



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

Consultation Paper 139

# Review of the Standard Financial Statement

Code of Conduct on Mortgage Arrears 2013 and Consumer  
Protection Code 2012

March 2021

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# Introduction

Protection of borrowers in financial difficulties is a key priority for the Central Bank of Ireland (the Central Bank), including borrowers who have been impacted by the COVID-19 pandemic. The existing regulatory framework provides a significant number of protections and supports for borrowers in or facing mortgage arrears, in recognition of the distress, and in the case of mortgages secured on a borrower's primary residence<sup>1</sup>, the vulnerability of borrowers at risk of losing their home. The Central Bank has reviewed, advocated for and strengthened these rules, when necessary, in order to ensure that the regulatory framework remains fit for purpose and continues to ensure the protection of consumers in their dealings with regulated entities. This includes in the context of loan sales, and the consumer protection framework continues to apply regardless of the type of entity who owns a borrower's loan.

## Code of Conduct on Mortgage Arrears 2013

The key component of the consumer protection framework for borrowers in or facing mortgage arrears on a primary residence is the Code of Conduct on Mortgage Arrears 2013, as amended (CCMA). The Central Bank first introduced the CCMA in 2009 in the midst of an economic and employment crisis to provide statutory safeguards for vulnerable, financially-distressed borrowers in arrears or at risk of falling into arrears. Further strengthened in subsequent years, the CCMA, and within it, the Mortgage Arrears Resolution Process (MARP), is just one part of the national policy framework of supports and protections to assist people with mortgage arrears difficulties<sup>2</sup>.

The CCMA is a statutory code put in place to ensure that regulated entities have fair and transparent processes in place for dealing with borrowers in or facing mortgage arrears. The MARP sets out the steps a regulated entity must follow in respect of communications with the borrower, gathering of financial information, assessment of the borrower's situation, and consideration of resolution options. Within this process, due regard must be given to the fact that every borrower case is unique and needs to be considered on its own merits. Regulated entities, including banks, retail credit firms and credit servicing firms, must comply with the CCMA as a matter of law.

## Standard Financial Statement

A key step in the MARP is the gathering of specific financial information from the borrower, to enable the regulated entity to undertake an assessment of the borrower's case and to consider whether an alternative repayment arrangement (ARA) is appropriate and sustainable for the borrower's individual circumstances. This information must be gathered via the Standard Financial Statement (SFS), the template for which is set out in Appendix 1 of the CCMA.

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<sup>1</sup> A 'primary residence' is defined in the CCMA as "a property which is:

- a) the residential property which the borrower occupies as his/her primary residence in this State, or
- b) a residential property which is the only residential property in this State owned by the borrower".

<sup>2</sup> These supports include the national Mortgage Arrears Resolution Service (Abhaile), the Mortgage to Rent Scheme and Personal Insolvency Arrangements under the Personal Insolvency Act 2012, as amended, all of which can potentially assist borrowers to stay in their homes.

Originally introduced in 2011, the SFS stemmed from a recommendation at the time from the Government Expert Group on Mortgage Arrears and Personal Debt<sup>3</sup> and was jointly developed and agreed by the Money Advice and Budgeting Service (MABS), the Irish Banking Federation (IBF)<sup>4</sup> and the Central Bank. Enhancements to the SFS process (as part of the MARP) were made following the 2013 review of the CCMA, including the obligation for a regulated entity to offer to assist the borrower with completing the SFS<sup>5</sup>, and the ability for a regulated entity to agree a temporary ARA with the borrower in certain circumstances, for a limited period, while the SFS is being assessed<sup>6</sup>.

A standard financial statement is also required to be used by debt management firms (debt management firm SFS) under the Consumer Protection Code 2012, as amended (the Code)<sup>7</sup>, and is set out in Appendix E of that Code. Following public consultation on additional consumer protection requirements for debt management firms in 2013 and 2014<sup>8</sup>, the Central Bank formed the view that the SFS required by the CCMA should also be the standard document for debt management firms to gather financial information. The debt management firm SFS, set out in the Code, is almost identical to the CCMA SFS, with only minor differences to account for respective use by different types of regulated entities.

## Review of the SFS

Since the review of the CCMA in 2013, the Central Bank has received periodic feedback from stakeholders around issues encountered by some borrowers in completing the SFS. In particular, borrowers can sometimes struggle with the length of the document, and can have difficulty understanding and gathering the information required. Given the impact of the COVID-19 pandemic, and the associated risk of increased levels of financial difficulties on primary residence mortgages, the Central Bank is of the view that it is opportune to undertake a review of the SFS at this time.

The aim of this review is to identify enhancements to the SFS document, and the supports in place for borrowers in completing the SFS, while still ensuring that the SFS continues to fulfil its primary purpose of providing a comprehensive basis for a regulated entity to undertake an assessment of the borrower's individual circumstances. The proposed enhancements to the SFS outlined in this consultation paper, and to associated supports, will benefit not only borrowers who have been directly impacted by the COVID-19 pandemic, but also borrowers who may experience financial difficulties at any point.

To inform the review, the Central Bank convened a stakeholder working group to obtain feedback on the SFS and supports in place for borrowers, and to discuss and agree proposals for enhancements. The stakeholders who participated in the working group were:

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<sup>3</sup> Mortgage Arrears and Personal Debt Group – Final Report, 16 November 2010

<sup>4</sup> The Irish Banking Federation is now known as the Banking and Payments Federation Ireland (BPFII).

<sup>5</sup> Provision 31(b)

<sup>6</sup> Provision 38

<sup>7</sup> Provision 13.10

<sup>8</sup> [CP75 Consultation on Additional Consumer Protection Requirements for Debt Management Firms](#) (26 November 2013) and [CP82 Second Consultation on Additional Consumer Protection Requirements for Debt Management Firms](#) (20 June 2014).

