



**SURVIVING
ECONOMIC
A B U S E**

Insolvency options

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Coercing a partner into debt is a common tactic that perpetrators of economic abuse use. They seek to create instability, and make it difficult for you to leave and rebuild your life. An abuser may have: forced you to take out credit; used credit in your name; or made you use your credit against your wishes. This may have left you with debts you can't repay.

There are a number of solutions to coerced debt that you can explore with a qualified debt adviser. These include insolvency, such as a debt relief order or bankruptcy, and this can have long-term effects. The right debt solution for you will depend on your circumstances, so it is important to speak to a qualified debt adviser about your options.

Tackling coerced debt

You are in debt to a lender (a **creditor**) if there is money owing on a credit agreement in your name. The credit agreement is a legal obligation to repay the debt.

If you have been coerced into taking out the credit agreement, or if the abuser's behaviour has forced you into spending more credit than you can afford, repaying the debt may feel extremely unfair. By working with a qualified debt adviser, you may be able to find a solution that is manageable for you and helps relieve the pressure of the debt.

In some cases, it may be possible to challenge the liability for coerced debt, while other people wish to ask the lender to write off the debt. We have resources on these topics, however these solutions are only successful in a small number of cases. If these options are not right for you, you may wish to explore debt management or insolvency. These options may allow you to re-build your life but can have long-term consequences. The right debt solution for you will depend on your circumstances.

All debt solutions, including insolvency, can have long-term consequences. If you are considering insolvency, it is very important to speak to a qualified debt adviser.

What is insolvency?

Your financial situation may mean that you have no feasible way of paying back money owing in your name. In this case, you may wish to consider solutions that can offer a fresh start by clearing the debt. This is known as insolvency.

Insolvency options include:

- Debt relief order (DRO)
- Bankruptcy
- Individual voluntary arrangement (IVA)

It is important to speak to a qualified debt adviser to get all the facts and choose the right insolvency option for you, which will depend on your circumstances. Insolvency can have long-term consequences, including effects on your employment in certain careers and the ownership of your home.

Debt relief order (DRO)

Depending on your circumstances, you may be eligible to apply for a debt relief order (DRO). A debt relief order may be right for you if you:

- owe less than £20,000 in total to all your creditors
- do not have much spare income (less than £50 a month)
- do not own your own home
- do not have assets worth more than £1,000 (including a car)
- have lived or worked in England or Wales within the last three years
- have not applied for a DRO within the last six years.

A debt relief order lasts for 12 months. At the end of this time, most of the debts will be written off if the above criteria still apply to you.

Advantages and disadvantages

Some women feel that a debt relief order allows them to make a fresh start, free of their debts and of the control the abuser had over them. If this is the right debt solution for you, you will no longer have to deal with demands from creditors and the stress of having outstanding debts.

There are some other advantages:

- Most debts included will be written off after 12 months.
- A debt relief order can be a low-cost alternative to bankruptcy (see below). The fee for a debt relief order is £90.
- A debt relief order last for 12 months from the date of approval. At the end of the 12 months, you will automatically be discharged.

There are also some disadvantages:

- You cannot apply if you are a homeowner.
- You cannot apply for new credit of more than £500 while a debt relief order is in place. If you apply for credit, you must tell the lender that you have entered into a debt relief order.
- A debt relief order is noted on your credit file for six years and may affect your ability to take out credit during this time.
- Your pension may be taken into consideration when you apply for debt relief order, depending on your age and the amount your pension is worth.
- Some professions, including accountancy, banking and financial advice, are not open to people who have or have had a debt relief order. If you have any concerns that your employment may be at risk or that you would be unable to pursue a future career path, discuss this with your debt adviser.
- A debt relief order can have implications if you own a business – speak to your debt adviser if this applies to you.
- A debt relief order may affect your immigration status (see below for more information).
- A debt relief order is published publicly. However, in situations where this may affect your safety, you can make an application to the court for your details to remain private. See more information below.
- If you do not list a debt on your debt relief order application, it will not be included and will still need to be paid back. You cannot add debts to the order once it has been approved.

“I now have a DRO in place and I am finally feeling the relief. I feel so much in control.”

