Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Guidance on Appropriate and Sustainable Alternative Repayment Arrangements

Consumer Protection Code 2025
Conduct Requirements – Mortgage Arrears

August 2026

Contents

Introduction

This section provides background to the Central Bank's development of criteria which it considers necessary for an alternative repayment arrangement (ARA) to fulfil in order to be appropriate and sustainable for a borrower's individual circumstances for the purposes of the mortgage arrears provisions of the Consumer Protection Code 2025 (the Code).[1] The purpose and scope of this Guidance are also set out.

1. Background

The protection of mortgage loan borrowers, including those in arrears, is a key priority of the Central Bank of Ireland (Central Bank). The Central Bank has introduced, advocated for and strengthened its consumer protection framework since the introduction of the Code of Conduct on Mortgage Arrears (CCMA) in 2009. We have continuously challenged regulated entities to do more to support borrowers experiencing financial difficulty, and in particular those in long-term mortgage arrears. When the framework is properly applied, it works well to support borrowers.

The CCMA, originally a statutory code, was consolidated into the Consumer Protection Code 2025[2] in March 2026 and the requirements can now be found in those regulations. The former CCMA protections are now referred to, collectively, as Conduct Requirements – Mortgage Arrears (CRMA).

The protections for borrowers in mortgage arrears are in place to ensure that regulated entities have fair and transparent processes for dealing with borrowers in or facing mortgage arrears on a primary residence. All cases must be handled sympathetically and positively by regulated entities, with the objective at all times of assisting borrowers with meeting their mortgage obligations. The

[1] More details can be found in Part 3, Chapter 9 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Consumer Protection) Regulations 2025: Arrears - Mortgage debt secured by a mortgage borrower's primary residence.
[2] The Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Consumer Protection) Regulations 2025 (Regulations 221 to 264).

Back to "Contents"

CRMA set out the Mortgage Arrears Resolution Process (MARP), a four-step process that regulated entities must follow for handling specified cases. The MARP regulates communicating with a borrower, obtaining the borrower's financial information, assessing the borrower's individual circumstances, and reaching resolution.

Alternative repayment arrangements (ARAs) have and continue to be a core tool for resolving mortgage arrears cases. The Central Bank has engaged extensively with regulated entities to encourage consideration of a wide range of possible ARAs, as well as to develop more innovative options for ARAs, particularly in the context of the cohort of borrowers in longer term mortgage arrears.

Within the Conduct Requirements – Mortgage Arrears, there are a number of provisions that refer to ARAs that are appropriate and sustainable for the borrower's individual circumstances.[3] Since the introduction of the mortgage arrears protections, the Central Bank has engaged with regulated entities on the criteria it considers necessary for an ARA to fulfil in order to be appropriate and sustainable for a borrower's individual circumstances and which will lead to resolution of the mortgage arrears over time.

2. Purpose

The purpose of this Guidance is to articulate the Central Bank's expectations as to what criteria an ARA should fulfil in order to be considered appropriate and sustainable for a borrower's individual circumstances for the purposes of the Conduct Requirements – Mortgage Arrears. This reflects the Central Bank's long-standing engagement with regulated entities in relation to the application of appropriate and sustainable resolutions for mortgage arrears in practice.

It is recognised that there can be different stages in the journey for a mortgage borrower experiencing financial difficulties, for example, a borrower may be in pre-arrears, early arrears, or in long-term arrears. The overarching aim of regulated entities should be for all borrowers who require support to resolve financial difficulty to be on an ARA that is appropriate and sustainable and will resolve the mortgage arrears over the long-term. For some borrowers, a short-term ARA for a limited period of time will be an appropriate and

[3] Regulations 253 and 254

Back to "Contents"

sustainable solution and this Guidance sets out specific expectations in this regard.

The Central Bank expects that regulated entities will incorporate this Guidance into their policies, procedures and processes in place for the purposes of complying with the Conduct Requirements – Mortgage Arrears, ensuring that clear reference is made where relevant to this Guidance and its criteria for an ARA to be appropriate and sustainable. Regulated entities should ensure that throughout the credit assessment process, and particularly in respect of Regulation 253 of the Code, there is full alignment in use and meaning of the term "appropriate and sustainable" with the Conduct Requirements – Mortgage Arrears and this Guidance.

3. Scope

The criteria for an ARA to be considered appropriate and sustainable, as set out in this Guidance, apply in respect of regulated entities and activities in scope of the Code. All terms used herein have the same meaning as those in the Code.

