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## DEAR INSOLVENCY PRACTITIONER

### Issue 167 – April 2025

Dear Reader,

Please find enclosed the latest articles from the Insolvency Service:

In this issue:

#### **Chapter 24    Voluntary Arrangements**

Article 63            New IVA Protocol 2025

## **63) New IVA Protocol 2025**

A revised IVA protocol has now been published on .Gov: [Individual voluntary arrangement \(IVA\) protocol - GOV.UK](#).

### **Effective date**

The 2025 IVA Protocol comes into effect from 31 March 2025.

The 2021 IVA Protocol remains valid until 30 June 2025. Either the 2025 or 2021 IVA Protocol may be used until 30 June 2025.

The 2025 protocol must be used for all new IVAs proposed on or after 01 July 2025.

### **What has been published**

The following documents are now available on [Individual voluntary arrangement \(IVA\) protocol - GOV.UK](#):

- The IVA Protocol 2025
- The IVA Protocol 2025 – Key facts
- Annex 1 - IVA Protocol 2025 - Standard terms and conditions
- Annex 2 - IVA Protocol 2025 - Regulatory framework
- Annex 3 - IVA Protocol 2025 - Template letter to consumers
- Annex 4 – [Withdrawn]
- Annex 5 - IVA Protocol 2025 - Standard report sheets
- Annex 6 - IVA Protocol 2025 - IVA distributions
- Annex 7 - IVA Protocol 2025 - Estimated outcome proforma
- Annex 8 - IVA Protocol 2025 – IVA Standing Committee Terms of reference

### **Key changes**

1. Creation of a new 'Key facts' document, which must be given to consumers before they agree the IVA proposal.
2. Clearer guidance on when a protocol IVA is not suitable. For example, if the consumer qualifies for a Debt Relief Order, or where total debt is under £7,000.
3. The consumer's family home will no longer form part of their IVA.

The amount of equity in a family home will inform the length of a protocol IVA (60 or 72 month), but equity will not be realised as part of

the arrangement. This change brings certainty for the consumer and for creditors.

The threshold (de minimis) for family homes is also increased from £5,000 to £10,000.

Example scenarios:

- If the consumer's family home has equity of £10,000 or less, the length of the protocol IVA will be 60-months.  
Equity is calculated based on 85% of the market value less any secured borrowings, charges, etc.
- If the consumer's family home has equity above £10,000, the length of the protocol IVA will be 72-months.  
Equity is calculated based on 85% of the market value less any secured borrowings, charges, etc.

NOTE: When making this change, the IVA Standing Committee considered that only a minority 2021 protocol IVAs saw realisation of a family home, balancing this against the potential negative impact on the consumer of the 2021 provisions.

4. An explicit requirement for the IVA proposal to explain why it is appropriate for the consumer's interest in a family home to be excluded.
5. Recognition of the annual review as the primary tool for reassuring creditors that the IVA can be sustained and remains appropriate.
6. Increased discretion for the Supervisor to allow a payment holiday or a reduction in regular payments, without the need to consult creditors.
7. Where a protocol IVA is terminated, a requirement that the Supervisor should signpost the consumer to free, regulated debt advice.
8. A requirement for the Supervisor to consider whether to propose that a protocol IVA is considered as satisfied if termination is likely.
9. Certificates of completion (or certificate of termination) to be issued within 28-days.
10. Removal of 'Annex 4: template simplified IVA proposal' and 'Annex 5: IVA Protocol annex with flow chart'.

### **Accessing the 2021 IVA Protocol**

The 2021 IVA Protocol and associated annexes are available on .Gov:  
[Individual voluntary arrangement \(IVA\) protocol 2021 - GOV.UK](#).

### **Enquiries**

Enquiries about this article should be sent to  
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