- Money Advice and Budgeting Service (MABS) and Citizen’s Information Board (CIB);
- Banking and Payments Federation Ireland (BPI), including representatives from member firms;
- Irish Mortgage Holders Organisation (IMHO);
- Insolvency Service of Ireland (ISI); and
- Mr. Brendan Burgess (askaboutmoney.com).

The proposals presented in this consultation paper were developed on foot of the detailed feedback, input and suggestions received from the working group.

In order to maintain the existing consistency between the CCMA SFS and the debt management firm SFS, broadly the same proposed amendments will also be made to the debt management firm SFS.

## Supports for borrowers in completing the SFS

In the course of the stakeholder working group’s consideration of enhancements to the SFS document, stakeholders also raised feedback and suggestions for various improvements that could be made to the supports in place for borrowers in completing the SFS. In order to take account of this feedback, the Central Bank plans to issue to relevant firms expectations and examples of good practices on ways to better support borrowers in completing the SFS. Such expectations will be in the context of overarching statutory obligations that already exist in the CCMA, including the requirement to offer to assist the borrower with completing the SFS. The Central Bank will also undertake a review of its own consumer guide to completing an SFS<sup>9</sup>, to ensure its continued usefulness and effectiveness as a supporting tool for borrowers.

As such, the outcome of the SFS review will be a package of measures that include amendments to the SFS document itself, as well as improvements to supports offered by both regulated entities and the Central Bank for assisting borrowers with completing the SFS.

## Feedback outside the scope of this review

While the scope of this consultation is a targeted review of the SFS document and associated supports to ensure its effectiveness, the Central Bank has also received feedback from stakeholders on certain requirements of the CCMA relating to the MARP. It is not proposed to proceed with amendments to the MARP or the wider CCMA at this time, as this will require deeper consideration and analysis. However, while we are not making any specific proposals at this point in time, Part 2 of this paper provides an opportunity for stakeholders to raise views and suggestions on the requirements of the MARP, and/or on the requirements of the CCMA more generally. The Central Bank will give due consideration to any feedback provided in this context in a future wider review of the CCMA, and any proposals developed will be subject to public consultation.

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<sup>9</sup> <https://www.centralbank.ie/docs/default-source/Regulation/consumer-protection/other-codes-of-conduct/35-gns-4-2-7-mortgage-arrears---sfs.pdf>

## Format of this paper

This consultation paper is divided into two parts:

### **Part 1 – For Consultation: Proposed revised Standard Financial Statement**

The first part of the consultation paper seeks the views of stakeholders on the proposed amendments to the SFS document itself, including the former ‘Guiding Principles’ section. It also offers the opportunity for stakeholders to provide views on additional means for supporting borrowers in completing the SFS, which will be considered and incorporated into the Central Bank’s development of expectations and good practices for firms in this context. The proposed amendments to the debt management firm SFS under the Code are also covered in Part 1.

### **Part 2 – For Discussion: Feedback outside the scope of this review**

The second part of the paper offers the opportunity for stakeholders to provide any views they may have on the MARP and CCMA more widely. The Central Bank will consider any feedback received in a future wider review of the CCMA, and any proposals developed on foot of the feedback will be subject to public consultation in due course.

## Consultation responses

The Central Bank invites all stakeholders to provide comments on the proposed enhancements to the SFS document, and on the questions raised in this consultation paper (Part 1 and Part 2).

Please make your submissions electronically by email to [consumerprotectionpolicy@centralbank.ie](mailto:consumerprotectionpolicy@centralbank.ie)

Responses should be submitted no later than **20 April 2021**.

It is the policy of the Central Bank to publish all responses to its public consultations. As all responses will be made available on the Central Bank website, commercially confidential information should not be included in consultation responses. If you do include such material, please highlight it clearly, so that reasonable steps may be taken to avoid publishing that material. This may involve publishing submissions with the sensitive material deleted and indicating the deletions.

While, as indicated above, the Central Bank will take reasonable steps to avoid publishing confidential or commercially sensitive material, the Central Bank makes no guarantee that it will not publish any such information and accepts no liability whatsoever for the content of stakeholders’ consultation responses that are subsequently published by the Central Bank. Therefore, please be aware that you are making a submission on the basis that you consent to us publishing it in full.

**Consumer Protection Policy**

**Central Bank of Ireland**

**16 March 2021**

# PART 1 - For Consultation: Proposed revised Standard Financial Statement

This section of the consultation paper provides an overview of the proposed enhancements to the SFS. The draft revised SFS is set out in Appendix One to this paper.

The revised SFS has been developed primarily on the basis of the feedback, input and suggestions received from the stakeholder working group. The key feedback from stakeholders was that borrowers can sometimes find the SFS to be a challenging document to complete, highlighting in particular the length, complexity of language used, and difficulties in obtaining the detailed information required to complete certain sections. The working group discussed and considered various ways to address these challenges.

The Central Bank remains of the view that in order to ensure any ARA offered to a borrower is appropriate and sustainable for the borrower's individual circumstances, a regulated entity must be able to obtain a comprehensive overview of the borrower's financial situation and personal circumstances. Nonetheless, the Central Bank shares the views of stakeholders that certain aspects of the SFS could be enhanced to create a more borrower friendly document, and thus improve the overall process for assessing cases of financial difficulties under the CCMA.

The proposed revised SFS implements many of the suggestions from the stakeholder working group, to reduce the information a borrower is required to provide in certain sections, as well as to improve borrower understanding of the document. The proposed revised SFS now contains key information for the borrower at the outset of the document, including how they can get support in completing the SFS. The Central Bank will further build on strengthening the supports in place for borrowers via the planned expectations and good practices for firms in this context, as well as the enhancements to the Central Bank's own consumer guide to completing the SFS.

