

100% Consumer Proposals

Presented by:

Carol Cash, Adam Poirier & Raj Hara

Panel

- Carol Cash



- Gehlen Dabbs Cash LLP - Partner

- Adam Poirier



- FCT – Head of Trustee Solutions

- Raj Hara



- Sands & Associates Inc. – Licensed Insolvency Trustee

The Changing Debtor: Evolving Profiles and the Rise of the 100% Consumer Proposal



Background

- The Canadian consumer debtor is changing — fast.
- Over the past several years, insolvency practitioners have witnessed a marked shift in who files, why they file, and how they approach financial rehabilitation.
- At the same time, 100% consumer proposals are on the rise, raising complex questions about the intent and purpose of the insolvency system.

2026 FCT Stats – Average Debtor in BC

	Consumer Proposal	Bankruptcy
Age	45.8 years	50.5
Average Monthly Income	\$3,436	\$2,023
Gender Split	Female - 50.1% Male – 49.9%	Female – 41.3% Male – 58.7%
Mortgage on St of Affairs	Yes – 5% No – 95%	Yes – 6%% No – 94%
Amount owed to creditors	\$54,910	\$226,535

Average Consumer Debtor 2016 vs 2026

- 2016
 - Willing to attend to in person meetings
 - Found the trustee online or in some areas in the yellow pages
 - Willing to wait a week for an initial appointment
 - Not very tech savvy
 - Valued discretion, wanted to keep the filing a secret

Average Consumer Debtor 2016 vs 2026

- 2026
 - Prefers virtual meetings
 - Engages in trustee shopping as trustees are a phone call away
 - Informed consumer
 - ChatGPT
 - Reddit boards
 - Trustee websites
 - No more yellow pages
 - Not willing to wait a week for an appointment
 - Tech savvy
 - Willing to share their stories online to help others, not very concerned with discretion
 - Debtors' occupations

Discussion

- In what other ways is the consumer debtor in 2026 fundamentally different from 2016?

Why are we seeing an increase in filings in BC?

- Increased Cost of Living
 - Rent (decreasing now)
 - Interest rates
 - Gas
 - Groceries
- Slow down in the real estate sector
- US Tariff impact
- Buy now, pay later
- Rise of online purchases

Why are we seeing an increase in filings in BC?

- Rise of gambling:

Percent of Estates Referencing Gambling		
Year	Consumer Proposal	Bankruptcy
2021	1.1%	1.4%
2022	1.4%	1.9%
2023	1.4%	1.9%
2024	1.9%	2.1%
2025	2.6%	3.2%
2026	2.9%	2.1%

Why are we seeing an increase in filings in BC?

- The stigma of insolvency is fading away. Especially in the younger generations. Filing a Consumer Proposal is increasingly seen as empowerment and taking control of your future, not failure.
 - Agree? Comments?
- Any additional reasons?

How Practitioners Are Adapting

- Increasingly prompt initial, virtual meetings
- Increasing online information availability
- Advertising on social media
- AI?
- Anything else?

The Rise of the 100% Consumer Proposal

- 100%+ Consumer Proposals made up 4.7% of BC Consumer Proposals in 2025 (vs. 1.8% in 2018)
- What is driving the increase?
 - Affordability stressors
 - Equity in residential property
 - The appeal of the stay of proceedings
 - Credit rating perceptions
 - Perceptions re integrity

Definition of an Insolvent Person – BIA s. 2.

insolvent person means a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and

- (a) who is for any reason unable to meet his obligations as they generally become due,
- (b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or
- (c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due;

Ontario Case - *Re Angelatos*: 2025 ONSC 2040

- **Facts:**
- Debtor filed a consumer proposal to repay approximately \$63,000 in unsecured debt.
- Proposal Terms
 - \$28,000 in monthly payments
 - \$36,800 balloon payment at the end (5 years total)
 - the expected returns to creditors would be somewhere around 73%. It was 100% gross.
- The majority of creditors approved the proposal.
- A creditor (Canadian Tire Bank) opposed approval arguing (i) the debtor's assets exceeded liabilities (due to home equity of +\$100K) and therefore not insolvent.
- **Issues:**
- Was the debtor an "insolvent person" under s. 2 of the BIA?
- Was the proposal fair and reasonable under the Act?

Ontario Case - *Re Angelatos*: 2025 ONSC 2040

- **Held:** proposal was approved, the debtor was insolvent and the proposal was fair and reasonable.
- **Derksen considered:** The Court explicitly considered *Re Derksen* and rejected its application indicating that it predated amendments to the BIA and adopted a narrower approach to insolvency.
- **Summary:** The court approved the consumer proposal despite a creditor's objection that the debtor was not insolvent because his assets (including home equity) exceeded his liabilities. The court held that under s. 2 of the BIA, a debtor need only meet one branch of the insolvency definitions, and found that the debtor qualified because he was unable to meet his obligations as they came due, even if he was technically balance-sheet solvent. In doing so, the court distinguished *Re Derksen*, 1995 CarswellMan 179, noting that the modern definition of insolvency is broader and not limited to a strict assets-versus-liabilities analysis.
- The court also found the proposal to be fair and reasonable, emphasizing that it allowed for an orderly repayment of debts under the protection of a stay of proceedings, and that the majority of creditors had approved it. It rejected arguments that bankruptcy or refinancing would be preferable, highlighting the practical difficulties (including the debtor's inability to access home equity and the costs of forced sale). Overall, the decision confirms that consumer proposals may be appropriate even where a debtor could theoretically repay debts in full, provided they lack the practical ability to do so as obligations become due.

The Position of the Office of the Superintendent of Bankruptcy on 100% Consumer Proposals:

- To Be Determined

Questions for consideration:

- Are 100% proposals always in the debtor's best interests?
- At what point does a 100% proposal stop being an insolvency proceeding and instead become a negotiated repayment plan?
 - Similarities to commercial insolvency proceedings under the BIA and CCAA?
- Should the regulatory and professional community provide clearer guidance?
- Ethical and reputational concerns – are we “gaming” the system?
- Should the insolvency system be recalibrated to reflect today's insolvency concerns?

Questions for consideration:

- How are creditors responding to 100% proposals – acceptance rates and negotiation patterns?
- How can trustees balance efficiency, fairness and debtor rehabilitation in this changing environment?
- What role should data, analytics and digital tools play in helping trustees understand and adapt to the modern debtor?

Questions for consideration:

- What one practice do you think that insolvency professionals will need to adopt to stay relevant and effective?

Thank–you!

- Carol Cash



- Gehlen Dabbs Cash LLP - Partner

- Adam Poirier



- FCT – Head of Trustee Solutions

- Raj Hara



- Sands & Associates Inc. – Licensed Insolvency Trustee