Applying for a debt relief order

You can only apply for a debt relief order through an 'approved intermediary'. This is an authorised debt adviser, who will make the application on your behalf. The [government's information on applying for a debt relief order](#) includes a list of organisations that can help to find a debt adviser. There is also a list of some organisations that may be able to help you at the end of this resource.

The application is sent to an official receiver – an officer of the bankruptcy court – who decides if a debt relief order should be approved.

There is a fee of £90 to apply for a debt relief order. If you find the fee is too much, speak to your debt adviser. There may be charities that you can apply to for help with the fee. See more information below.

Which debts are included in a debt relief order?

When a debt relief order ends (also known as being 'discharged' from the debt relief order), you will not have to repay the debts covered by the order. This is usually after 12 months.

Debts included are:

- credit cards
- utility arrears
- store cards
- loans
- overdrafts
- catalogue debts
- some benefit overpayments.

Not all debts are covered by a debt relief order. Some creditors can still take action to get their money back even if you have a debt relief order in place. It is important that you discuss all of your debts with your intermediary to make sure you are choosing the right course of action for you.

Debts that are still payable include:

- magistrates' court fines
- TV licence debt
- payments a court has ordered under a confiscation order, for example, for drug trafficking
- maintenance payments and child support payments
- student loans
- debts owed because of the personal injury or death of another person (although it may be possible to ask the court to order that this debt doesn't have to be paid)
- social fund loans
- repayment of some benefits and tax credits.

Debts in joint names

If you have debts in joint names with someone else, these can be included in a debt relief order. Permission from the other person is not required. However, the creditor can chase the other person for the whole amount owing. Each party can apply for a debt relief order individually, however both will need to pay a fee separately. You cannot apply for a joint debt relief order.

Privacy and safety concerns

If you apply for a debt relief order, your name and address is usually published in the Insolvency Register. If having your address published will put you at risk of violence, you can apply to the court for a [person at risk of violence \(PARV\) order](#). There is cost but, depending on your circumstances, help with this may be available.

If an application for a PARV order is successful, only your name – not your address – will be published. You can apply for a PARV order before or after applying for a debt relief order, but the PARV order should be flagged on the debt relief order application.

Bankruptcy

Bankruptcy is another long-term solution to debt if there is money owing in your name that you cannot afford to repay. Most debts will be written off and your assets, such as your home or car, will be shared among your creditors.

With the support of a qualified debt adviser, you will be able to decide if bankruptcy is the right solution for you. It may be the right option for you if all of the following apply:

- you can't see a way to pay your debts
- you don't have many belongings of value and there's little or no equity in your home
- it's unlikely that your situation will improve
- you live in or carry out a business in England or Wales.

There isn't a minimum amount of debt you must owe to be eligible for bankruptcy. If your debts total more than the assets you own, bankruptcy may be an option for you.

When a bankruptcy order is granted, an official appointed by the court will discuss your situation with you. They may take control of any assets you own and will investigate your financial situation. They will assess whether you can make any payments to your creditors, and liaise with the creditors on your behalf. A bankruptcy order normally lasts for 12 months, but can be longer depending on your circumstances.

“My adviser was very patient and understanding and at no time did I feel judged for the predicament I found myself in.”

Advantages and disadvantages

Some women feel that bankruptcy allows them to start again, free of the stress caused by being in debt. There are some other advantages of going bankrupt:

- The relief of no longer having to deal with demands from creditors. Most creditors will stop action to collect the debts owing when a bankruptcy order is granted.
- The money owing can usually be written off (you may need to make payments towards your debts depending on your circumstances).
- It is possible to keep certain things you own, like household goods and a reasonable amount to live on.
- If you have not listed a debt on your bankruptcy application, it will still form part of the bankruptcy order.

Bankruptcy is a serious move and there are also disadvantages:

- The fee to apply for bankruptcy is £680. Depending on your circumstances, however, it may be possible to apply for funding from a charity to help with this fee. See more information below.
- Depending on your income, you may be asked to make payments to your creditors for up to three years.
- You cannot apply for more than £500 of credit while your bankruptcy order is in place. If you apply for credit, you must tell the lender that you are an 'undischarged bankrupt', which means that the order is still in place.
- Bankruptcy is noted on your credit file for six years and may affect your ability to take out credit during this time.
- If you own your own home, it might have to be sold, along with possessions such as a car and luxury items.