It is important to note that the SFS is a template that sets out the general layout for the document, and prescribes the fields, wording and content that must be included. The template cannot account for all formats through which the SFS may be provided (e.g. paper, PDF, online form etc.). However, regulated entities can, and do, make changes to visual design elements of the document, such as the use of colour, font, design of headings etc. In this regard, regulated entities are reminded of their obligation under the CCMA to ensure that all information relating to a regulated entity's handling of arrears and pre-arrears cases must be presented to the borrower in a clear and consumer friendly manner<sup>10</sup>. The Central Bank is of the view that there is scope for regulated entities to consider further enhancements to visual design elements of the SFS across all formats it may be provided in, to increase borrowers' ability to navigate, understand, and complete the form. This point is further covered in the 'Supports for borrowers in completing the SFS' section of this paper.

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<sup>10</sup> Provision 12(b)

## Overview of the proposed enhancements to the SFS

As a general overview, the key enhancements proposed to the SFS are set out below. The full revised SFS is contained in Appendix One to this paper.

### 1. Important information for completing your SFS

The previous SFS contained a section entitled 'Guiding Principles' on the final page of the document. Stakeholders were of the view that this section could be enhanced to focus on the key information that the borrower should be aware of, in particular, the supports that are available to assist them with completing the SFS. In order to address this feedback, it is proposed to re-purpose the Guiding Principles as '*Important information for completing your SFS*', with the content shortened and focused on key information, including what the SFS is used for, what supports are available, what information the borrower will need to provide, and contact details for the firm. It is proposed that this section will be placed at the front of the SFS so it is easily accessible, and the format and language amended to be more borrower friendly.

**Question 1: Do you agree with, and/or have any comments on, the proposals for the 'Important information for completing your SFS' section of the revised SFS?**

### 2. Section A: My Details

Section A has been revised to focus on the personal details and circumstances of the borrower, with any previous information relating to the mortgage moved to the new Section B (My Mortgage).

It was noted by stakeholders that the questions relating to dependants in the SFS were not sufficient to capture all relevant circumstances that a regulated entity may need to be aware of when assessing the borrower's case, for example, there was no means to capture adult dependants. This sometimes creates a necessity for regulated entities to have additional engagement with borrowers in relation to dependants, which subsequently elongates the overall time spent on assessing the SFS.

In order to address this feedback, amendments have been made to this section to capture all dependants of the borrower, broader than children, with the addition of specific questions relating to third level education, financial contribution, and medical or care needs. These areas were identified by stakeholders as key information that may impact the borrower's financial situation, and thus be of relevance to the assessment of the borrower's case.

In order to account for pre-arrears cases, this section includes a revised version of the previous 'reasons for review/arrears' question, to broaden it to cover reasons the borrower is having difficulty making his/her mortgage and/or other debt repayments. It is proposed that the borrower can select from pre-defined categories to facilitate responding to this question, and to cut back on potential inclusion of unnecessary or excessive personal information. Stakeholders were also of the view that it would be helpful to request the expected duration of financial difficulties from the borrower, and so categories have also been added to the SFS in this regard.

This will give the regulated entity a general indication of whether the borrower is experiencing short or longer-term financial difficulties which, in turn, may require short or long-term assistance.

**Question 2: Do you agree with, and/or have any comments on, the proposals for Section A (My Details) of the revised SFS?**

### **3. Section B: My Mortgage**

As information on the primary residence mortgage was previously fragmented and duplicated across two sections of the SFS, a new section ‘My Mortgage’ has been added to consolidate existing information requested on the primary residence mortgage, and to place it upfront in the SFS given its importance.

Following suggestions from stakeholders, a field for ‘current interest rate’, including whether the interest rate is fixed or variable (or part fixed and part variable), has been added to this section to raise the borrower’s awareness of this key information, and also make it easily accessible to third party advisors. Previous fields for ‘secured’, and ‘purpose of loan’ have been deleted, as this information is already implicit for the primary residence mortgage. A footnote has been added to the mortgage account reference number field to clarify that any additional mortgage accounts linked to the primary residence (e.g. a top up account) should also be included here.

**Question 3: Do you agree with, and/or have any comments on, the proposals for Section B (My Mortgage) of the revised SFS?**

### **4. Section D: My Monthly Expenditure**

The former Section C of the SFS, relating to monthly expenditure, was highlighted as being a particular challenge for borrowers to complete, given the level of granularity requested. To facilitate the completion of this section by borrowers, while still ensuring a sufficient basis to conduct an individual assessment of the borrower’s circumstances is retained, the revised Section D (My Monthly Expenditure) has been significantly reduced to now capture overall categories of expenses, with the removal of granular fields for individual expenses (reduced from 37 fields to 15).

The stakeholder working group discussed and explored potential usages of the Insolvency Service of Ireland’s Reasonable Living Expenses Guidelines<sup>11</sup> (the Guidelines) in the SFS process; from reducing the expenditure section of the SFS to request only figures based on the Guidelines and additional exceptional expenditure, to ensuring consistent usage of the Guidelines as a reference tool. It is important to bear in mind that the Guidelines are developed for the specific purpose of assessments for insolvency arrangements, and it is the Central Bank’s view that the Guidelines would not be appropriate as the sole basis for assessing expenditure for an ARA. However, there is opportunity to improve consistency between the Guidelines and the SFS, and thus the categories for expenditure in the revised SFS have been aligned with the categories that form the

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<sup>11</sup> [https://www.isi.gov.ie/EN/ISI/PAGES/RLE\\_INFORMATION](https://www.isi.gov.ie/EN/ISI/PAGES/RLE_INFORMATION)

basis of the Guidelines<sup>12</sup> in so far as possible, while still ensuring that full individual circumstances are captured in the SFS. This alignment may also help borrowers who subsequently go on to seek an insolvency arrangement, as the information already included in the SFS may then be used as a better reference point for an application for an insolvency arrangement.

While the number of fields for the borrower to populate in this section have been significantly reduced, it is still important that all relevant expenditure is captured within the overall categories requested, in order to give a complete overview of the borrower's circumstances. To inform the borrower as to what expenses should be included under each category, a guidance box has been added to the revised SFS, and the borrower can refer to this when compiling each figure for 'monthly average cost'.

