**IVA STANDING COMMITTEE**

**Minutes of 25th Meeting: 17 July 2014**

1. Welcome

Apologies from: BBA, R3 (although represented by Liberta), Money Advice Trust, TDX, Watch Portfolio Management

1. Review of Previous Minutes
2. A number of issues were identified around IVAs and debt purchasers.

 **AP1** – MoneyPlus Group will be putting together a group of IPs and will collate examples into a report and have agreed to act as conduit to raise with CSA.

1. Liberta reported concern that information is not always being passed on to

 debt purchasers from creditors, resulting in default notices being issued in

 some cases after an IVA is closed.

 **AP2** –In the first instance, this will be joined with AP1 to discuss with CSA.

1. Standardised format:

 Pilot has continued and two SC members reported it has been very useful.

 **AP3** – IPA will have a final version within a couple of weeks and will pass to

InsS to be circulated to the SC for approval.

 **AP4** – Once agreed IPA and Watch Portfolio Management to draft Dear IP

article- article to cover that use is not mandatory.

1. Update on LBG and nominee fees

Their concern is around how to ensure that a person has received appropriate advice and is in the most appropriate debt remedy for them.

 **AP5** –Agreed InsS to draft response and circulate to SC for consideration.

1. Income and expenditure assessments:

 Money Advice Service is leading on this and Money Advice Trust provided

 the following update for the SC:

*“Money Advice Trust are working with the Money Advice Service, Citizens Advice, StepChange and other partners to develop a new single income and expenditure statement that will build on the Common Financial Statement and the budget used by StepChange. The aim is for the new budget to be used throughout the sector and incorporated into the IVA protocol, DRO application and so on. It will be based on the principles and methodology of the CFS and will have a similar format but will incorporate a number of changes to better reflect household spending patterns and encourage clients to budget for their full outgoings. We hope to incorporate a savings element within the budget for the very first time. The Money Advice Service is currently preparing a draft for consultation.”*

1. Review of Operation of the Protocol
2. General discussion around the operation of the protocol:

Nothing else covered here other than see 5 (m)

1. Future revisions to the Protocol –

Update re concerns on equity clause: Letter from advisor discussed.

**AP6** – DRF to draft a response to this to clarify the position, which is that a person will not be expected to go to a subprime lender and the importance of independent financial advice. DRF to circulate this to SC to see if we can agree and respond from SC. If not could publish as response from DRF.

1. Standard reporting templates- already covered above item 2 (c).

1. AOB
2. Membership of the IVA SC/ revolving Chair of meetings:

Agreed InsS should continue to Chair unless unable to attend and then another member will need to cover.

Regarding membership it was felt that the SC would benefit from greater banking creditor presence.

**AP7** –InsS to discuss with BBA.

**AP8** – InsS to amend terms of reference of SC to confirm that decisions be reached by quorum and written agreement by email for those not attending.

**AP9** – Agreed re future meeting dates that InsS will send round some suggested dates for Nov, Mar and Jul for next 2 years and fix meetings based on best availability. See item 7 below.

1. Creditors not returning dividend payments when they have used mis-sold PPI compensation to offset the amount due to them on protocol IVAs:

Noted that this is a complicated issue and different opinions prevail. DRF confirmed that it has raised the issue with FCA.

1. Creditors rejecting IVAs:

**AP10** – Agreed that examples where this seems to be standard practice should be incorporated in Money Plus Group report (see item 2 (a) above).

1. The “In debt dealing with customers” booklet needs to be updated to account for the FCA regulation:

**AP11** – MAT have volunteered to look at this and put in plain English.

1. Update on single CFS:

Already covered above item 2 (e).

1. Council tax in IVAs:

For SC to note additional first year contributions may be available where debtor is sole adult occupier of their property as per note circulated with agenda from IPA.

1. HMRC observations:

* + Some IVAs they are seeing are wholly benefit derived. SC members confirmed that debtors are not precluded if on benefits, if it is the most appropriate solution.
	+ Seeing quite a few IVAs with considerable equity in property, presumably as wishing to retain property. It is up to creditors if they wish to accept or pursue bankruptcy.
	+ Seeing trend that offer in IVA is substantially less than available in bankruptcy. Again this may be due to a property and again creditors can vote against it if they wish. It may be that if done on income could be more (as longer than IPA/IPO). SC noted if HMRC are concerned regarding advice being given it can be referred to regulator.
	+ Issue with prompt notification of failure taking several months from notification of breach and possible failure. HMRC will be going back to ask on these cases. SC noted may be due to mis-sold PPI pre-supposing it is an asset in the IVA.
	+ Seeing an increase in very small value IVAs- e.g. £3-4k. SC IP members advised wouldn’t normally go below £5k.

**AP12** – HMRC to bring some examples to next meeting.

1. Small dividend payments:

SC to note Dear IP Issue 62 with regards HMRC request for less frequent small dividend payments and importance of correctly referencing dividend payments.

1. Variation Fees:

Under the protocol the supervisor doesn’t have a choice whether to call a variation meeting.

**AP13** – Agreed Payplan and StepChange to look at re-wording the protocol to give supervisor discretion as to whether variation is appropriate so when one is called it is genuine and in these instances the supervisor will be entitled to get paid.

1. Attendances by committee members:

See above dealt with under 5 (a)

1. Minutes of meetings- when circulated:

Agreed InsS will endeavour to bring someone to take minutes but if not able to DRF offered to bring someone to do this (provided reasonable notice given).

1. Responsibility for chasing follow ups:

**AP14** – Agreed action point chasing to be done on a rota. Liberta agreed to chase action points from this meeting.

1. Suitability of IVAs:

Concern that some creditors appear to be rejecting IVAs on basis that customer should be trying DMP in first instance or directly liaising with creditor.

**AP14** – InsS to put this on the agenda for the next meeting for general discussion.

1. Requirements of contract terms with distance selling:

DRF has circulated model instructions regarding this to SC to clarify this point.

1. Recent Pension changes:

**AP15** – InsS to enquire with colleagues as to how it is planned to treat these in bankruptcy and feedback to SC.

1. SIVAs:

**AP16** – InsS to add to agenda for next meeting.

1. Next meeting- venue and date

 To be hosted by IPA on November 5 2014

1. Proposed Dates for future meetings

 November 2014 – 5th at IPA

 March 2015 – 17th or 19th

 July 2015 – 14th or 16th

 November 2015 – 17th or 19th

 Please can SC members confirm their preferred dates to InsS- these will also be circulated by email.