



*An open letter to Insolvency Practitioners,*

I'm aware that we have issued two documents to you recently and following this we have received a number of questions and comments from across the Industry. As I believe there may be some confusion around the content of these documents, I am writing to you to highlight the key points and clarify areas that I feel may be of most interest to IPs.

The documents I am specifically referring to are the communications made on 18 July (Implementation of the TIX Compliant IVA) and 1 August (Important Changes to TIX Compliant IVA Fee Structures). I remain confident that these changes are a good solution for the industry, the creditors and the consumer.

I have structured the key points under the general question topics we've received.

**Where will the modified acceptance criteria be applied?**

- Any IVA that does not meet the "TIX Compliant IVA" definition may continue to be proposed under your existing fee structure. This type of 'complex' IVA, which we recognise can generally require additional time and effort by the IP, is not affected by the changes. Each case will continue to be reviewed individually.
- As stated in both the original documents, the fee structure and fee quantum changes, therefore, only apply to IVAs that qualify as a "TIX Compliant IVA".
- "TIX Compliant IVAs" are defined in the communication we sent you on 18 July and incorporate the majority of the generally accepted standards emerging from the BBA / IS working groups.

**How will consumers benefit from these changes?**

- Improved clarity around creditor acceptance criteria should allow IPs to provide appropriate advice to consumers with confidence.
- Lower fees on TIX Compliant IVAs make them more acceptable to creditors and streamlined processes should allow IPs to deal with these proposals efficiently. This should mean consumers with less debt or on lower incomes will be able to access the benefits of an IVA.
- Appropriate advice and support to the consumer should be provided throughout the term of the IVA because IP remuneration is linked to realisations.
- Increased flexibility for IPs to agree variations without additional creditor meetings allows for a consumer's changing circumstances over the course of the IVA to be considered.

**Will IPs benefit from these changes?**

- It is expected that TIX Compliant IVA proposals will have a lower rejection and modification rate. This saves the IP time and administrative costs associated with dealing with these cases.
- Efficiencies such as simplified proposals, dividend distribution by BACS and flexibility around variations will reduce overall cost.
- Where clients have imposed hurdle rates we are actively working with them to clarify the criteria and timetable for hurdle removal.



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As we have with the BBA / IS working groups, TIX and its clients will continue to work with the industry to ensure that these changes are understood and smoothly implemented.

Please do not hesitate to contact me directly if you have any queries or concerns on this note or any previous communication.

I hope this note has been helpful in drawing your attention to the key points which are relevant to the IP industry.

Regards,

Mark Hover  
Head of the Insolvency Exchange