Finally, it is proposed to delete from this section the open questions relating to steps taken and steps planned to reduce expenditure, as stakeholders were of the view that this information can be difficult for borrowers, who may feel they are under intense scrutiny, to compile. It was also felt that it was not essential to the assessment for an ARA. Instead, one open question has been introduced to allow the borrower, if they wish, to provide any additional information on expenditure which may not have been captured already.

**Question 4: Do you agree with, and/or have any comments on, the proposals for Section D (My Monthly Expenditure) of the revised SFS?**

## 5. Section E: My Monthly Debt Payments

As referred to under point 3 above, any information on the primary residence mortgage has been removed from Section E (formerly Section D) and included instead in the new Section B (My Mortgage). On the basis of feedback from stakeholders regarding columns in this section that are difficult to understand for borrowers, amendments have been made to the wording of the 'secured' and 'restructured' columns, and footnotes added, to enhance borrower understanding. The column for 'Payment Protection Insurance' has been deleted for other debts, as stakeholders advised that this information is not necessary for a regulated entity's assessment.

The Central Bank is of the view that the multiple fields for different debt types in this section of the current SFS (e.g. Credit Card 1, 2, 3 etc.), as well as inclusion of blank fields with no title, resulted in this section appearing unnecessarily long, and carried the risk of creating confusion for borrowers. To address this point, Section E of the revised SFS has been reduced to include one field per debt type, with four fields for 'other debt' (if needed). Guidance for borrowers has been included to clarify that these 'other debt' fields can capture additional debt of types already listed in this section, as well as types of debt that may not be listed. Finally, some amendments have been made to the debt types included, to remove catalogue debt and store cards which are somewhat outdated, and to add moneylending loans and PCP agreements, both of which are common types of borrowing.

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<sup>12</sup>[https://www.isi.gov.ie/en/ISI/RLEs\\_Background\\_Information\\_August\\_2020.docx.pdf/Files/RLEs\\_Background\\_Information\\_August\\_2020.docx.pdf](https://www.isi.gov.ie/en/ISI/RLEs_Background_Information_August_2020.docx.pdf/Files/RLEs_Background_Information_August_2020.docx.pdf)

**Question 5: Do you agree with, and/or have any comments on, the proposals for Section E (My Other Monthly Debt Payments) of the revised SFS?**

## **6. Other amendments**

While the key amendments have been detailed above, there are also a number of other, mostly minor, amendments proposed throughout the draft revised SFS, with the primary aim of facilitating borrower understanding. These include plain English changes to wording and phrasing, as well as addition of footnotes and instructions in certain sections to provide additional clarity for borrowers. It should be noted that the Central Bank's consumer guide to the SFS provides more detailed guidance for borrowers on how to complete each section of the SFS, and this guide will be updated to account for the revised SFS.

In Section G (My Other Assets), motor vehicles has been merged with the field for 'other assets', as vehicles are unlikely to be sold (if, for example, they are required for work) and thus not as necessary to include as an individual field in the SFS. The open question at the end of this section has also been deleted, given there is sufficient provision throughout the SFS to provide additional information where needed, and to reduce the risk of collection of excessive or unnecessary personal information.

Stakeholders noted that errors made by borrowers when compiling figures for the SFS may not be evident until the regulated entity undertakes its assessment, which can necessitate additional engagement with the borrower and elongate the SFS process. In order to address this feedback, it is proposed that Section H (summary figures) should be completed by the borrower, rather than the regulated entity (as is currently required), and thus 'for office use only' has been deleted. The figures for this section are already contained in the SFS, and therefore the additional ask on borrowers is not substantial. However, the proposed change may be beneficial in reducing overall time spent on the SFS process, as it may highlight to borrowers at an early stage, potential errors in their figures, for example, the total expenditure figure being significantly higher than total income figure.

Amendments are also proposed to the signature page of the SFS. It is the Central Bank's view that it is most appropriate for regulated entities to compile the text that should be included in this section, so that the regulated entity ensures it fulfils its obligations to comply with applicable Irish and/or EU law, particularly in relation to data protection. Rather than setting out prescriptive text for this section in the SFS template (as is currently the case), the Central Bank proposes instead to prescribe obligations for regulated entities to comply with in respect of the signature page (as set out in the revised SFS in Appendix One). The regulated entity will be responsible for including appropriate wording to comply with these obligations, as well as to fulfil any relevant requirements of other applicable Irish and/or EU law. This approach will also ensure that the wording of the signature page can be continuously updated by regulated entities, as needed, based on changing requirements.

Finally, it is proposed to amend some instances of 'regulated entity' in the SFS to 'provider' (or 'mortgage provider' where relevant). Following the introduction of the credit servicing regime in

2015, an addendum to the CCMA<sup>13</sup> replaced the term 'lender' with 'regulated entity' throughout the entire CCMA, including in the SFS. However, the Central Bank is of the view that 'regulated entity' is not a term that is easily understood by borrowers, and not appropriate in all instances in the SFS (for example, in reference to credit that may have been provided by an entity or an individual not regulated by the Central Bank<sup>14</sup>). On this basis, the Central Bank proposes to replace some instances of 'regulated entity' in the SFS with the term 'provider' or, where appropriate, 'mortgage provider'.

**Question 6: Do you agree with, and/or have any comments on, the proposals for other amendments to the revised SFS?**

**Question 7: Do you have any other comments on the revised SFS not captured by the above questions?**

## Supports for borrowers in completing the SFS

As referred to in the introduction section of this paper, stakeholders also raised feedback and suggestions for various improvements that could be made to the supports in place for borrowers in completing the SFS. The Central Bank plans to issue to relevant firms expectations and examples of good practices on ways to better support borrowers in completing the SFS, as well as to undertake a review of its own consumer guide to completing the SFS. As such, the outcome of the SFS review will be a package of measures that include amendments to the SFS document itself, as well as improvements to supports offered by both regulated entities and the Central Bank for assisting borrowers with completing the SFS.