- Your pension may be taken into account when you apply for bankruptcy, depending on your age and the pension you hold.
- Some professions, including accountancy, banking and financial advice, are not open to people who have been made bankrupt. If you have any concerns that your employment may be at risk or that you would be unable to pursue a future career path, discuss this with your debt adviser.
- Bankruptcy can have implications if you own a business – speak to your debt adviser if this applies to you.
- Bankruptcy may affect your immigration status (see below for more information).
- Bankruptcy is published publicly. However, if this could affect your safety, you can make an application to the court for your details to remain private. See more information below.

Applying for bankruptcy

If you live in England or Wales, you can [apply for bankruptcy online](#). If you live outside of England or Wales, you should talk to a debt adviser to check your eligibility to apply for bankruptcy.

If you owe one creditor more than £5,000, they may be able to apply to make you bankrupt, even if you do not want them to. If someone else has applied to make you bankrupt, you will be made aware of this. You will receive documents from the creditor and the court. It is important that you respond to these and seek advice from a qualified debt adviser on the best way forward.

Which debts are included in bankruptcy?

When a bankruptcy order ends (also known as being 'discharged' from the bankruptcy order), you will not have to repay the debts covered by the order. This is usually after 12 months.

Debts included are:

- credit cards
- utility arrears
- store cards
- loans
- overdrafts
- catalogue debts.
- some benefit and tax credit debts.

Not all debts are included and some creditors can still take action to get their money back. Before applying for bankruptcy, it's important to speak to a qualified debt adviser about the debts that you have and whether or not they will be included.

Debts that are still payable once you have been made bankrupt are:

- magistrates' court fines
- TV licence
- payments a court has ordered under a confiscation order, for example, for drug trafficking
- maintenance payments and child support payments
- student loans
- debts owed because of the personal injury or death of another person (although it may be possible to ask the court to order that this debt doesn't have to be paid)
- social fund loans
- repayment of some benefits and tax credits.

Mortgages and other assets

If you are made bankrupt, it is possible you may lose your home (or other assets). This applies whether your home is freehold or leasehold, and whether you own it on your own or jointly with another person. The official receiver may want to sell it to pay off your debts. The details will depend on your circumstances, so it's important to speak to a debt adviser.

Debts in joint names

If you have debts in joint names with someone else, these can be included in bankruptcy. Permission from the other person is not required. However, the creditor can chase the other person for the whole of the amount that is owed. Both parties with joint debts can apply for bankruptcy individually, depending on their circumstances. However, each party will need to pay a fee separately. You can't jointly apply for bankruptcy with someone else.

Privacy and safety concerns

If you are made bankrupt, your name and address is usually published in the Insolvency Register and the London Gazette. If having your address published will put you at risk of violence, you can apply to the court for [a person at risk of violence \(PARV\) order](#). There is a cost for a PARV order but depending on your circumstances you may be able to get help with this.

If an application for a PARV order is successful, only your name – not your address – will be published. It is only possible to apply for a PARV order after the bankruptcy application has started.

Individual voluntary arrangement (IVA)

An individual voluntary arrangement (IVA) is an agreement with your creditors to pay all or part of your debts. A qualified person, called an insolvency practitioner, must set up an IVA and they will charge you a fee for this. These fees can be high and are based on the amount you pay back through the IVA.

The insolvency practitioner will deal with your creditors while your IVA is in place. Through the arrangement, you will agree to make regular payments to the insolvency practitioner, who will divide this money between your creditors. The insolvency practitioner will work out what you can afford to repay and how long the IVA will last. You will need to give details about your financial situation, for example your assets, debts, income and creditors.

Creditors will normally stop taking action to collect debts when an IVA is in place, and some of the debt is likely to be written off at the end of the term of the IVA. There is a cost involved in setting up an IVA, and having an IVA will affect your credit rating.

An IVA may be right for if:

- your debts add up to more than £10,000 (you can get an IVA if you owe less, but the fees are high so there might be better options if your debt is smaller)
- you owe money to at least two different creditors
- you have enough money to make IVA payments every month.

