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**Re: Feedback from the Themed Inspection of the Code of Conduct on Mortgage Arrears
("the CCMA") 2010**

Dear <<Greeting>>

As you are aware, the Central Bank of Ireland ("the Central Bank") conducted a themed inspection to ensure the CCMA has been implemented and is being complied with by mortgage lenders in early 2010.

The inspection focused on specific provisions of the CCMA regarding the issuing of formal demand letters, applications to the courts to commence enforcement of legal action on repossession of a borrower's primary residence and entering arrangements. This work is now complete and the purpose of this letter is to provide general feedback to mortgage lenders in relation to the findings from this exercise. Compliance issues identified during the course of the themed inspection are already subject to separate engagement with the mortgage lenders concerned.

The themed inspection was carried out across five mortgage lenders including credit institutions and retail credit firms. Relevant information from the themed inspection process has informed the current review of the CCMA on which a consultation paper, CP46, was issued.

The main findings from the themed inspection are:

1. In general it was noted that mortgage lenders did not issue a formal demand until a third payment was missed and that the required information regarding the amount of the arrears, excess interest and charges and the potential for legal proceedings and loss of property was provided to customers in advance of the formal demand.

2. In all cases reviewed it was noted that mortgage lenders were in compliance with the required timeframes (6 months and 12 months) before applying to the courts to commence enforcement of any legal action on repossession of a property and that customers were notified when the mortgage lender commenced the enforcement of any legal action on repossession.

3. It was evident that mortgage lenders endeavoured to obtain income and expenditure details from consumers and explored alternative repayment measures with consumers. In general we found that mortgage lenders provided consumers with details of these alternative repayment arrangements, in writing, and monitored the arrangements in place.

Some shortcomings were identified with regard to the records maintained by mortgage lenders advising consumers to take independent advice regarding arrangements and referrals to MABS, where appropriate. Mortgage lenders are reminded that they must be able to demonstrate compliance with the CCMA. In this regard your attention is drawn to Section 7, Retention and Production of Documents, of the CCMA.

The area of arrears and repossession handling by mortgage lenders has been a key focus for the Central Bank since 2008 and it continues to be an area that requires continued attention. In this regard the Head of Financial Regulation, Mr Matthew Elderfield, continues to participate in the work of the Expert Group on Mortgage Arrears and Personal Debt and it is intended to publish a revised Code in this area by November 2010.

If you have any queries on the content of this letter, please contact Miriam Lee at miriam.lee@centralbank.ie or Orla Nealon at orla.nealon@centralbank.ie.

Yours sincerely

Sharon Donnery
Head of Consumer Protection Codes Department