

## CONTRIBUTIONS

### QUESTION/S

1. Will I have to pay contributions
2. What if my circumstances change
3. What if I miss a payment

### ANSWER/S

1. You will be asked within the first 12 months to complete an income and expenditure form, should you have funds left over then you may be asked to make regular payments through an income payments agreement ("IPA").  
Payments normally last for 36 Months (ie from the date it is set up)
2. Should your circumstances change you need to advise your trustee in bankruptcy immediately who will then decide the best way to deal with the matter
3. Should you miss any payments it would be advisable to let the trustee know the reasons why, he may agree that you pay the missed payments later, it depends on how many payments you have missed

Should you not agree to the IPA the trustee can apply to court for an Income Payments Order ("IPO")

See Additional Information sheet for the Insolvency Service Guidelines

## ADDITIONAL INFORMATION

Insolvency Service Guide to Bankruptcy 21 July 2016

<https://www.gov.uk/government/publications/guide-to-bankruptcy>

If you can afford it, the trustee will ask you to make regular payments towards your debts from your income through an income payment agreement (IPA). You enter an IPA voluntarily, but there's a written binding agreement between you and the trustee.

If your main or only income is state benefits, the trustee will not normally try to get an IPA.

If you can't agree on payment amounts for an IPA, the trustee can apply for an income payment order (IPO). If you don't meet these payments, the trustee can then apply to extend your bankruptcy.

The payments will come from 'surplus income' (also known as real disposable income). This is money you have left after paying your living expenses. Normally you will have to pay all of this surplus income as your IPA payment.

Payments normally last for 3 years (longer than the period of bankruptcy itself). The court won't make an IPO if it leaves you without enough money to meet everyday needs.

A fee will be charged in all bankruptcy cases where an IPA or IPO is set up. The fee is set at £150 which will cover the specific costs incurred by the Official Receiver of arranging and setting up your IPA / IPO and will be collected from the first payments you make into the arrangement. This fee is only chargeable on cases where a bankruptcy application was made or a petition presented on or after the 21 July 2016.

The IPA or IPO can be updated if your income changes. You must contact your trustee immediately if this happens; they can decide to reduce or increase your payments.

If you get a lump sum while you're paying an IPA or IPO, you may be asked to make a one-off payment from it.