The CCMA already contains a statutory obligation for regulated entities to offer to assist the borrower with completing the SFS<sup>15</sup>. The CCMA also requires that a regulated entity must ensure that all information relating to the handling of arrears and pre-arrears cases must be presented to the borrower in a clear and consumer-friendly manner, and that the language used in communications must indicate a willingness to work with the borrower to address the situation, and must be in plain English so that it is easily understood<sup>16</sup>. Nonetheless, the challenges for some borrowers in completing the SFS remain, and while the proposals for the revised SFS are aimed at addressing these challenges, the Central Bank is of the view that regulated entities can do more to enhance the supports in place for borrowers. Stakeholders provided numerous practical suggestions and examples of good practices for supporting borrowers, and the Central Bank plans to issue expectations to relevant firms to drive further improvements in this context.

The following sets out an indication of the areas where improved supports could be implemented by regulated entities:

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<sup>13</sup> <https://www.centralbank.ie/docs/default-source/regulation/consumer-protection/other-codes-of-conduct/23-gns-4-2-7-mortgage-arrears-2013.pdf?sfvrsn=6>

<sup>14</sup> This could include unlicensed moneylenders, court mandated debt, loans from family or friends etc.

<sup>15</sup> Provision 31(b)

<sup>16</sup> Provisions 12(b) and 12(c)

<b>Visual design of the SFS</b>	<p>The SFS template set out in the CCMA prescribes the fields, wording and content that must be included in the document. However, regulated entities have discretion in respect of visual design elements, and consideration should be given as to how the visual design can be enhanced to further improve borrowers' ability to navigate, understand, and complete the form. This includes any format that an SFS may be provided in. Consumer testing is an important tool that can be employed in this context.</p>
<b>Online SFS</b>	<p>An online form for the SFS can offer the ability to implement features that can improve the borrower experience, for example, use of drop-down or tick-box options, in-built guidance and explanations, prompts for seeking help from the regulated entity, ability to upload supporting documents to an online portal, and ability to save progress on the form. Data insights can also be obtained from an online SFS that could then be used to further tailor and improve supports available.</p>
<b>Options for supports</b>	<p>The availability of a variety of options and communication channels for completing the SFS is important for borrowers, including via e-mail, telephone, in-person and video calls. Dedicated and effective appointments for assisting borrowers can facilitate completion of the SFS, with staff members having specialist training for dealing with vulnerable and distressed borrowers.</p>
<b>Format and language of supporting or guidance materials</b>	<p>Language of supporting and guidance materials provided by regulated entities for assisting with the completion of the SFS needs to be clear, effective, sympathetic, and not create unnecessary alarm or distress. There are various means that regulated entities can use to drive effective material, including plain language review, insights from behavioural science, and consumer testing.</p>
<b>Content of supporting or guidance materials</b>	<p>A number of areas have been identified throughout the SFS review where clear information can be provided to borrowers to enhance the experience of completing the SFS. These include, but are not limited to:</p> <ul style="list-style-type: none"> <li>▪ More information on the supports available, including from third parties;</li> <li>▪ How/where the borrower can source information for completing sections of the SFS, such as account statements, from the regulated entity directly, via the Central Credit Register etc.;</li> <li>▪ Information on the ISI's Reasonable Living Expenses Guidelines as a potential reference tool;</li> <li>▪ Prompt to consider if any lower interest rates are available from the regulated entity;</li> <li>▪ Making clearer the purpose of the SFS and the next steps for the borrower;</li> <li>▪ Providing examples of common errors in completing the SFS;</li> <li>▪ Information on prioritising the mortgage and engaging with other providers;</li> <li>▪ Prompt to consider if a claim can be made on a payment protection insurance policy; and</li> <li>▪ Making clear what supporting evidence or documentation the regulated entity will require.</li> </ul>

The Central Bank will also update its consumer guide to completing the SFS to account for the changes to the revised SFS, and will consider enhancements to ensure the guide's continued usefulness and effectiveness as a supporting tool for borrowers.

**Question 8: Do you have any comments on the above areas where improved supports for borrowers in completing the SFS could be implemented by regulated entities?**

**Question 9: Do you have any additional suggestions for improved supports or examples of good practices in this context?**

**Question 10: Do you have any specific suggestions for the Central Bank's consumer guide to completing the SFS?**

## **Standard Financial Statement for Debt Management Firms**

Under the Consumer Protection Code 2012, as amended, (the Code) a debt management firm<sup>17</sup> must use a standard financial statement to obtain the required financial information from a consumer<sup>18</sup>. The debt management firm SFS is set out in Appendix E of the Code.

Following public consultation on additional consumer protection requirements for debt management firms in 2013 and 2014<sup>19</sup>, the Central Bank formed the view that the SFS set out in the CCMA should also be the standard document for use by debt management firms. The debt management firm SFS, as set out in the Code, is almost identical to the CCMA SFS, with only minor differences to account for respective use by different types of regulated entities.

In order to ensure this existing consistency between the debt management firm SFS under the Code, and the SFS used by banks, retail credit firms and credit servicing firms under the CCMA is maintained, broadly the same amendments as are proposed in this consultation paper will be made to the debt management firm SFS, with the exception of the changes proposed to the '*Important information for completing your SFS*' section of the CCMA SFS. This section of the CCMA SFS is specifically tailored to the context of banks, retail credit firms, and credit servicing firms providing the SFS under the CCMA, and does not have an equivalent in the existing debt management firm SFS. Debt management firms are required to provide certain standardised, key information on debt management services, and other supports that may be available, prior to entering into an agreement with a consumer<sup>20</sup>.

**Question 11: Do you agree with, and/or have any comments on, the proposed changes to the debt management firm SFS?**

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<sup>17</sup> Defined in Section 28 of the Central Bank Act 1997, as amended, as "a person who for remuneration provides debt management services to one or more consumers, other than an excepted person".

