>	<b>140</b>	

9.7 In all of the cases where the debtor cited not being able to afford the fee in Bankruptcy as the dominant or one of the reasons for not choosing Bankruptcy, they were advised that the fee could be paid in instalments. All debtors responded that they did not want to wait whilst they paid the fee in instalments as they required a more immediate solution. Reasons given for a more immediate solution were creditor pressure and mental health.

9.8 Where 'no specific reason' has been recorded, these are cases where the debtor was adamant they did not wish to proceed with Bankruptcy but could not give a particular reason as to why. In all cases the call handler took steps to assess that the debtor understood the Bankruptcy option.

### **Debt Management Plan (DMP)**

9.9 Out of the 98 cases reviewed, reasons were also noted for why the debtor did not wish to choose DMP in 73 cases as follows overleaf.



Reason for not choosing DMP	Number of Debtors	Percentage of Debtors
Duration	39	53%
Requires Legal Protection	26	36%
Duration and Legal Protection	4	5%
No guarantee interest would be frozen	2	3%
No guarantee interest would be frozen and duration	1	1%
Has a HMRC debt	1	1%
<b>Total</b>	<b>73</b>	

### Debt Relief Order (DRO)

9.10 In all 98 cases reviewed the debtor did not meet the DRO eligibility criteria at the date of the SIP3.1 call(s).

## 10. Call Monitoring

- 10.1 Upon inception of the Scheme in 2019, the initial main area of focus was to review the consistency of the advice given to debtors by the Scheme members as this was considered to be a primary concern of stakeholders.
- 10.2 The call monitoring process evolved over 2019 and continued throughout 2020 with introducer details being requested for each case and the Scheme members' internal due diligence of their introducers was reviewed. Where a case has come by way of a direct approach to the Scheme member, or one of their connected companies, these calls are also required for review in addition to the SIP/Verification calls so that every stage of the debtor's journey from initial contact to appointment can be reviewed. This continued in 2021.
- 10.3 In order to increase the quantum of calls reviewed during 2021 the IPA recruited three dedicated call reviewers on a sub-contract basis to carry out call reviews in addition to the Scheme Inspectors. The call reviews carried out by the dedicated call reviewers are supervised and monitored by the Scheme Inspectors.
- 10.4 The additional call reviewing commenced in March 2021 with calls being requested for review for cases appointed in the previous month. The number of cases selected for a call review per month is dependent on the number of appointments held by the Scheme member – the more appointments held, the more cases that are selected.
- 10.5 The Scheme Inspection team select the cases for all call reviewing. The cases are selected using a number of criteria including vulnerable debtors, low disposable income, total debt level, different income types (eg employed, self-employed, benefits and pension), debtors with property together with a number of random cases. A number of rejected cases will also be selected for call review.
- 10.6 All calls for each case selected are requested for review which includes, but is not limited to, any introduction/initial contact call, appointment making call and advice calls. The proposals and any pre appointment letters and records are also requested for review alongside the call. The call handler's scripts are also requested for review.

10.7 During 2021, a total of 1,010 cases have been call reviewed, being 884 IVA cases and 126 PTD cases.

10.8 The Scheme Inspection Team have reviewed the calls of 207 cases, and the dedicated call reviewers have reviewed the calls of 803 cases. The calls reviewed took place in 2021.

10.9 2.17% of new IVA appointments for Scheme members in 2021 have been call reviewed and 0.51% of new PTD appointments.

10.10 Please see below breakdown of the reviews carried out across Scheme members:

<b>Member</b>	<b>Inspection Team</b>	<b>Call Reviewers</b>	<b>Total</b>
<b>IVA</b>			
Creditfix	44	216	260
Debt Movement	12	106	118
Freeman Jones	22	104	126
Hanover	11	145	156
Payplan Bespoke	8	24	32
Payplan Partnership	12	45	57
Quality Insolvency Services	22	50	72
StepChange VA	19	32	51
The IVA Advisor	12	-	12
<b>IVA Total</b>	<b>162</b>	<b>722</b>	<b>884</b>
<b>PTD</b>			
Carrington Dean	15	35	50
Hanover	-	4	4
Harper McDermott	20	33	53
Payplan Scotland	2	8	10
Wilson Andrews	8	1	9
<b>PTD Total</b>	<b>45</b>	<b>81</b>	<b>126</b>
<b>Overall Total</b>	<b>207</b>	<b>803</b>	<b>1,010</b>

10.11 The IPA consider that the quality of call advice has improved since the inception of the Scheme in 2019 with standards rising and a consistency in approach across all Scheme members. Scheme members are expected to adhere to best practice as well as the requirements of the SIPs. Advice calls are the first area to be monitored for new members to the Scheme to ensure their approach is consistent with other members.

