

How to Deal With Gambling Debts



Gamcare website states that “Crippling debt is one of the most common outcomes of a gambling problem.” Most are in denial that gambling debts are a major source of concern until finally hitting rock bottom. The afflicted don’t just spend personal money, they will spend any money available.

Credit card debt soon results in a [consolidation](#) loan. As soon as the credit card balance is cleared, it is quickly used up again.

How Much Constitutes Serious Debt

It depends greatly on the individual, but it isn’t uncommon for addicts to run up in excess of £100,000 of bad debts. One thing for certain, borrowing additional money will only serve to make the situation a lot worse. It is necessary to tackle the gambling problem and then deal with your gambling debts through a recognized debt solution.

Is Bankruptcy the Answer

Bankruptcy was once the panacea, but the Enterprise Act 2002 has changed all that. Whilst it is possible to spend countless sums of money on foreign holidays and designer clothes, the law is not sympathetic to the plight of the addict.

The Bankruptcy Restriction Order (BRO)

Whilst the majority of people are discharged after a period of 12 months, accruing serious debt problems as a direct result of a gambling addiction or speculation means that a person can be held financially accountable for up to 15 years.

If serious debts have been caused by gambling, do not declare personal bankruptcy unless there is no other option. Be sure to explore the other debt solutions, such as an IVA or Debt Management Plan, before deciding to go down this route.

Individual Voluntary Arrangement (IVA)

An Individual Voluntary Arrangement is a more flexible equivalent to bankruptcy. It allows a person with gambling debts to write-off their unsecured debts in just 60 months. Personal finances aren't scrutinised in the same way as bankruptcy either. Provided that the 60 monthly repayments are paid, the remainder of the debt will be written off.

Debt Management Plans

A Debt Management Plan enables someone to consolidate all unsecured debts and make a single payment from as little as £100 per month. The company used will deal directly with all creditors meaning that the debtor no longer has to.

Check To see If Any Unlawful Loan Agreements Exist

A number of loan and credit card agreements taken out to fund gambling aren't lawful. It is well worth getting a solicitor to check credit agreements to see if any can be written off as

about 60% are not worth the paper they're written on.

Was All The Money Lost By The Card Holder

Given the number of gambling transactions on statements, it can be difficult to know which ones were actually made by the legitimate cardholder. It is important to look through bank statements to see if it is possible to commence chargebacks for any fraudulent transactions.

Gambling can be a lot of fun for many people, but for about 3% of the population, it can be a destructive hobby. Only the person can turn things around, but there are support groups willing to help. For further help and support, please visit the [enzo casino](http://enzo.casino) website.

IVA or Personal Bankruptcy? Which is Better

Personal bankruptcy is the most widely known solution to serious personal debt problems, but the popularity of the IVA continues to grow. Seeking IVA help and assistance will clarify whether an Individual Voluntary Arrangement is the right option.

Circumstances when Neither an IVA or Personal Bankruptcy Should Be Considered

Whilst it is possible to declare bankruptcy for debts of £750, the severity of this measure means that it is only sensible to do so when the amount owed is far greater. The suggested amount for debts when entering an IVA is a minimum of £15,000.

A Debt Management Plan may provide a more viable option for smaller debts as declaring bankruptcy for debt as small as £750 isn't a good idea. A Debt Management Plan allows someone struggling financially to put all debts under one roof, freeze interest payments and make a single monthly payment.

When Should an Individual Voluntary Arrangement Be Considered

- A homeowner. The Official Receiver can sell any assets deemed to be of excessive value to raise money for creditors when someone is declared bankrupt. This includes a family home, car and other possessions. An IVA will allow a debtor to keep them, provided certain requirements are met.
- Holding a job in a profession where personal solvency is critical. Those that work in professions such as: the armed forces, police force, local council, government, the legal profession, accountancy and banking are likely to have their career ended prematurely by bankruptcy.
- Don't want the stigma of being declared bankrupt. Personal bankruptcy is advertised in the local paper and London Gazette so it will become public knowledge.
- Involvement in gambling or speculation. Involvement in speculative activities constitutes a bankruptcy offense. This will mean that a Bankruptcy Restriction Order (BRO) will be applied and a debtor can be held financially accountable for up to 15 years.

If none of these scenarios exist, pursuing an IVA is pointless. Declaring personal bankruptcy would release someone from their debts considerably sooner than an IVA. It would also be a lot cheaper. If it appears to be a viable option, consider the downside of an IVA carefully before proceeding.

The Problems Associated with an Individual Voluntary Arrangement

- Raising equity at the end of year 4. Those seeking to protect property will be required to get a remortgage for 80% of available equity. This will form part of the agreement,

although affordability will be taken into account.

- The creditor vote. In order to be agreed upon, an IVA will need to be voted in favor of by 75% of creditors in terms of value. If it is voted against, it is likely that a debtor will be declared bankrupt.

- Monthly contribution. A minimum of £200 is required to be paid towards the IVA.

- Requires an Insolvency Practitioner. A requirement of an IVA is that an Insolvency Practitioner administers the agreement and the charge is usually £4000 to £7000. The cost can be included in the IVA so no up-front payment is required.

- Credit rating. An IVA will show on a credit report for a period of 6 years which is the same as it is for bankruptcy.

- Duration of an IVA. Whilst most people are discharged from bankruptcy after 12 months, an IVA lasts for 60 months. In 5% of cases, it can be extended to 72 months.

- Employment. It is necessary to have a full time job and prove affordability.

When Personal Bankruptcy is the Right Option

There is no point in starting an IVA if the debtor has a factory job and rents a council house. Although declaring personal bankruptcy can be embarrassing, it would provide that person with a faster route out of their financial difficulties.

If an IVA is to be accepted, the terms must be more rewarding to the creditor than having the debtor declared bankrupt.

Get as much IVA information as possible before heading down

this route as it is a long commitment and a lot can happen in 5 years.