<sup>18</sup> Provision 13.10

<sup>19</sup> [CP75 Consultation on Additional Consumer Protection Requirements for Debt Management Firms](#) (26 November 2013) and [CP82 Second Consultation on Additional Consumer Protection Requirements for Debt Management Firms](#) (20 June 2014)

<sup>20</sup> Provision 13.1/Appendix D

## Part 2 - For Discussion: Feedback outside the scope of this review

The scope of this review is a targeted review on enhancements to the SFS document, and the supports in place for borrowers in completing the document, with the objective being to implement a revised SFS that can be used by borrowers and regulated entities as soon as possible, which is particularly pertinent given the COVID-19 pandemic environment. The revised SFS aims to make the document easier for borrowers to complete, as well as to enhance the quality of information provided. Along with the planned expectations and good practices for firms on supports for borrowers in completing the SFS, and the revised Central Bank consumer guide, this package of measures should lead to improvements in the overall process for assessing a borrower in or facing financial difficulties under the CCMA.

Notwithstanding this, during the course of the SFS review, the Central Bank also received wider views from stakeholders on the MARP, and requirements of the CCMA more generally. In particular, the working group raised views on the following:

- Whether there are certain situations where an SFS may not be required;
- The merits and demerits of a potential short-form SFS<sup>21</sup> for specific situations;
- The period of time an SFS could be valid for, or the frequency at which it is requested;
- Whether there are certain situations where the MARP as a whole may not need to be applied;
- How a regulated entity can be more transparent about the ARAs available in its suite of options; and
- The treatment of separated borrowers.

The Central Bank is of the view that feedback on the above points requires deeper consideration and analysis. While the Central Bank is not making any specific proposals in this context at this point in time, we welcome any views or suggestions stakeholders may have on the MARP, or on the requirements of the CCMA more generally.

The Central Bank will give due consideration to any feedback provided in response to this part of the paper in a future wider review of the CCMA. At that stage, any proposals that might be developed on foot of the feedback provided will be subject to public consultation, where stakeholders will be given the opportunity to raise further and more detailed views.

**Question for discussion: Do you have any views or comments you wish to raise on the MARP, and/or the CCMA more widely?**

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<sup>21</sup> A potential version of the SFS where only limited information is requested.

# Appendix One: Revised Standard Financial Statement (SFS)

## Important information for completing your SFS

We at *[name of regulated entity]* are fully committed to working with customers who are in or facing financial difficulties. Before you complete this Standard Financial Statement (SFS), please read the following information which will assist you with understanding the document.

- **What is the Standard Financial Statement used for?**

This SFS is designed to assist you in setting out your current financial situation. Once completed, we at *[name of regulated entity]* will assess the information provided as part of the Mortgage Arrears Resolution Process (MARP), and explore what type of alternative repayment arrangement, from the options we offer, is appropriate and sustainable for your individual circumstances.

- You can find information on the process and next steps in our MARP booklet *[insert link]*.
- If you would like information on your protections, the Central Bank has a consumer explainer for borrowers experiencing difficulties with their mortgage *[insert link]*.

- **What supports are available to help me?**

There are a range of supports available to help you complete the SFS. You can find information on the supports we provide on our website *[insert link]*.

The Central Bank's Consumer Guide to completing the SFS *[insert link]* is another resource, and sets out specific guidance on each section of the SFS. A list of documents that may help you with filling in the information requested in the SFS is also included.

You can also seek independent advice from MABS or alternative debt advisory services. MABS is a free, confidential and independent service which will assist you in all aspects of completing the SFS. They will talk you through the document and give advice in relation to the supporting documents you may need to provide. You can call MABS helpline on 076-1072000 or visit *[insert link]*.

If you give us your written consent we will liaise with a third party, nominated by you, to act on your behalf.

- **What information will I need to provide?**

When completing the SFS, you will have to provide information on your current income, your household expenses, other debts you owe, and any assets you own. This information should be specific to your individual circumstances, and is necessary to help us fully understand your situation.

It is important to fill out the SFS fully and accurately, and to provide any relevant documentation that we may need to assess your circumstances. We will only seek information that is relevant to this assessment, and we will be clear on what information is required.

If you also have other loans or debts, you may wish to contact your provider(s) to discuss your options, in order to prioritise your mortgage payments. You should also check your entitlement to any State supports, such as social welfare benefits.

- **Who do I contact if I have a question?**

If you have any questions, please contact us at *[insert contact details]*. We have specially trained staff to deal with customers in or facing financial difficulties, and can help you with completing your SFS.

## Section A: My Details

		Borrower 1	Borrower 2
<b>A1</b>	Name		
<b>A2</b>	Correspondence Address		
<b>A3</b>	Property Address (if different to correspondence Address)		
		<i>Please indicate preferred contact method</i>	
<b>A4</b>	Home Telephone		
<b>A5</b>	Mobile		
<b>A6</b>	E-mail		
<b>A7</b>	Marital Status		
<b>A8</b>	Date of birth	DD/MM/YYYY	DD/MM/YYYY
<b>A9</b>	Total number of all persons in household		
<b>A10</b>	No. and age of dependants Dependant 1 Dependant 2 Dependant 3 Dependant 4		
<b>A11</b>	Are any of these dependants in third level education? [Y/N] If Yes, please provide the number of expected years remaining.		
<b>A12</b>	Are any of these dependants financially contributing to the household? [Y/N] If Yes, please include the monthly contribution in field C8.		
<b>A13</b>	Do any of these dependants have medical or care needs that have an impact on your financial situation? [Y/N]		
<b>A14</b>	Are you currently employed? [Y/N] If you are self-employed, please provide details.		
<b>A15</b>	What is your current occupation? If you are unemployed, please include your previous occupation.		
<b>A16</b>	Are you in permanent employment? [Y/N]		
<b>A17</b>	Name of current employer and your length of service		
<b>A18</b>	For what reason(s) are you having, or continuing to have, difficulty meeting your mortgage and/or other debt repayments?  Please select all that apply.	<input type="checkbox"/> Unemployment <input type="checkbox"/> Reduced Income <input type="checkbox"/> Illness <input type="checkbox"/> Divorce or Separation <input type="checkbox"/> Bereavement <input type="checkbox"/> School or University Fees <input type="checkbox"/> Household bills <input type="checkbox"/> Other <i>(please specify)</i>	<input type="checkbox"/> Unemployment <input type="checkbox"/> Reduced Income <input type="checkbox"/> Illness <input type="checkbox"/> Divorce or Separation <input type="checkbox"/> Bereavement <input type="checkbox"/> School or University Fees <input type="checkbox"/> Household bills <input type="checkbox"/> Other <i>(please specify)</i>
<b>A19</b>	How long do you expect these difficulties to continue? <i>(This question does not apply in cases of bereavement and/or divorce/separation.)</i>	<input type="checkbox"/> 0-3 months <input type="checkbox"/> 3-6 months <input type="checkbox"/> 6-12 months <input type="checkbox"/> 12+ months	<input type="checkbox"/> 0-3 months <input type="checkbox"/> 3-6 months <input type="checkbox"/> 6-12 months <input type="checkbox"/> 12+ months