## 11. Focus Areas Summary and Statistics

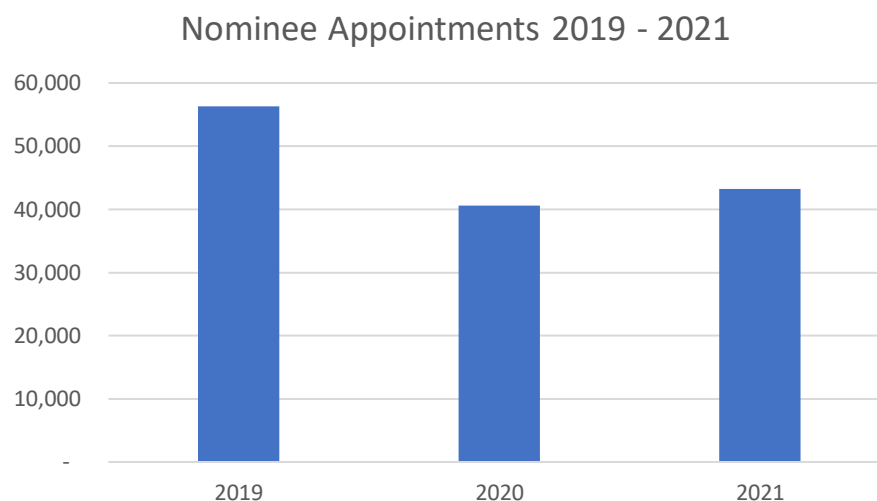
### 11.1 IVA New Appointments / Rejections

11.1.1 The total number of new IVA Nominee appointments for 2021 for Scheme members was 43,255. Please note this is based on all Scheme members excluding The IVA Advisor as a full 12 months' data is not held for them. The chart below shows a breakdown of the Nominee appointments each month. With this data we can look for any trends such as whether appointments are seasonal.



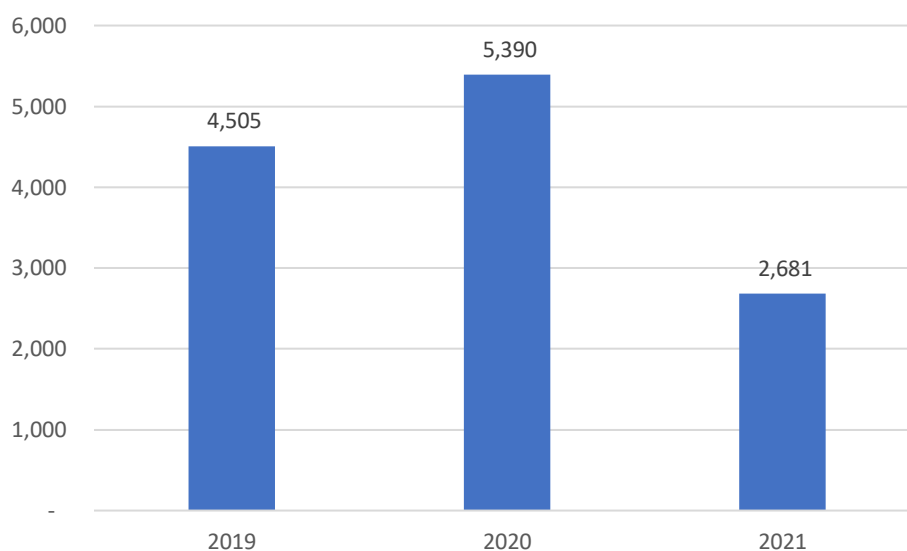
11.1.2 There were 40,575 Nominee appointments during 2020 and 56,312 Nominee appointments in 2019 across Scheme members. Therefore for 2021, Nominee appointments increased by 2,680 (40,575 (2020) to 43,255(2021)) but have still not returned to the pre Covid-19 pandemic levels.





