

Bankruptcy



How do I know if a bankruptcy is the right insolvency solution for me?

Before you consider applying for bankruptcy you must first have explored the alternative solutions to bankruptcy, which are detailed overleaf. If these alternative solutions are not suitable, then bankruptcy could be the right solution for you. A PIP will be able to advise you accordingly.

Bankruptcy is a formal, High Court process for people in debt over €20,000. Once you are made bankrupt, all of your unsecured debts are written off.

In bankruptcy, your property and possessions are transferred to a person called the Official Assignee (OA). The OA will deal with all your creditors for you, putting an end to demands from your unsecured creditors for unpaid debt.

Bankruptcy can result in the loss of your home. However, you may be able to agree a schedule of mortgage repayments with your bank and the OA, if the payments are within the reasonable living expenses approved by the OA.

Bankruptcy will normally last for one year, however, if you have disposable income, contributions over 3 years may be sought.

All of the debt solutions overseen by the ISI, including bankruptcy, are designed to get you back on track financially and if you enter into any of them, you will be solvent at the end of the process.

The Insolvency Service of Ireland (ISI) is an independent government body with a range of debt solutions and a regulated network of qualified professionals that can help you to restructure and even write off debt that you cannot repay.

Advisors

Personal Insolvency Practitioners (PIPs) deal with Debt Settlement Arrangements (DSA) and Personal Insolvency Arrangements (PIA).

Approved Intermediaries (AIs) deal with Debt Relief Notices.

The registers for both PIPs and AIs can be found on www.backontrack.ie.

Reasonable Standard of Living Guaranteed

With our solutions you are **entitled to a reasonable standard of living. This includes food, clothing, education, health care and a modest allowance for savings.** Under the ISI model, this means a higher standard than merely living at a subsistence level, which people often exist on when in debt. You will not be told how you should spend your allocated reasonable living expenses, so you are still in control of your spending.

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www.backontrack.ie



Back on Track

Tackling problem debt, together



Debt Solutions



Debt Relief Notice (DRN)



Debt under €35,000 - no mortgage
Income under €60*
Assets maximum of €400**



How do I know if a DRN is the right insolvency solution for me?

If you have a low income, few assets and debts of less than €35,000 that you can't repay, then a DRN could be the right solution for you. A DRN is a formal agreement that allows you to write off your debt in full.

Debts such as personal loans, credit card loans, store cards, credit union loans and overdrafts could be included in a DRN.

You may be eligible for a DRN if...

- Your unsecured debts are €35,000 or less.
- You do not have a mortgage or own a property or other large asset.
- You have €60 or less left after reasonable living expenses each month – the Approved Intermediary will go through this with you.
- You meet the criteria for having very little assets apart from some essential items of value.
- You have not been granted a DRN before.

If you have a mortgage, a DRN is not a suitable solution, as you would be considered to have a considerable asset, even if you are not currently meeting mortgage repayments. However you may be eligible for a DSA/PIA.

Protection from your creditors



The creditors included in the DRN can no longer contact you asking you to repay debts that are included in your DRN - no more phone calls, letters or visits.

Debts written off after 3 years



A DRN will last for up to 3 years. It is a formal, legally binding solution whereby unmanageable debt is completely written off after 3 years.

*after Reasonable Living Expenses are deducted

**Subject to certain exemptions

Debt Settlement Arrangement (DSA)



Unsecured debt only



How do I know if a DSA is the right insolvency solution for me?

If you have unsecured debt such as credit cards, loans and overdrafts, a DSA could be the right choice for you. A DSA is a formal agreement with all your creditors that will write off some of your debt.

What are the benefits of a DSA for me?

Protection from your creditors



A professional advisor (see overleaf for more information) will arrange the DSA for you and negotiate with your creditors on your behalf. This will put an end to any demands from your creditors for unpaid debt – no more phone calls, letters or visits.

Affordable repayments



Under the DSA you may agree to repay a percentage of your overall debt that you can afford in monthly payments over a given period of time.

No surprise changes



A DSA is a legally binding agreement between you and your creditors; this means that it cannot be changed without the agreement of both parties, so there will be no surprise changes such as additional interest or charges added along the way.

Peace of mind



Once your final agreed monthly repayment is made and you have kept to the terms of the agreement, your creditors will write off your remaining unsecured debt.

Personal Insolvency Arrangement (PIA)



Secured & unsecured debt*



How do I know if a PIA is the right insolvency solution for me?

If you have secured debt (debt backed by an asset such as a mortgage) and unsecured debt (e.g. credit cards, loans and overdrafts) that you cannot repay, a PIA could be the right choice for you.

A PIA is a formal agreement with all your creditors that will write off some of your unsecured debt and restructure any remaining secured debt. A key feature of a PIA is that, in the majority of cases, a debtor will be able to remain in their home.

What are the benefits of a PIA for me?

Protection from your creditors



A professional advisor (see overleaf for more information) will arrange the PIA for you and negotiate with your creditors on your behalf. This will put an end to any demands from your creditors for unpaid debt – no more phone calls, letters or visits.

Affordable repayments



Under the PIA you may agree to repay a percentage of your overall debts that you can afford in one monthly payment over a given period of time.

No surprise changes



A PIA is a legally binding agreement between you and your creditors; this means that it cannot be changed without the agreement of both parties, so there will be no surprise changes such as additional interest or charges added along the way.

Peace of mind



Once your final agreed monthly repayment is made and you have kept to the terms of the agreement, your creditors will write off your remaining unsecured debt and what is left of your secured debt will be restructured.

*Subject to a cap of €3 million, unless creditors consent to a higher level