The criteria and associated expectations apply to the assessment of a borrower's case in accordance with the CRMA, including assessments undertaken when an existing ARA is being reviewed or expires. They apply in respect of all ARAs offered to or put in place for borrowers who are in scope of the CRMA, with the exception of temporary ARAs that are offered to, or put in place for, borrowers for a limited period of time, prior to completing the full assessment of the borrower's standard financial statement, in accordance with Regulation 254(4) and (5) of the Code.

This Guidance replaces all previous guidance issued by the Central Bank relating to appropriate and sustainable ARAs.[4]

[4] Such guidance includes the 2013 "Internal Guideline – Sustainable Mortgage Arrears Solutions", the 2020 "Guidance on Appropriate and Sustainable Alternative Repayment Arrangements" and the July 2025 "Criteria on Appropriate and Sustainable Alternative Repayment Arrangements."

Back to "Contents"

Overarching Criteria

This section outlines the overarching criteria an ARA must fulfil in order to be considered appropriate and sustainable for a borrower's individual circumstances for the purposes of the Conduct Requirements – Mortgage Arrears.[5]

For an ARA to be considered appropriate and sustainable for the borrower, all of the following should apply:

a) The ARA makes provision for affordable repayments, allowing for the borrower's reasonable (including current and future) expenses;
b) The ARA enables full repayment of the outstanding principal sum or an agreed revised principal sum;
c) The ARA takes account of the borrower's individual circumstances;
d) The ARA is based on realistic assumptions about the borrower's future servicing capacity;
e) The ARA is clear and unambiguous as to its full implications for the borrower over the life of the mortgage; and
f) The ARA is subject to agreement by both the regulated entity and the borrower before it can be put in place.

[5] Part 3, Chapter 9 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Consumer Protection) Regulations 2025: Arrears - Mortgage debt secured by a mortgage borrower's primary residence.

Back to "Contents"

Additional Considerations

This section sets out further considerations and expectations for regulated entities to take into account in implementing the overarching criteria for an ARA to be considered appropriate and sustainable for a borrower's individual circumstances.

1. Servicing Capacity

An appropriate and sustainable ARA must be based on the borrower's individual circumstances and take appropriate account of both current and future expenses, in order to provide for long-term servicing capacity. Any assumptions made in relation to the borrower's servicing capacity must be credible and conservative. The ARA should allow for the borrower's reasonable (including current and future) expenses, and repayments required by the ARA should not constitute a disproportionately high proportion of the borrower's net disposable income.

2. Full Repayment

Where an ARA will not result in full repayment of the outstanding principal sum or an agreed revised principal sum on or by maturity, the ARA must include a clear, realistic and achievable plan as to how the outstanding mortgage balance will be fully repaid in order to be considered appropriate and sustainable. Such a plan should specify how full repayment will be achieved on or by maturity, for example, through regular lump sum payments over the remaining term; reducing the outstanding principal sum owed; and/or disposal of the asset. Regardless of the method chosen for repayment, it must be clearly set out to the borrower in the ARA offer letter[6] and mutually and formally agreed. To ensure the borrower is effectively informed of the agreed plan for repayment of an outstanding balance owing on expiry, the regulated entity should ensure that verbal contact with the borrower is attempted when offering the ARA.

[6] An ARA offer letter is required by Regulation 254(1) of the Code

Back to "Contents"

The agreement of any such plan as part of an ARA at a point in time is not intended to prevent future modification of that plan in agreement with the borrower, for example where the borrower's circumstances may have changed.

3. Short-term ARAs

For the purposes of this Guidance, a short-term ARA should be understood as an ARA that is designed to have a term of approximately one year or less.

The borrower's individual circumstances are a key consideration to be taken into account when assessing whether an ARA is appropriate and sustainable, including the nature and extent of the financial difficulties that the borrower is experiencing. For example, for those borrowers in pre-arrears or early arrears, a short-term ARA can be appropriate and sustainable to deal with a short-term challenge. For such a short-term ARA to be considered appropriate and sustainable in accordance with the overarching criteria set out in this Guidance, the regulated entity should be able to clearly demonstrate that there is a reasonable expectation that the borrower is likely to achieve full repayment of the outstanding principal sum or revised principal sum over time.

