

3. Household cost increases

c35% had seen a significant increase in costs that meant the individual's ability to pay had fallen either permanently or temporarily, with an extension utilised to ensure the impact to the proposed dividend was reduced/mitigated. The most common cause by far was the birth of a child.

4. Missed payments

<10% had an extension due to 'general arrears' and/or failure to comply with terms and conditions of the IVA. General arrears are defined as not having a specific cause, but accrued because the customer was generally falling behind their current payment plan. Extensions were also granted to give the customer more time to comply with terms and conditions of the IVA, chiefly completing I&E reviews or providing evidence of a re-mortgage attempts.

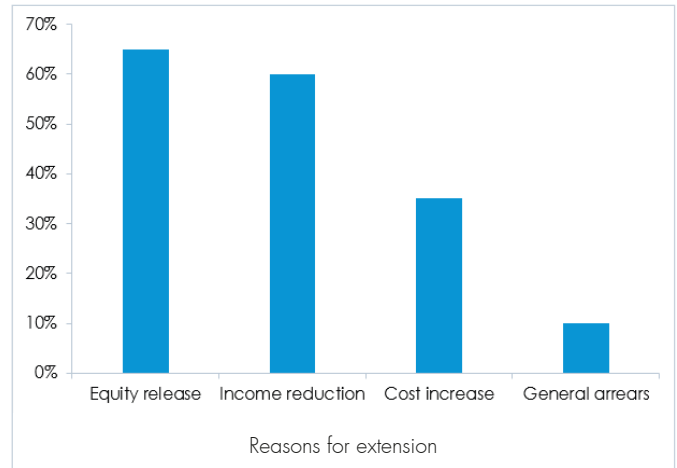
Summary

As volumes of IVAs and Trust Deeds continue to rise as a result of, in part, affordability challenges for consumers as costs increase and wage growth stagnates, the number of IVA and Trust Deed extensions will also rise. This is particularly prevalent for near and sub-prime consumers. This will require greater focus from creditors to balance fair consumer and creditor outcomes.



Richard Haymes
Head of
Financial Difficulties

Extending IVA length – reasons (fig. 3)



Contact us today for more information: richard.haymes@tdxgroup.com