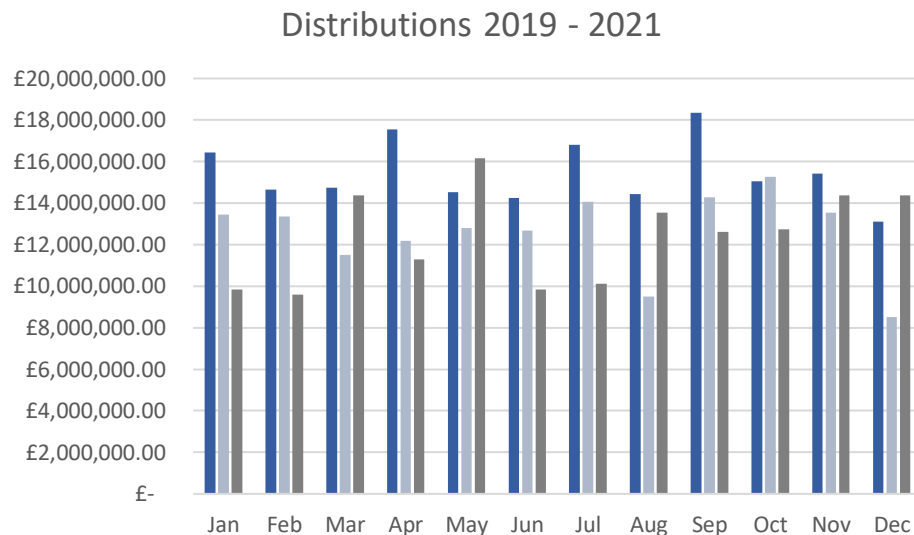
11.1.3 Of the 43,255 Nominee appointments in 2021, 2,681 (6.20%) proposals were rejected by creditors. Please note this is based on all Scheme members excluding The IVA Advisor as a full 12 months' data is not held for them.

11.1.4 During 2020, 5,390 (13.28%) proposals were rejected and in 2019, 4,505 (8%) of proposals were rejected.



## 11.2 Distributions

11.2.1 Between 1 January and 31 December 2021, a total of £185,337,753 was distributed to creditors by IVA Scheme members. The sum distributed for the same period in 2020 was £151,148,736 and in 2019 £148,833,623.



11.2.2 Between 1 January and 31 December 2021, a total of £18,014,388.77 was distributed to creditors by PTD Scheme members.

11.2.3 The monthly data return provides the monthly distribution total for each Scheme member. A selection of cases were reviewed for distribution at each full inspection visit during 2021.

## 11.3 Property / Month 54 (IVA)

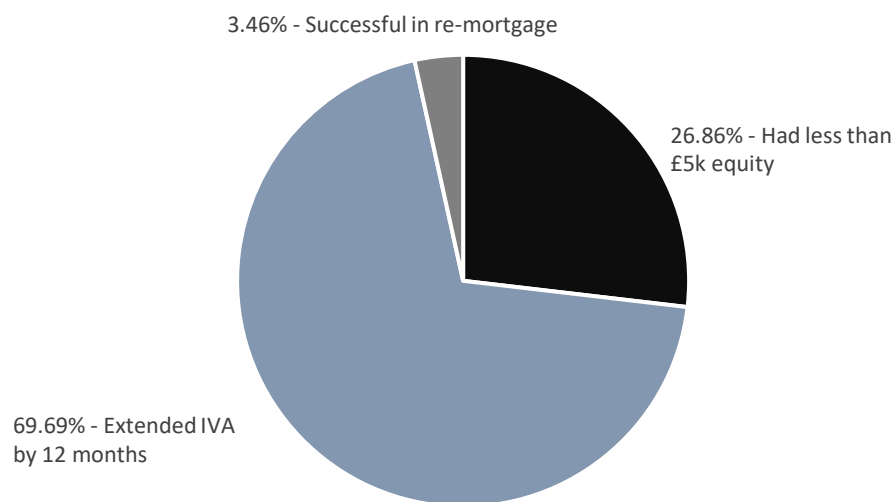
11.3.1 In IVA cases where the debtor(s) owns or jointly owns a mortgaged property (or properties) a valuation of the property will be carried out by a third party on behalf of the Supervisor six months before the expected end of the IVA (Month 54).

11.3.2 The Straightforward Consumer IVA Protocol 2021 defines the requirements to review the equity and the obligations to try and release funds to the IVA.

11.3.3 As per 2019 and 2020, property continued to be an area of focus in 2021 to ensure that the process is carried out in accordance with the requirements.

