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Depending on your circumstances, and Individual Voluntary Arrangement, or IVA, could be the best solution to your debt and keep you from bankruptcy. IVA's have many advantages for a debtor, but there are disadvantages as well which can be hindering, so it is best to research all possible debt solutions.

To qualify for an IVA, you must be at least 15,000 in debt and you must have a regular income. If your income doesn't leave anything left over after your essential monthly bills, bankruptcy may be the better option. An IVA is a legally binding agreement arranged through an insolvency practitioner between you and your creditors, and can last for up to five years.

With an IVA, your insolvency practitioner meets with your creditors and presents them with a plan of repayment. The creditors will usually agree to plan to reduce your debt to pence per pound, sometimes up to 75% less than the original debt. At least 3/4 of your creditors must agree to accept the plan for it to become legal. If they don't, the practitioner must amend the terms until an agreement is reached. Once it is approved, you pay a monthly sum that is split between the creditors. Part of the insolvency practitioner's fees will come from that monthly sum.

To a debtor, an IVA's advantages can be great. Unlike bankruptcy, those in an IVA do not risk losing their home. Your debt is usually reduced by a large amount, you pay no interest fees, get no calls from creditors, and the fees charged by the insolvency practitioner are usually less than the fees you would pay in bankruptcy. Payments you make toward your debt are income based, and can fluctuate with your income. Although both a bankruptcy and an IVA stay on your credit report for six years, an IVA looks better to future creditors and carries fewer stigmas. During an IVA, you are allowed to apply for credit.

Although less costly than bankruptcy, compared to other debt solutions, an IVA can be expensive. Insolvency practitioner fees are high. If you choose this method, be prepared to have your finances closely scrutinized for the duration, and be prepared to explain any income anomalies to the insolvency practitioner. Also, be prepared to hand over an extra money that comes your way during the agreement, like pay bonuses or inheritances. If you should fail to meet the IVA terms, you may be left with bankruptcy as your only alternative.

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