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Ms Sharon Donnery
Head of Consumer Protection Codes
Financial Regulator
PO Box No 9138
College Green
Dublin 2

3rd September 2010

Dear Ms Donnery

**permanent tsb RESPONSE
CP 46 REVIEW OF CODE OF CONDUCT ON MORTGAGE ARREARS (CCMA)
SEPTEMBER 2010**

I refer to your letter of 13th August 2010, addressed to Mr Kevin Murphy, which has been passed to me for attention.

We, in **permanent tsb**, are very committed to participating in a constructive and supportive manner to the process, both directly and via our industry body, Irish Banking Federation (IBF). In this regard, we are supportive of the IBF submission and our comments in the attached document are intended to supplement or emphasise the points made in the IBF submission where appropriate.

In the wider context of the proposed changes to the CCMA, we are aware of the necessity to implement the provisions of the revised CCMA as soon as possible. The proposed changes will require IT systems build. In this context, may we suggest that early engagement with individual institutions would be beneficial and necessary as the changes required have differing implications for individual IT systems and also because of the wider demands on IT functions arising from other concurrent legal and regulatory requirements.

Yours sincerely



David J Guinane
Chief Executive



RESPONSE TO CP 46: REVIEW OF CODE OF CONDUCT ON MORTGAGE ARREARS
SEPTEMBER 2010

1. Acceptable levels of communication with borrowers in arrears

We agree that persistent unsolicited communications may be a source of stress or annoyance for customers in financial difficulty. We suggest that the provision 18 of the revised Code (i.e. that all communications with borrowers in arrears should be proportionate and not excessive), should provide adequate protection in this regard.

If a prescribed limit on contact is deemed necessary, then we assume that contact for that purpose would mean that actual contact is made with the borrower.

2. Most appropriate definition of arrears for the purposes of CCMA

We suggest that the most suitable definition of arrears is when an account is greater than one instalment (or greater than 30 days past due). We support the IBF submission on this issue, particularly regarding the treatment of part payments.

3. At risk of going into arrears/pre-arrears/suffering or anticipated to suffer financial stress

The primary objective in communicating to “at risk” customers is to encourage early engagement with their lender. Our preferred approach to achieving this and to inform them of their options is to issue our arrears booklet (updated to include the revised CCMA requirements) to all customers with their annual mortgage statements and in correspondence with mortgage customers. The encouragement for customers to contact us (and the direction to the availability of our booklet) can also be made to customers via our internet site and on-line banking facilities and through branch posters and wall notices. We have concerns about the requirement to periodically assess customers using data gathered for other purposes and to draw conclusions leading to pro-active communication in individual cases. It would be our view that that to assess their circumstances from their personal data held with us may be inappropriate as a means of selecting customers for individual communications .

We support the IBF proposal that the revised CCMA be applied to the following categories of customers only:

- All mortgage customers in actual arrears
- All customers in pre-arrears who advise their lender that they are in danger of financial difficulty or are concerned about going into arrears.

This would give lenders the scope to go beyond minimum requirements and to use information in the public domain (e.g. announcement of a pending factory closure), to approach affected customers to encourage them to engage with their lender. We have found this approach to be beneficial to our customers.

4. Most appropriate definition of primary residence for the purposes of the CCMA

We believe that it would be particularly difficult to implement a prescriptive approach to this issue given that individual circumstances (even in apparently similar scenarios) vary. We would look to the provisions of the Consumer Credit Act, 1995 and the original mortgage

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documentation to ascertain whether the borrower has nominated the property as his/her principal residence and that this has been agreed with the bank. We would certainly be prepared to give customers the benefit of the doubt and apply the CCMA provisions to the situation they present as long as the borrower is engaging honestly and fairly with the bank.