11.3.4 3,444 cases reached Month 54 during 2021. Out of those cases:

- 925 had less than £5k equity and therefore no action was required
- 2,400 were not successful in securing a re-mortgage and therefore extended the IVA term by 12 months in lieu of equity
- 119 were successful in securing a re-mortgage in order to release equity



11.3.5 A selection of cases were reviewed for Month 54 at each full inspection visit during 2021.

#### **11.4 Property (PTD)**

11.4.1 In cases where the debtor has a property in a PTD, any equity in the property is calculated prior to the commencement of the Trust Deed. An amount is then offered to creditors in lieu of any equity - the details of such offer are provided to creditors in the Trust Deed proposal document.

11.4.2 There is no prescribed calculation or statutory requirement on how the offer in lieu of equity is calculated. During the 2021 full visits and reviews, a number of PTD cases with property were selected for review to ensure consistency across members when calculating the offer. The offer is

based on the debtor's monthly surplus and contribution to the Trust Deed and is usually an extra 12 – 24 months contributions.

*It should be noted that where 2021 figures have been compared to previous year's figures in the sections above these are not directly comparable due to the changes in Scheme members over the last three years.*

## 12. Other Areas of Focus

### 12.1 Advertising / Marketing

12.1.1 As noted in the 2020 Benchmark report, 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. Advertising and marketing was an area of focus in 2020 and continued to be so during 2021.

12.1.2 The Scheme Inspection team, as well as the wider IPA Secretariat have continued to investigate cases of poor advertising standards and these have been repeatedly reported to the Financial Conduct Authority (FCA).

12.1.3 The IPA have attended working group meetings with the Insolvency Service, FCA and other RPBs focusing on advertising and marketing in the IVA and PTD arenas.

### 12.2 Work Introducers

12.2.1 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 continued throughout 2020 and again throughout 2021.

12.2.2 During 2021, the IPA have continued to work in conjunction with the Insolvency Service and other RPBs in liaising with the FCA and Advertising Standards Agency (ASA) on areas of concern and action to improve standards in this area.

12.2.3 On 17 November 2021, the FCA published a consultation on proposals for new rules in respect of debt packagers. The closing date of the consultation was 22 December 2021. The IPA submitted a response and the outcome is awaited.

12.2.4 Throughout 2021, with the assistance of IVA provider members (both Scheme and non-Scheme members), the IPA have continued to carry out work into investigating bogus websites. A bogus website is a website which purports to be, or to be connected to, a regulated IVA provider when in fact they are not. The number of these websites continues to be considerable, and they appear in many guises.

## **12.3 IVA Protocol**

12.3.1 The Straightforward Consumer IVA Protocol has been redrafted by the IVA Standing Committee and was published in April 2021. The IPA is represented on the IVA Standing Committee. Since its publication the IPA have worked with members on the implementation of the changes in the Protocol.

Key changes to the Protocol include:

- Changes to the way in which equity in a debtor's home is dealt with, including the introduction of a 72-month IVA for those who have equity over £5,000 and are unlikely to be able to remortgage at the end of their IVA term.
- Highlighting the need to consider vulnerability of debtors and providing further guidance on what practitioners should do if vulnerabilities are identified.
- Requiring the IP to record more information in respect of any lead who has referred the case to them.
- An obligation that the IP ensures that the debtor has received appropriate debt advice from either an FCA regulated firm or an individual working under the IP exclusion and, as part of that, considers the sustainability of that IVA.
- Several practical annex documents which include a guide to the regulatory framework, a sample letter for use in full or part by an IP when the proposal is put together and a more detailed estimated outcomes template for comparing IVA to Bankruptcy.

## **12.4 PTD Protocol**

12.4.1 In July 2021 the Accountant in Bankruptcy published a PTD Protocol Agreement. The IPA, along with PTD Scheme members, assisted the working group with the content of the Protocol.

## **12.5 Changes to DRO Criteria**

12.5.1 In January 2021 the Insolvency Service released a consultation on the proposed changes to the Debt Relief Order (DRO) eligibility criteria. The IPA were able to provide a substantive response to the consultation using the data provided by Scheme members on their monthly data returns. The data submitted by the IPA was instrumental in contributing to the conclusion reached by the consultation.

12.5.2 On 29 June 2021 the changes to the eligibility criteria were released as follows:

- Increase in debt level from £20,000 to £30,000
- Increase in value of owned assets from £1,000 to £2,000
- Increase the level of surplus income from £50 to £75

12.5.3 Since the changes have been released, the IPA have worked with their members to ascertain the effect of these criteria changes on existing IVA customers.

## **12.6 Trust Cases**

12.6.1 As reported in the 2020 Benchmark report, 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. One member however had a large number of Trust cases which raised concern and was therefore monitored and progressed with the member concerned.

