

Name & address

Date

Dear Compliance Officer

Please find attached a Direction to mortgage agents issued under Section 135 of the Consumer Credit Act 1995. I wish to bring this Direction to your attention and request that you comply with this Direction from 1 January 2007.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mary O'Dea', with a stylized flourish at the end.

Mary O'Dea

Consumer Director

Direction under Section 135(1) of the Consumer Credit Act 1995

Pursuant to section 135(1) of the Consumer Credit Act 1995, the Consumer Director of the Irish Financial Services Regulatory Authority hereby directs that:

- (i) the following information must be displayed in all advertisements and information documents that promote debt consolidation housing loans displayed by or on behalf of a mortgage agent:
 - (a) where sample figures are displayed for the consolidation of two or more debts, the difference between the total cost of credit of the consolidated mortgage and the total cost of credit of the individual debts that are the subject of consolidation, must be indicated.
 - (b) any examples of existing debts must be based upon generally prevailing interest rates at the time of the advertisement or information document being published.
 - (c) where the actual repayment frequency of the advertised housing loan is monthly, any repayment amounts displayed must also be monthly. Weekly equivalents may be displayed but must not be more prominent than the monthly amounts.
 - (d) where sample repayments of the proposed housing loan are displayed, the repayment term on which they are based must be displayed and must be afforded equal prominence to the sample repayments. The repayment term can be no longer than 20 years.
 - (e) the following warning which must be prominent, i.e. it must be in a box, in bold type and of a font size that is larger than the normal font size used throughout the advertisement or information document:

Warning: This new loan may take longer to pay off than your previous loans. This means you may pay more than if you paid over a shorter term.

- (ii) interest only housing loans must not be advertised as being suitable for debt consolidation purposes.

This Direction is made without prejudice to, and shall not provide any derogation from, any provision of the Consumer Credit Act 1995 or other law applicable to such an advertisement. This Direction is effective from 1 January 2007 until further notice.