## Section B: My Mortgage

*This section relates to a mortgage on your primary residence, that is, the residential property you occupy as your primary residence, or the only residential property you own.*

<b>B1</b>	Mortgage Provider	
<b>B2</b>	Mortgage Account Reference Number(s) <sup>22</sup>	
<b>B3</b>	Total Outstanding Mortgage Balance (€)	
<b>B4</b>	Estimated Current Value of Primary Residence (€)	
<b>B5</b>	Monthly Mortgage Repayments Due (€)	<b>H4</b>
<b>B6</b>	Monthly Mortgage Repayments Being Paid (€)	
<b>B7</b>	Remaining Term of Mortgage	
<b>B8</b>	Current Interest Rate (%) Is this rate fixed, or variable <sup>23</sup> ?	<input type="checkbox"/> Fixed <input type="checkbox"/> Variable <input type="checkbox"/> Part fixed and part variable
<b>B9</b>	Arrears Balance (€) <i>(if applicable)</i>	
<b>B10</b>	Is your mortgage currently restructured <sup>24</sup> ? [Y/N]	
<b>B11</b>	Do you have a Payment Protection Insurance policy? [Y/N]	

<sup>22</sup> If you have another mortgage account(s) for your primary residence (e.g. a top up account), please also include the reference number(s) here.

<sup>23</sup> If you have a tracker rate, please select Variable.

<sup>24</sup> If you have previously agreed with your mortgage provider to change the terms and conditions of your mortgage due to financial difficulties, for example, changing the monthly repayment, please select Yes.

Section C: My Monthly Income					
		Borrower 1	Borrower 2	TOTAL	
<b>C1</b>	Gross Monthly Salary ( <i>before tax and any other deductions at source</i> )				
<b>C2</b>	Net Monthly Salary ( <i>after tax and any other deductions at source</i> ) <sup>25</sup>				
<b>C3</b>	Monthly Social Welfare Benefits <i>Please list</i>				
<b>C3 (a)</b>	Benefit ( <i>please specify</i> )				
<b>C3 (b)</b>	Benefit ( <i>please specify</i> )				
<b>C3 (c)</b>	Benefit ( <i>please specify</i> )				
<b>C4</b>	Child Benefit				
<b>C5</b>	Mortgage Interest Supplement <sup>26</sup>				
<b>C6</b>	Working Family Payment				
<b>C7</b>	Maintenance received				
<b>C8</b>	Other ( <i>please specify</i> ) e.g. pension, room rent (for primary residence), grants, financial contribution from dependants.				
<b>C9</b>	Monthly Rental Income (from other properties) ( <i>see F5</i> )				
<b>C10</b>	Monthly Income from non-property assets ( <i>see G7</i> )				
<b>C11</b>	<b>Total Monthly Income</b> <i>(sum of C2 to C10)</i>				<b>H1</b>

<sup>25</sup> You should not include any deductions made from your salary at source (e.g., pension contribution, health insurance etc.) anywhere else on this form.

<sup>26</sup> If you were previously eligible for and receiving this payment under the Mortgage Interest Supplement scheme, you should now receive it as part of the Supplementary Welfare Scheme.

## Section D: My Monthly Household Expenditure

*Guidance for completing this section is set out further down this page. Please read this guidance before you fill in this section.*

		Average Monthly Cost	Arrears (where applicable)
D1	Food		
D2	Clothing		
D3	Personal Care		
D4	Health		
D5	Household Goods		
D6	Household Services		
D7	Communications		
D8	Education		
D9	Transport		
D10	Household Energy		
D11	Insurance and Pension		
D12	Savings		
D13	Social inclusion and participation		
D14	Childcare		
D15	Other (please specify)		
<b>D16</b>	<b>Total Monthly Expenditure (sum of D1 to D15)</b>		<b>H2</b>

If there is any additional information not captured above that may impact your expenditure, please include here.