12.6.2 During 2021 the Trust cases in question have continued to be monitored as well as Trust cases in general across all Scheme members.

12.6.3 The Monthly Data Returns provide data on Trust cases which enables any changes in numbers to be monitored.

## **12.7 Creditor Relations**

12.7.1 Throughout 2021 the IPA's Chief Inspector has continued to have regular meetings with the Creditors Groups as well as additional conversations as and when matters so require.

12.7.2 Links which were further established with the free debt advice sector, online forums and Credit Unions have continued to be strengthened throughout 2021.

## **12.8 Mis-selling**

12.8.1 The 2020 report highlighted a rise in potential claims being made to members of the Scheme. This has continued in 2021 and the numbers received remain very low. There is a continued 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 and unfortunately the cases seen are examples of clients with clear repayment records and even property interests to protect and there is typically limited positive engagement by parties concerned. We have continued to raise with the Insolvency Service our concerns over how the IVA register is being used by agents. Through our monitoring, or any complaints received, we have not seen any successful claims being completed.

12.8.2 It is progress that the FCA published a warning in August 2021 about one [firm](#) (unfortunately we are aware that a new firm owned by the same individual appears to be running a similar operation). We would encourage any individual with a concern to first engage with the Insolvency Practitioner and their firm direct and in the event that a complaint cannot be resolved then the procedure outlined on the following website should be followed: [complain about an insolvency practitioner](#).

## **12.9 Fixed Fee**

12.9.1 At the inception of the Scheme in 2019, a number of members were proposing IVA cases on a fixed fee basis. The feedback was that many creditors and creditor groups were in favour of the fixed fee model, albeit the quantum of the fee charged by some members was not agreed with all creditors.

12.9.2 The IPA was, and continues to be, in support of the general principle of the fixed fee model. The IPA considers that, in line with the Statement of Insolvency Practice, the fixed fee model offers transparency and avoids the many issues previously found relating to disbursements and payments to associates.

12.9.3 Whilst the majority of Scheme members now propose cases on a fixed fee basis, the fee quantum differs with not all creditors/creditor groups



agreeing on the same amount of fee and also differing fees agreed with different members. Furthermore, not all creditors agree to a fixed fee and submit modifications to change the fee basis to a nominee fee of a set amount and supervisors fees on a percentage basis.

## **12.10 Statutory Debt Repayment Plan (SDRP) and transparency of debt solutions**

12.10.1 Section 9.9 highlighted a significant reluctance of clients to consider a current DMP due to lack of statutory legal protection. The concerns of potential clients could easily be addressed by the introduction of a statutory element to DMPs. Whilst there would appear to be an easier fix to the solution than the SDRP solution, it is unfortunate that there is no implementation date for the SDRP. The general principles of the SDRP scheme could work well if the fees and funding issues are addressed and it mirrored more the solutions seen in Scotland.

12.10.2 To allow consumers and those advising on debt issues to make informed decisions, the IPA considers that it is important that more transparent information is disclosed on the performance of all debt solutions. This should include the performance of bankruptcy in terms dividends paid and number of individuals requested to pay income payments. For DROs the number revoked should be published. For DMPs statistics should be recorded and published on the number of plans in existence, the amount of debt under management, performance and timeframes. This will also enable those in charge of the legislative change to make clearer decisions on reform.

## **12.11 Anti-Money Laundering**

12.11.1 In the 2020 report we highlighted the potential risk of vulnerable individuals being used as money mules, with their personal accounts being compromised to launder the proceeds of crime. The risk has been incorporated into Scheme members' training and review processes by making sure that staff are aware of the importance of the issue and are able to flag this issue and any other suspicion and report accordingly.

12.11.2 The risk of the insolvency solutions in the Scheme being exploited for criminal gain remains relatively low but nevertheless under the Scheme we ensure that each firm regularly reviews their risk assessments.

## **12.12 VPR logo**

12.12.1 The IPA has developed a Scheme logo to assist with the promotion of the benefits of the Scheme in terms of providing better oversight, better outcomes, better service to individuals in debt, better serving the public interest and improving confidence. The general values of the Scheme are defined on the [IPA's website](#) and it is hoped that, along with the proposed changes to Debt Packagers by the FCA, individuals will be better served by a smoother journey to resolving their debt problems.

## **13. Complaints Overview**

### **13.1 Complaints Overview**

13.1.1 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 IP.

