Creditors, IVAs and Consumer Duty

Improving outcomes for all

Webinar: 1st May 2024

Summary

Summary

In a recent webinar focused on Individual Voluntary Arrangements (IVAs), creditor behaviours, and the impact of regulatory changes, notably the Consumer Duty, a panel of experts from Consumer Duty Services provided an insightful overview of the evolving IVA landscape. The session highlighted the significance of these developments for creditors and consumers alike, emphasizing technological innovations to predict IVA sustainability, variations in creditor voting behaviours, and the implications of new compliance measures. The discussions were enriched by contributions from Peter Wordsworth and Kevin Still of Consumer Duty Services, alongside insights from industry representatives from Payplan.

Key Points

1. The webinar discussed the evolving landscape of IVAs, particularly how market changes affect creditor voting and consumer outcomes.
2. Implementation of Consumer Duty was a focal point, noting its importance in ensuring firms act to deliver good consumer outcomes.
3. Technological advancements that assist in assessing the sustainability of IVAs were highlighted as key tools for creditors.
4. Inconsistencies in creditor voting patterns were identified, suggesting areas for potential improvement.
5. The impact of technological tools in predicting IVA success at the proposal stage was emphasized, aiming to reduce failure rates.
6. Consumer Duty regulations are driving changes in how creditors must evaluate and manage IVA proposals.
7. Discussions included the role of data in enhancing creditor decision-making processes in line with regulatory expectations.
8. The webinar featured a panel discussion with industry experts who provided practical insights into the application of new regulations.
9. Concerns about creditor engagement and the need for clearer policies and practices were discussed.
10. The importance of aligning creditor actions with consumer interests to improve IVA outcomes was stressed.
11. Regulatory changes, such as Google Ad changes and adjustments in debt relief regulations, and their impact on the market were discussed.
12. The role of data and technology in transforming the IVA process and ensuring compliance with Consumer Duty was underscored.

Key Statistics

- Current IVA failure rates stand at 33%, with a notable peak in failures around 12 to 14 months into the arrangement.
- IVAs are now at levels seen in 2017-2018, with about 5,000 to 6,000 cases per month.
- The average contribution from volume IVA providers is approximately £125 per month.
- Technological predictions of IVA success at the proposal stage have reached an accuracy of 85%, with potential improvements expected.

Key Takeaways

Creditors, IVAs and Consumer Duty

Improving outcomes for all

Webinar: 1st May 2024

Summary

- Consumer Duty is reshaping how creditors must approach IVA management, with a strong focus on consumer outcomes.
- Technological tools can significantly aid in predicting the sustainability of IVAs, potentially reducing early failure rates.
- Accurate and early prediction models are essential for improving the success rates of IVAs.
- Creditors need to adjust their voting behaviors and policies to be more aligned with individual case assessments.
- There is a pressing need for industry-wide adoption of clear and consistent policies regarding creditor voting.
- Data-driven insights are becoming increasingly important in creditor decision-making processes.
- Enhanced creditor engagement and improved policies can lead to better IVA outcomes and compliance with regulatory standards.
- Understanding the impact of regulatory changes on creditor strategies is crucial for adapting to the evolving market.
- Collaboration across the industry, including with regulatory bodies, is necessary to ensure successful implementation of new practices.
- Educating creditors on the importance and application of Consumer Duty in the IVA process is essential.
- The industry must continue to innovate and use technology to meet the changing regulatory requirements and consumer needs.
- Ensuring that all stakeholders are informed and engaged in these changes is crucial for the future success of IVAs.