Personal Insolvency Arrangement (PIA)

A solution for people with unmanageable debts including mortgages

BILL

ISI

Seirbhís Dóchmainneachta
na hÉireann
Insolvency Service
of Ireland

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What is the ISI?

The Insolvency Service of Ireland (ISI) is an independent government body set up to help tackle personal debt problems.

It has a range of debt solutions, including a regulated network of qualified professionals, that can help you to restructure and even write off debt that you cannot repay.

How do I know if a PIA is the right 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.

If you have unsecured debt only, see our leaflet about DSAs. If you have debts of less than €35,000 see our leaflet about DRNs.

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 should **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 payments 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.

Reasonable standard of living guaranteed

While you are making these repayments 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 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.

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.

How do I apply for a PIA?

First, arrange to meet with a **PIP (Personal Insolvency Practitioner)**. Part of a network of qualified professional advisors regulated by the ISI, each PIP is an expert in debt advice, so don't feel embarrassed about your situation; **they can and want to help you reach a solution.** They will assess your options and prepare a tailored solution that best suits your needs.

PIPs are located around the country and contact details can be found on **www.backontrack.ie** or by calling the ISI's information line **01 764 4200.**

What should I do to prepare for the meeting?

Start gathering details of your debt – including a list of how much you owe and to whom, details of payments you have missed, as well as details of your income, average spending needs and any assets you may have. Bring these with you to your meeting with the PIP, and they will let you know if a PIA is the right solution for your situation.

What are the costs to apply for a PIA?

Like any other professional providing a service, a PIP may charge a consultation fee to go through your financial situation to determine if you are eligible to apply. After that, any PIP fees are usually built into the PIA repayment plan.

There is no application fee as the ISI has waived its fees.

FREE

If you are in arrears on your home mortgage you could be eligibile for a free PIP consultation under a new State-funded scheme. For more details on the scheme visit www.backontrack.ie

What are the advantages for all the parties involved?

DEBTOR:	CREDITOR:	PIP:
• gets protection from creditors • gets a solution that has certainty • is entitled to a reasonable standard of living • gets write down and/or write off of debt • gets remaining secured debt restructured • gets back on track financially.	• gets engagement with the debtor through their intermediary (the PIP) • gets a solution to the backlog of debt • gets certainty of a resolution • is guaranteed some return on money lent as opposed to if the person went bankrupt • the majority of creditors are agreeing to proposals.	• assists distressed debtors in reaching a long-term debt solution • may charge a consultation fee to advise the debtor • is usually paid out of the overall sum the debtor agrees to pay to the creditor • deals with all creditors on the person's behalf.

If I decide to apply what will happen?

1. Your chosen PIP will help you complete a form that gathers **details of your financial situation.** If the PIP agrees that you are suitable for a PIA, they will help you fill out the necessary forms.

2. Your PIP will then apply to the court for a **protective certificate** on your behalf. You are not required to go to court. Once you get this you will have court protection against your creditors while your PIA is being put in place. This means that **they cannot contact you** during this time – no more phone calls, letters or visits.

3. Your PIP will put forward the proposed PIA to your creditors. If they agree to it, and the court is happy with your application, your PIA is formally agreed. Of the thousands of cases that have already gone through the ISI's system, **the majority of creditors are accepting proposals**. In some cases, where a creditor rejects a PIA, the decision can be reviewed and reversed by the Court.

What happens if my circumstances change during the arrangement?

If your circumstances change during the term of your arrangement, affecting it either positively or negatively, the **PIA can be amended by your PIP as necessary.**

Continued overleaf.

For example, if you can no longer afford the agreed repayments due to a change in circumstances, your PIP can apply for a change to the arrangement terms. Equally, if your financial situation improves, the terms can be amended. You will have a say in any changes made to the arrangement.

You will also participate in **reviews of your PIA at least once a year.**

Will I ever be able to get credit again?

If you are currently in arrears on payments this could already be known to credit rating reference agencies. Similarly, when you are struggling to make payments on debts such as your mortgage, credit card, term loan or hire purchase agreement, you may not have the capacity to take on additional debt and this would be evident to the prospective lender.

Entering into a PIA should indicate to potential lenders that **you are proactively addressing your financial situation,** and on completion of the arrangement you will be solvent, with your debts having been restructured with a write-down and/or write-off, which means you could be more eligible to obtain credit in the future.

The decision on whether or not to give credit is up to the lender and this is always the case.

How long will the process last?

A PIA can be put in place to cover any period of time **up to 6 years.** The length of an arrangement is to be agreed by all parties involved and will depend on what is being proposed by your PIP and your personal circumstances.

At the end of the process you will be free from your unsecured debt and from your remaining secured debt to the extent agreed under the terms of your PIA. After a PIA you may still have a mortgage but the repayments will be manageable.

Take the first step to getting back on track financially

Call ISI on
01 764 4200

Visit
www.backontrack.ie

Freetext ISI to
50015 for an
information pack

A detailed guide to the Personal Insolvency Arrangement is available on the publications section of the ISI's website **www.isi.gov.ie**

This guide has been produced by the Insolvency Service of Ireland (ISI) and is intended as a general, introductory, non-technical guide for interested debtors in relation to the availability of, and the process involved in seeking a Personal Insolvency Arrangement under the Personal Insolvency Act 2012. If you require further information of a general nature, please consult the ISI website, **www.isi.gov.ie**, or contact the ISI's office by the various means detailed in this guide.

The ISI has no role in providing legal advice or interpreting the law and this guide is not an interpretation of, or advice on the law. In addition, the ISI has no role in providing financial advice. If you are in doubt in relation to your legal or financial position, please take appropriate professional advice or contact an Approved Intermediary/Personal Insolvency Practitioner, as appropriate.

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Publications available are:

Dealing with Problem Debt
Debt Relief Notice (DRN)
Debt Settlement Arrangement (DSA)
Personal Insolvency Arrangement (PIA)
A Debtor's Guide to the role of a PIP
Information about Bankruptcy
After you are made Bankrupt