13.1.2 The Complaints Gateway undertakes an initial assessment of the complaint and, if it decides there are grounds for the matter to proceed, it will refer the complaint to the regulator responsible for licensing the IP.

13.1.3 Investigations may also arise as a result of monitoring visits, decisions of the IPA's Regulation and Conduct Committee (the Committee) or other intelligence.

### **13.2 Complaints Handling Process**

13.2.1 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 consideration of potential of professional misconduct.

13.2.2 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 focused review.

13.2.3 Stage 2 (potential misconduct): A draft allegation of misconduct 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.

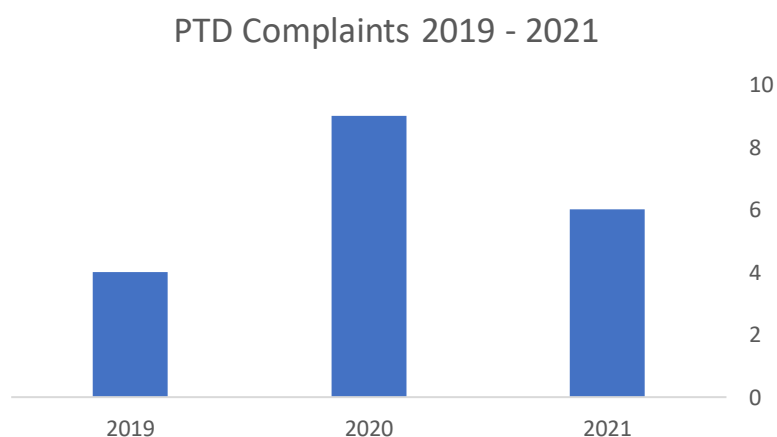
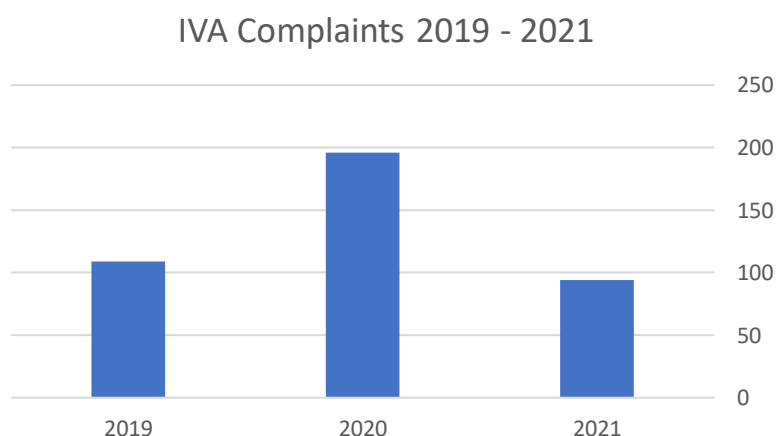
13.2.4 The Committee is responsible for considering any matter the Secretariat identifies as requiring Committee attention relating to the fitness of licensed IPs or liability to disciplinary action. The Committee also consider all applications for authorisation. If, on consideration of the complaint, the Committee determines that there is a prima-facie case of misconduct, it has the power to invoke a licence restriction / withdrawal

proceedings and invite agreement to disciplinary sanctions by consent, including reprimands and fines.

### 13.3 Complaints in 2021

13.3.1 During 2021 there were 100 complaints received against the firms in the Scheme, of which 94 related to IVAs and 6 related to PTDs. In 2021 there were an additional 32 IVA related complaints against former scheme member Aperture Debt Solutions LLP, which ceased to trade in 2020 (29 of these complaints are now closed).

13.3.2 In 2020 there were 205 complaints (196 related to IVAs and 9 related to PTDs)<sup>3</sup>, and there were 109 complaints in 2019 (105 related to IVA and 4 related to PTD).



<sup>3</sup> The 2020 figures have been restated from 185 (180 related to IVAs and 5 related to PTDs) due to an unidentified reconciling item.

13.3.3 Complaints received in 2021 remain low, representing 0.03% of IVAs and 0.02% of PTDs administered by the Scheme members.

13.3.4 There were 76 complaint closures in 2021, either by the Secretariat at the initial assessment stage or, in cases where a formal investigation was opened, following consideration/sanction by the Committee.

