



The Insolvency  
Service

Helping people in financial distress

# Debt relief options

## 4 ways to get out of debt

### Debt Relief Order (DRO)

For those who owe less than £20,000, have less than £50 of spare income each month, have few assets and don't own their own home.

- ▶ Government service
- ▶ Costs £90 to apply
- ▶ Apply with the help of a debt advisor
- ▶ Protects you from most creditors
- ▶ Clears most debts after 12 months
- ▶ Doesn't involve selling possessions
- ▶ Stays on credit report for 6 years

### Bankruptcy

A trustee (normally an Insolvency Service official) manages payment of your debts using your assets and spare income. If you don't have any assets or spare income, you won't be asked to repay.

- ▶ Government service
- ▶ Costs £680 to apply
- ▶ Protects you from most creditors
- ▶ Might have to make payments towards debts
- ▶ Clears most debts after 12 months
- ▶ Your possessions might be sold
- ▶ Stays on credit report for 6 years

### Individual Voluntary Arrangement (IVA)

Work with an Insolvency Practitioner to pay your debts gradually over time using your assets and spare income.

- ▶ Regulated private sector service
- ▶ May require set up fee and monthly fee payments
- ▶ Protects you from most creditors
- ▶ You make regular payments every month
- ▶ Clears most remaining debts after 5 years
- ▶ Your possessions might be sold
- ▶ Stays on credit report for 6 years

### Debt management plans (DMP)

Work with a debt management company to pay your debts gradually over time using your spare income.

- ▶ Regulated private sector service
- ▶ May require set up fee and monthly fee payments
- ▶ No guaranteed protection from creditors
- ▶ You make regular payments every month
- ▶ Lasts until debts are paid off
- ▶ Doesn't involve selling possessions
- ▶ Doesn't appear on credit report

For more info, visit [www.gov.uk/options-for-paying-off-your-debts](http://www.gov.uk/options-for-paying-off-your-debts)