

Individual Consumer Submissions to CP112

As with all of our public consultation processes and as set out in the Consultation Paper on *Enhanced Mortgage Measures: Transparency and Switching*, we take all reasonable steps to avoid publishing confidential or commercially sensitive material. For that reason sensitive or confidential material included in the individual consumer submissions to CP112 below has been redacted.

CP112: C1 - INDIVIDUAL CONSUMER 1

I welcome your consultation process for mortgage switching.

It should be extremely high on your list of priorities that mortgage holders are getting the very best rates they can. At the moment, switching mortgages is almost identical to taking out a new one. Most people only do this once in a lifetime. Therefore the thought of completing a new application is enough to deter most people from switching and boy golly the banks are fully aware of this. You need to make it as easy as possible to switch otherwise the banks wont budge.

One example is to take a person with a clean credit record for say a minimum of 5 years, they could automatically be considered a bona fide switcher and not go through the rigorous forms and time delay at present. Get the banks to set up specific switcher applications forms that are a lot faster then first time applications. Also the banks should be actually competing for switcher applications, at present it is only small talk when it comes to switching.

Finally get the banks to lower their rates and stop offering cash incentives at the expense of long term customers. Maybe if they did this they there would be no great need to switch at all. I hope that last point actually reaches the intelligence department of someone's brain and a light goes on.

Otherwise this whole exercise will be pointless.

CP112:C2 - INDIVIDUAL CONSUMER 2

We are writing to you to highlight the barriers in the Irish banking system for personal banking customers who want to change from a variable rate of interest to a fixed rate of interest. The mortgage-switcher market is not working properly for customers who are on a high variable rate and wish to move their mortgage from their current lenders to competitors at cheaper 3- or 5-year fixed rates.

There are, as experienced by us recently, deliberate and questionable barriers to fair competition at play in this market. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In spite of the fact that we would be paying less, and meet all of the application criteria, we were refused this credit facility on the basis of Section 5.9 p.36 of the Consumer Protection Code 2012: This states:

"in the case of all mortgage products provided to personal consumers, the results of a test on the personal consumer's ability to repay the instalments, over the duration of the agreement, on the basis of a 2% interest rate increase, at a minimum, above the interest rate offered to the personal consumer. This test does not apply to mortgages where the interest rate is fixed for a period of five years or more."

[REDACTED]


We understand and appreciate the need for stress testing of all mortgage applications, whether they are existing or first-time applicants. We agree that this is a prudent and responsible practice in assessing the suitability of applicants for credit. [REDACTED]

[REDACTED]

This, to us, is an unnecessary barrier to switching for people like us who have always paid what they owe, and take seriously their financial commitments.

[REDACTED]

We are disappointed to note that competition in the marketplace is being held back by the individual practices of the competitor institutions using their own interpretation of the consumer protection code. [REDACTED]



We feel that this is worthy of investigation by your office. You might question why the lenders are actively stopping people switching. You could request them to publish the correct mortgage rates in their monthly reports and to stop highlighting meaningless rates that are not available to switchers who have come through the last decade of economic uncertainty and the threat of losing their homes. All existing mortgage holders need to have fair access to the re-mortgaging market, and there are many in Ireland today for whom this is not possible.

Thank you for your time and consideration. We look forward to hearing from you, and await your views on this matter.