13.3.5 The table below provides an overview of the number of cases where a Committee decision was requested in 2021:

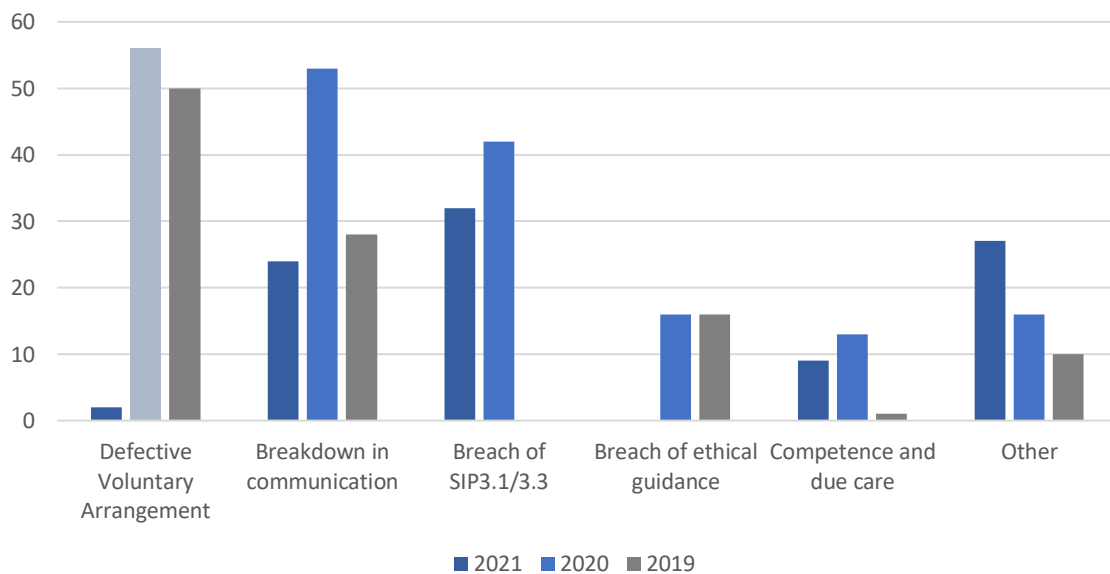
	IVA	PTD
Number referred and outcome reached	9	3
Number where a prima-facie case of misconduct was made out by the Committee	4	3
Nature of complaints	<ul style="list-style-type: none"><li>- Unauthorised remuneration</li><li>- disregarding, rejecting and failing to act on modifications</li><li>- Failure to retain adequate records</li><li>- Closure delay</li><li>- Failure to obtain a professional property valuation</li></ul>	<ul style="list-style-type: none"><li>- Failure to carry out proper closure formalities</li><li>- Failure to realise an asset for the benefit of creditors</li><li>- Failure to obtain a professional property valuation</li></ul>

## 13.4 Complaint Themes in 2021

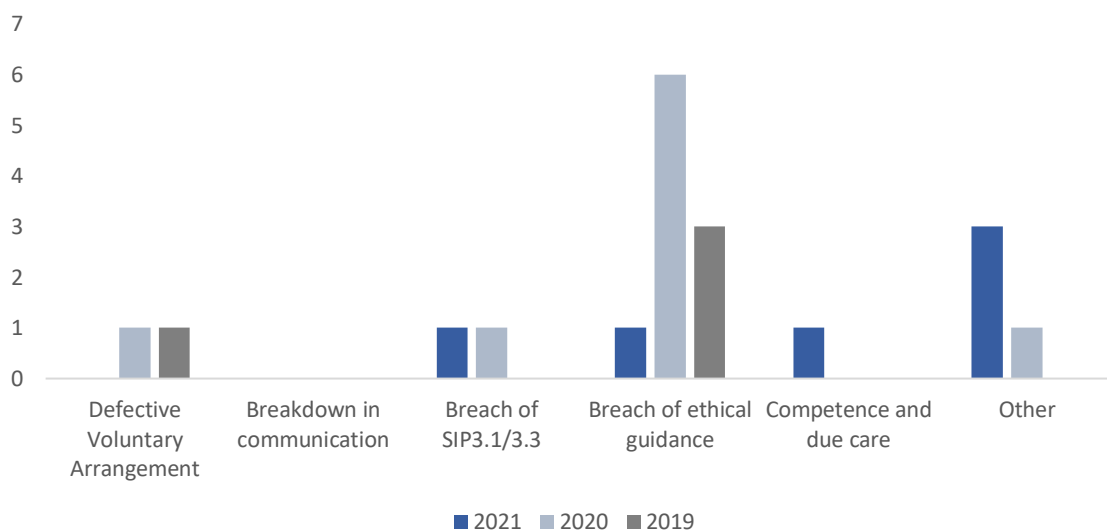
13.4.1 Communication issues (i.e. inaccurate information, delays and/or failures to respond) and potential breaches of SIP 3.1 generated the majority of complaints in 2021. There were also a number of complaints referred in relation to initial advice given and alleged mis-sold IVAs, potential breaches of advertising (i.e. the inclusion of misleading statements on websites and in online advertisements) and potential claims in relation to mis-sold PPI.