Advantages and disadvantages

With an IVA in place, you will not have to deal with your creditors directly. Your insolvency practitioner will contact your creditors on your behalf, and this can help to relieve some of the stress of being in debt. There are several other advantages of an IVA:

- An IVA is legally binding - this means your creditors have to stick to it and they cannot chase you for debt that has been included in the IVA when it has been approved.
- An IVA is time-limited and you only have to make repayments while the IVA is in place (this is usually five or six years).
- Creditors usually accept that only part of the debt will be paid when it is included in an IVA, and that the remainder will be written off.
- You may still be able to keep your business running, if you have one.

There are also several disadvantages:

- There are usually two fees to pay to the insolvency practitioner – a set-up fee and a handling fee for each payment – and these can be high depending on the amount you owe.
- The insolvency practitioner can cancel your IVA if you do not keep up your repayments, and can then apply for you to be made bankrupt.
- An IVA normally last between five and six years. You will have to pay a set amount to your creditors every month during this time, so it will be important to consider whether you can afford to do this.
- If you have any savings, you will normally be expected to use them to pay money into your IVA. If you come into any money throughout the course of the IVA, this will usually be taken into consideration and used to pay your creditors.

- If you own a home, you might have to remortgage it towards the end of the IVA. If you can't remortgage, you'll usually be expected to pay into your IVA for an extra 12 months.
- If you are a homeowner and get support for mortgage interest (SMI), these payments might stop and you might have to pay back any SMI you've had since 6 April 2018.
- If you're 55, or will turn 55 while your IVA is in place, it may be taken into consideration if you withdraw a one-off payment from your pension.
- Getting an IVA will affect your credit rating and will stay on your credit record for six years. This could make it more difficult for you to get credit.
- An IVA may affect your employment in certain professions, including accountancy, banking and financial advice. If you have any concerns that your employment may be at risk or that you would be unable to pursue a future career path, discuss this with your debt adviser.
- An IVA may affect your immigration status (see below for more information).
- Insolvency is published publicly. However, in situations where this may affect your safety, you can make an application to the court for your details to remain private. See more information below.

Applying for an IVA

An application for an IVA can only be made through an insolvency practitioner.

Your insolvency practitioner will work out what you can afford to repay and how long the IVA will last, and will contact creditors on your behalf.

The IVA will be approved if creditors holding 75% of your debts agree to it. If the IVA is approved, it will also apply to creditors who did not agree to it.

Which debts are included in an IVA?

The following types of debt can be included in an IVA:

- personal loans
- overdrafts
- credit cards
- utility arrears
- council tax arrears
- catalogue debts
- store cards
- payday loans
- income tax and National Insurance arrears
- any other outstanding bills, such as solicitor's fees, invoices for building works or veterinary bills.

Not all debts are included and some creditors can still take action to get their money back. Before applying for an IVA, it's important to speak to a qualified debt adviser about the debts that you have and whether or not they will be included.

The following debts cannot be included in an IVA:

- mortgages and secured loans (a loan that is secured against a financial asset such as a home or car)
- hire purchase agreements
- court fines
- TV licence arrears
- student loans
- maintenance payments and child support payments
- social fund loans.

Debts in joint names

If you have debts in joint names with someone else, these can be included in an IVA. Permission from the other person is not required. However, the other person will still need to make repayments towards the debt.

Privacy and safety concerns

If you take out an IVA, your name and address is usually published in the Insolvency Register and the London Gazette. If this could put you at risk of violence, you can apply to the court for a [person at risk of violence \(PARV\) order](#). There is cost for this but, depending on your circumstances, you may be able to get help with this.

If an application for a PARV order is successful, only your name – not your address – will be published. Speak to your insolvency practitioner to discuss when your application for an IVA should be made.