### Guidance for completing this Section

*It is important that the figures you include in the table above are based on your household's individual circumstances. When calculating the average monthly cost for each of the expenses in the table above, you should seek to include the examples of items listed below in your figure for 'average monthly cost'. You only need to include costs that are relevant to your household.*

	Expense	Examples of items to include in average monthly cost figure
D1	Food	Groceries and eating out (restaurants, cafés, canteens)
D2	Clothing	Clothes and footwear
D3	Personal Care	Personal hygiene and grooming items
D4	Health	Medicines and medical visits and appointments
D5	Household Goods	Furniture, appliances, cleaning products
D6	Household Services	Bin charges, household repairs and maintenance, local property tax, management fees, TV licence, TV channels and streaming services, bank charges or fees
D7	Communications	Phone (mobile and landline) and internet
D8	Education	Uniforms, books, school/college/course fees and contributions, extracurricular activities
D9	Transport	Petrol, motor tax, NCT, vehicle repairs and maintenance, parking and tolls, public transport costs (including school transport), taxis, rental costs
D10	Household Energy	Electricity and home heating
D11	Insurance and Pension	Any type of insurance, including motor, home, health, mortgage protection, payment protection, income protection, life assurance. Pension contribution, where not deducted from salary at source.
D12	Savings	
D13	Social inclusion and participation	Social events, sports and hobbies, special occasions such as Christmas and birthdays, and other events or activities
D14	Childcare	
D15	Other	Any other expenses not already captured. May include maintenance paid to spouse/child, rent, costs associated with another property, elderly care, nursing home fees, carer fees, legal costs etc.

## Section E: My Monthly Debt Payments

	Debt Type	Monthly Repayments		Remaining Term	Total Outstanding Balance €	Arrears Balance €	Provider	Purpose of Loan	Is this debt secured <sup>27</sup> ? [Y/N]	Is this debt currently restructured <sup>28</sup> ? [Y/N]
		Due €	Being Paid €							
E1	Court Mandated Debt <i>(Please Specify)</i> <sup>29</sup>									
E2	Credit Union Loan									
E3	Personal Loan									
E4	Moneylending Loan									
E5	Loans from family/friends									
E6	Hire Purchase/PCP agreement									
E7	Credit Card <sup>30</sup>									
E8	Mortgage Repayments on Other Properties <i>(see F5)</i>									
E9	Other Debt <i>(please specify)</i> <sup>31</sup>									
E10	Other Debt <i>(please specify)</i>									
E11	Other Debt <i>(please specify)</i>									
E12	Other Debt <i>(please specify)</i>									
E13	<b>Total (sum of E1 to E12)</b>		H5							

<sup>27</sup> If there is security attached to the debt, please select Yes. Security might include a property, a vehicle or other asset, or a guarantee.

<sup>28</sup> If you have previously agreed with your provider to change the terms and conditions of your debt due to financial difficulties, for example, changing the monthly repayment, please select Yes.

<sup>29</sup> For example, fines, instalment orders, judgements

<sup>30</sup> Including credit cards linked to shops

<sup>31</sup> Please include here any other debt not already captured, for example, additional loans or credit cards, overdrafts, payment of arrears on utilities, or shop credit.

## Section F: My Other Properties

*This section relates to properties you may own which are not your primary residence.*

*When completing this section, please ensure the following:*

- *The figures for monthly rental income and monthly expenditure should also be included in Sections C (My Monthly Income) and D (My Monthly Expenditure)*
- *The figures for monthly mortgage repayments due and being paid should also be included in Section E (My Monthly Debt Payments)*

	Property (include details below)	Property Type (e.g. property rented out)	Ownership Type <sup>32</sup>	Estimated Current Value €	Loan Balance €	Arrears Balance €	Monthly Rental Income €	Monthly Expenditure (e.g., upkeep, maintenance)	Is this debt currently re- structured? <sup>33</sup> Y/N	Monthly Mortgage Repayments		Mortgage Provider	Is this property currently for sale? [Y/N]
										Due €	Being Paid €		
F1	1												
F2	2												
F3	3												
F4	4												
<b>F5</b>	<b>Total</b>							<b>C9</b>				<b>E16</b>	

My Other Properties (other than Primary Residence)		
Property	Address	Date of Purchase
1		
2		
3		
4		

<sup>32</sup> For example, sole or joint ownership. Where you do not 100% own a property, please state the % amount that you own.

<sup>33</sup> If you have previously agreed with your mortgage provider to change the terms and conditions of your mortgage due to financial difficulties, for example, changing the monthly repayment, please select Yes.

### Section G: My Other Assets

	Asset Type	Original Cost/ Value €	Estimated Current Value €	Net Monthly Income	Please Give Any Relevant Details	
<b>G1</b>	Savings/deposits/current account					
<b>G2</b>	Shares <sup>34</sup>					
<b>G3</b>	Redundancy Payment(s)					
<b>G4</b>	Long-term investment (s) <sup>35</sup>					
<b>G5</b>	Other investment(s)					
<b>G6</b>	Other Assets (e.g. vehicles, stock, machinery)					
<b>G7</b>	<b>Total (sum of G1 to G6)</b>				<b>C10</b>	

Please list all other liabilities, for example any guarantees given with respect to company borrowing or borrowing by a family member.

<sup>34</sup> For example, credit union shares, bank shares, employee share schemes

<sup>35</sup> For example, a pension fund

**Section H: Summary**

<b>H1</b>	<b>Total Monthly Income (C11)</b>	
<b>H2</b>	<b>Less Total Monthly Expenditure (D16)</b>	<b>( )</b>
<b>H3</b>	<b>Sub-Total (H1 minus H2)</b>	
<b>H4</b>	<b>Less Monthly Mortgage Repayments Due (B5)</b>	<b>( )</b>
<b>H5</b>	<b>Less Other Monthly Debt Repayments Due (E13)</b>	<b>( )</b>
<b>H6</b>	<b>Total Surplus/Deficit (subtract H4 and H5 from H3)</b>	

## Signature Page

*A regulated entity must ensure that the signature page of the Standard Financial Statement complies with the following:*

- A regulated entity shall include information for the borrower on the regulated entity's obligations under applicable data protection law, e.g. relating to the collection, processing and holding of the borrower's information.*
- A regulated entity shall request a declaration from the borrower confirming the accuracy of the information provided in the Standard Financial Statement.*
- A regulated entity cannot deem a Standard Financial Statement to be incomplete where any optional consents have not been signed by the borrower.*
- It is the responsibility of a regulated entity to ensure that the signature page of the Standard Financial Statement includes any wording or requests for consent necessary to comply with applicable Irish and/or EU law.*



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