	IVAs			PTDs		
	2021	2020	2019	2021	2020	2019
Defective Voluntary Arrangement	2	56	50	-	1	1
Breakdown in communication	24	53	28	-	-	-
Breach of SIP3.1/3.3	32	42	-	1	1	-
Breach of ethical guidance	-	16	16	1	6	3
Competence and due care	9	13	1	1	-	-
Other	27	16	10	3	1	-
<b>Total Complaints</b>	<b>94</b>	<b>196</b>	<b>105</b>	<b>6</b>	<b>9</b>	<b>4</b>

IVA Complaint Themes 2019 - 2021



PTD Complaint Themes 2019 - 2021



## **14 The Scheme Focus in 2022**

### **14.1 Predicted Impact on IVA and PTD cases**

14.1.1 At the onset of Covid, we anticipated a big impact on the economy and the ability of debtors to meet their monthly IVA contributions. The IVA Covid Protocol was enacted (as reported on in the 2020 Benchmark report), which was utilised by several thousand individuals. Whilst Covid turned out to have a small effect on IVAs, the industry had been proactive and not reactive and had considered the potential impacts in advance.

14.1.2 The IPA consider that we need to respond in a similar way with the additional real threats on the horizon of energy price rises, tax increases and inflation.

14.1.3 The rise in energy prices has a big potential impact on IVAs and PTDs and the ability of debtors to make their agreed monthly payments. In addition, there is the impending National Insurance increase, which, along with the general consumer price inflation, will reduce debtors' agreed monthly surplus income and is likely to increase non-payments. This recent pressure could never have been predicted when an IVA/PTD was first being advised even as recently as 12 months ago.

14.1.4 The IPA consider the recent changes will also result in more people needing to seek advice and enter into debt solutions.

14.1.5 The IPA will be raising this issue with members as well as entering into discussions with the Insolvency Service, the IVA Standing Committee and the Accountant in Bankruptcy on the matter.

### **14.2 Scheme Membership**

14.2.1 It is anticipated that membership of the Scheme will continue to grow during 2022 with new members joining as and when they meet the criteria.

14.2.2 As advised in the last Benchmark report, in order to align the IPA's regulation, the Scheme Inspection team was to take forward the monitoring of the non-Scheme IVA and PTD providers (those providers who have a lower number of cases but are still regarded as part of this market) to provide consistency across the monitoring of all IVA and PTD

providers. For 2022 a new Inspector has been recruited who will manage the monitoring of these providers alongside the Scheme Inspection team.

### **14.3 SIP3.1/3.3 Advice**

14.3.1 SIP 3.1/3.3 advice will continue to be monitored during 2022 as the IPA consider that continuous monitoring is key in this area.

14.3.2 The revision of SIP3.1 is ongoing with the IPA taking an active role in the working group.

### **14.4 Modifications submitted by creditors**

14.4.1 As noted at 12.9, a number of opposing modifications can be received on one case in relation to the fee of the appointed IP. In addition, numerous other modifications can also be received, a large number of which appear to be standard modifications for a particular creditor. The number of modifications submitted on a case can be substantial and, given the opposing nature of some modifications, can cause unnecessary complication.

14.4.2 The purpose of the IVA protocol was to negate the need for modification on cases that were protocol compliant; however this does not happen in practice.

14.4.3 During 2022 the IPA intend to work with Scheme members to identify new and unusual modifications and attempt to work with creditor groups in order to reduce the number of modifications proposed.

### **14.5 Work Introducers**

14.5.1 The IPA will continue its work in the work introducer/lead generator area and will determine what steps to take once the outcome of the FCA consultation is known.

14.5.2 The IPA will continue to further its working relationship with the FCA and other parties in this arena.



## **14.6 Review of Personal Insolvency Landscape**

14.6.1 The IPA will take an active role in the Insolvency Service's review of the personal insolvency landscape.

## **14.7 Anti-Money Laundering**

14.7.1 The IPA will continue to review risks in the IVA and PTD markets and ensure that firms have effective policies and procedures in place that are able to both identify current risks and adapt as risks change.

**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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