



## **Individual Voluntary Arrangement – following on from a business that had ceased to trade**

*Note: certain names and details have been changed to protect the privacy of the persons involved.*

Mrs Norman had a business, which because of financial difficulties had to cease to trade. She had no other assets than the monies that were due to her business and items owned by the business. Mrs Norman could not be certain of her future income, but knew that there was not enough money to pay off her creditors in full.

When we spoke to Mrs Norman we looked at the assets of the business. There were certainly monies to come in, but insufficient to meet the debts. However having looked at what would be available to creditors if Mrs Norman became bankrupt, we considered that the return in a voluntary arrangement could be better if the costs were kept to a minimum. Mrs Norman was keen to avoid bankruptcy and on this basis asked an insolvency practitioner to assist in drafting a voluntary arrangement proposal simply on the basis that the return to creditors would be better than in bankruptcy. The voluntary arrangement proposal was approved.

### **COMMENT**

Whilst most voluntary arrangements require some form of regular contribution in this instance, even where there were no contributions, because we were able to demonstrate that the return would be better than in bankruptcy, creditors accepted a voluntary arrangement and Mrs Norman was saved from bankruptcy.