



New legislative provision allows for Rejected Personal Insolvency Arrangements to be overturned

The provision increases the prospects of being able to remain in the family home

19 November 2015: The ISI has welcomed the commencement by the Minister for Justice and Equality of a key provision in new insolvency legislation. Insolvent debtors can now seek a review by the Court in certain cases where creditors have rejected a proposed PIA, a debt solution arrangement which includes the home mortgage.

The Court review gives the Judge power to make an order imposing the PIA proposal that was rejected by creditors, if the Court considers that it offers a fair and equitable solution for both debtor and creditors.

A PIA is a formal agreement between creditors and debtors which writes off a certain amount of debt and restructures the remainder, while keeping the debtor in their home in the majority of cases.

Commenting on the commencement of the legislation, the Director of the ISI, Mr. Lorcan O'Connor stated:

“Unmanageable debt can have a detrimental effect on peoples’ lives and for those who are struggling with mortgage arrears the fear of losing the family home can be overwhelming. This new legislative provision is good news for people in mortgage difficulty as it strengthens the likelihood of a PIA proposal being accepted. The current acceptance rate of these proposals is almost 80%. A key feature of the PIA is that it enables a person to get back on track financially and aims to keep them in their home where possible.

There is now no reason for a person to put off visiting www.backontrack.ie for more information and consulting with a Personal Insolvency Practitioner to solve their mortgage problems once and for all. We know from the thousands of people who have already availed of solutions through the ISI that the outcome is life changing.”

Applications for a PIA can only be made through a Personal Insolvency Practitioner (PIP) - part of a network of qualified debt advice professionals authorised by the ISI. PIPs are located around the country and contact details can be found on the ISI’s website [here](http://www.backontrack.ie) or by calling the ISI’s information line **076 106 4200**.

Click [here](http://www.backontrack.ie) to listen to the personal experience of a debtor who availed of a PIA.

More information about the PIA is available [here](http://www.backontrack.ie).

ENDS

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Notes for Editors

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

The introduction of this review mechanism is one of a number of enhancements introduced by the [Personal Insolvency \(Amendment\) Act 2015](#).

The Commencement Order brings into effect on Friday 20 November all the remaining provisions of the 2015 Act (sections 4-5, 7-11, 13-15, and 17-22). These include section 21 of the amending Act, which provides for the new Court review.

Other enhancements recently introduced include an increase in the ceiling for a Debt Relief Notice from €20,000 to €35,000 and enhanced supervision powers for the ISI over Personal Insolvency Practitioners, part of a network of qualified professional advisors regulated by the ISI to assist debtors.

Brief overview of review mechanism

- Where creditor (s) reject the debtor's PIA proposal tabled by a PIP, a PIP can make an application within 14 days on the debtor's behalf for a review of that decision to Specialist Judges within the Circuit Court, or in certain cases, the High Court.
- In order to make the application, the debtor's PIA proposal must include a home mortgage which was:
 - in arrears on 01/01/2015 or;
 - was in arrears prior to 01/01/2015 and the debtor entered into an alternative repayment arrangement.
- The PIP will assist the debtor in making the appeal.
- The Court will review the application including any objections made by creditors and, subject to meeting a number of criteria set out in the legislation, which include criteria similar to those found in long established Examinership legislation, the Judge may impose the original PIA proposal on the creditor (s).
- The criteria set out in the legislation which the Court will consider as part of making its decision under the review process includes:
 - Proposed arrangement formulated in compliance with Section 104 of Personal Insolvency Act 2012;
 - Proposal would enable debtor resolve indebtedness without recourse to bankruptcy;
 - Proposal would enable creditors to recover debt due to extent debtor's means reasonably permit;
 - Proposal would not require the debtor to dispose of, or move from, their Principal Private Residence(PPR);
 - Debtor likely to be able to comply with proposed PIA;
 - Cost of residing in PPR are not disproportionately large;
 - Fair on each class¹ of creditors that did not approve PIA;
 - Not unfairly prejudicial to the interests of any interested party;

¹ "Class" in the context of the review process means a group of more than one creditor who have similar claims on the borrower, or a single creditor, where the Court deems that appropriate.

- One class² of creditors have accepted the proposed PIA by a majority of over 50% of the value of debts owed by that class.

Key statistics around PIAs already in place include:

- Average secured debt write off 20%
- Average unsecured debt write off 83%
- Average quarterly growth in PIAs since beginning of 2014 is 115%
- PIAs already in place exceed 750. This announcement is expected to see a further acceleration in case numbers.

Links to further information on ISI solutions:

- [ISI Debtor Testimonials](#)
- [Five ISI Case Studies](#)

² If the debtor has only one sole creditor this requirement to show creditor support does not apply.