Effects of insolvency on your professional record

Becoming insolvent can make it more difficult for you to work in certain professions, including law, banking, insurance and accountancy. The professional bodies that regulate these industries are:

- Solicitor's Regulation Authority (SRA)
- Financial Conduct Authority (FCA)
- Institute of Chartered Accountants in England and Wales (ICAEW)

These organisations usually review applications for entry into the profession and often have entry tests that new applicants must complete. These tests can include an assessment of the applicant's character, and sometimes you will be asked to demonstrate your financial integrity. A history of insolvency can be a basis on which these professional bodies could refuse an application. Speak to your debt adviser if this is a concern for you.

Effects of insolvency on your immigration status

If you are applying for British citizenship, becoming insolvent may affect whether you are granted British citizenship. When deciding whether to grant UK citizenship, UK Visas and Immigration will consider whether you are of 'good character', which includes assessing 'financial soundness'. However, you will have the opportunity to outline any exceptional circumstances, and these will be taken into account. A domestic abuse support worker may be able to support you with this.

If you are considering becoming insolvent and want to apply for British Citizenship, speak to an immigration specialist before applying for any type of insolvency.

If you are applying for a family visa, a work visa or a student visa, insolvency may also affect your application.

Help with insolvency costs

It costs £90 to apply for a debt relief order and £680 to apply to become bankrupt. Dependent on your circumstances it may be possible to find help from a charity with some or all of the fee for these forms of insolvency.

If you have received debt advice from a recognised debt advice agency, they may be able to advise if there is anywhere that could support you with the fee. However, this can sometimes delay the application process.

You may be able to find help with insolvency fees using [the grant finder on the Turn2us website](#) or the [Funds Online website](#).

Bankruptcy fees can be paid for online in instalments, although the application will not be submitted until the entire fee is paid.

Other ways of tackling coerced debt

The insolvency options outlined here are just some of a number of possible debt solutions. If you have been coerced into debt by an abusive partner, you should speak to a qualified debt adviser about your situation and the options available to you. They can support you to gather all the facts make the decision that's right for you.

There are a number of organisations that you can contact for support in finding a debt adviser – see some listed below.

Through the Economic Justice Project, SEA has been working to challenge debt that has been coerced. This includes working with domestic abuse and money/debt advice services, creditors and other financial services as well as influencing policy. You can find more details [on our website](#).

“I got my credit cards when I could afford to use them and keep on top of repayments. My ex made me run up debts on them which are now unaffordable for me to repay. He would push me against a wall, put his hands around my throat if I didn't give him money.”

Organisations that can help

Debt Advice Foundation

W www.debtadvicefoundation.org

T **0800 043 4050** (Mon–Fri, 8am–8pm;
Sat, 9am–3pm)

Offers free, confidential advice and information on loans, credit and debt. Runs a debt advice helpline with qualified debt advisers.

Money Advice Plus

W www.moneyadviceplus.org.uk

T **01273 664 000** (Mon–Fri, 9am–1pm &
2pm–5pm)

The Financial Support Line for Victims of Domestic Abuse, run in partnership between Surviving Economic Abuse and Money Advice Plus, offers specialist advice to victim-survivors of domestic abuse in financial difficulty.

Money Advice Trust

W www.moneyadvicetrust.org

T **National Debtline 0808 808 4000**
(Mon–Fri, 9am–8pm; Sat, 9.30am–1pm)

T **Business Debtline 0800 197 6026**
(Mon–Fri, 9am–8pm)

Helps people tackle debts and manage money. Qualified debt advisers are available by phone, with fact sheets online.

StepChange

W www.stepchange.org

T **0800 138 1111** (Mon–Fri, 8am–8pm;
Sat, 8am–4pm)

Get expert debt advice, online or by phone, based on your situation. Recommends debt solutions and provides debt information online or by phone.

Turn2us

W www.turn2us.org

T **0808 802 2000** (Mon–Fri, 9am–5.30pm)

Helps people in financial hardship access benefits and grants. Website has a benefits calculator, grants search and a 'find an adviser' search. Also has its own grants scheme and a freephone helpline.

Further support

If you are experiencing economic abuse, you are not alone. We have more information that can support you to take steps towards safety and begin to regain control of your finances.

Visit www.survivingeconomicabuse.org/resources for information including:

- What is coerced debt?
- Challenging coerced debt
- Asking a lender for a debt write-off
- Spotting an illegal money lender
- Economic abuse and your credit report

