



Informal Voluntary Arrangement by way of re-mortgage

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

Mr & Mrs Roberts had a family of two young children and a house and were comfortably well off until some months after Mr Roberts was made redundant. It was the first time in their lives that they had experienced debt problems.

Mr Roberts had enjoyed a well paid management role within the printing industry until the company ceased to trade and he was made redundant. Mrs Roberts had a job with a high street bank as a front of desk cashier. They had a house valued at £180,000 and a mortgage of £130,000.

Mr Roberts relied on his redundancy payment to support him and his family whilst he tried for some 24 months to find alternative employment, however Mr Roberts was unsuccessful. Meanwhile the redundancy money was fast running out and the pressure on Mr Roberts to support his family was immense. He managed in the meantime to gain some work on a freelance basis, and he also helped a friend with the running of his business but this was only a temporary role to help Mr Roberts in difficult circumstances. The income was not sufficient to cover the family's monthly outgoings. Mr & Mrs Roberts had accumulated joint borrowings both on credit cards and loans, their debts had reached some £43,000.

Mr Roberts eventually gained a fulltime job for another printing company and commenced earning a similar salary to that he had enjoyed previously. The accumulated debts would take considerable time to be repaid and the pressure to repay the debts was becoming intolerable. Mr Roberts was struggling with finding a way out of the mess.

Mr & Mrs Roberts contacted PIB. We established that with the equity in the home and that now Mr Roberts had a new fulltime position that a re-mortgage releasing £30,000 could be possible. It was a matter also of finding out if creditors' would accept part payment in full and final settlement of their debts due. After we had negotiated with creditors, Mr & Mrs Roberts applied for the re-mortgage.

We therefore avoided a formal voluntary arrangement as long as creditors would accept 70% return of the debt due to them, and a one off payment that would be released as soon as the re-mortgage had been granted. Creditors agreed and we arranged a re-mortgage with creditors accepting the offer with the balance being written off.

Mr & Mrs Roberts were debt free and able to continue their day to day lives without the additional worries that had haunted them for months.

Comment

Not all situations warrant a formal court process, it depends on the circumstances surrounding the case and whether there is sufficient equity in the home to gain a re-mortgage.