The Central Bank has previously articulated its expectations around the excessive use of such short-term ARAs.[7] While the use of short-term ARAs can put a borrower on a pathway to full repayment, excessive use of such ARAs and non-recognition of distress allows problems to build up such that it becomes more difficult for appropriate and sustainable solutions to be implemented. A regulated entity must therefore ensure that short-term ARAs are not over utilised and are only used where it is in the borrower's longer-term interest and where the ARA meets the criteria of being appropriate and sustainable as set out in this Guidance.

4. Existing ARAs

Regulation 257 of the Code requires a regulated entity to review an ARA at intervals that are appropriate to the type and duration of the arrangement. As part of the review, the regulated entity must check

---

[7] Dear CEO letter - Expectations for lenders in supporting borrowers affected by the COVID-19 Pandemic (November 2020)

Back to "Contents"

with the borrower whether there has been any change in his or her circumstances in the period since the ARA was put in place, or since the last review was conducted. Where there has been a change in that borrower's circumstances, and where less than 12 months have elapsed since a completed Standard Financial Statement (SFS) was last received from the borrower, the regulated entity may deem the SFS last received, together with any information which has changed according to the borrower's confirmation, to be the completed SFS and shall consider the appropriateness of that ARA for the borrower.

Where 12 months or more have elapsed since a completed SFS was last received from the borrower, the regulated entity shall again comply with the requirements of regulation 251(1) to (4) and shall consider the appropriateness of the alternative repayment arrangement for the borrower. As part of any such assessment, the regulated entity should incorporate the criteria and expectations set out in this Guidance to ensure that any ARA in place for the borrower is appropriate and sustainable.

Where the borrower advises that no change in circumstances has occurred as part of the review, but the ARA currently in place will not lead to full repayment of the outstanding mortgage on or by maturity, the Central Bank expects that the regulated entity will make reasonable efforts to engage with the borrower as part of the aforementioned review, with the aim of putting a clear, realistic and achievable plan in place as to how the outstanding mortgage will be fully repaid on or by maturity.[8]

For absolute clarity, in the case of ARAs that will have an outstanding balance owing on expiry, all reviews[9] of such ARAs should include communications and engagement regarding the plan for repayment of that balance, to ensure the ARA is appropriate and sustainable in accordance with this Guidance. Borrowers should be supported with understanding why getting a plan agreed is important, and informed that it can change in the future depending on circumstances.[10] All

[8] For the avoidance of doubt, if the borrower does not respond to the regulated entity's efforts to engage in this specific and limited context, the borrower should not be classed as not co-operating.

[9] All reviews in this context should include both those scheduled during the term and those in advance of expiry, and regardless of whether or not there has been a change in the borrower's circumstances, and whether or not there is already a repayment plan agreed.

[10] This refers to where the borrower has a change in circumstances that allows a different means of repayment than the current plan specifies. The firm should not unilaterally change a plan that it agrees at a point in time.

Back to "Contents"

reviews of such ARAs should also include verbal contact attempts with borrowers to support effective engagement in this regard.

5. Engagement

Early and effective engagement with borrowers is key to supporting the resolution of arrears cases and Regulation 231(1) of the Code requires that a regulated entity must proactively encourage borrowers to engage with it about financial difficulties which may prevent the borrower from meeting his/her mortgage repayments. A regulated entity should therefore make every effort to encourage borrowers to engage, in order to allow for appropriate and sustainable ARAs to be put in place where necessary.

6. No Appropriate and Sustainable ARA option

In the first instance, Regulation 253(1) of the Code requires that in order to identify an ARA that is appropriate and sustainable for a mortgage borrower's individual circumstances, a regulated entity shall assess all of the options for ARAs offered by that regulated entity. The Central Bank continues to expect that regulated entities challenge their traditional solutions for resolving mortgage arrears and consider innovative long-term ARA options that are appropriate and sustainable for a borrower's individual circumstances.

Where no appropriate and sustainable ARA can be identified for a borrower, the regulated entity should support the borrower through proactive, meaningful and innovative engagement with other options which allow the borrower to remain in their home, including processes such as Personal Insolvency Arrangements and other social supports such as the Mortgage-to-Rent scheme. In some cases, legal proceedings may represent the only realistic resolution option, and Regulation 261 of the Code sets out the conditions under which a regulated entity may commence legal proceedings for repossession of a borrower's primary residence where the borrower is in mortgage arrears. This includes the condition that the regulated entity has made every reasonable effort under the Conduct Requirements – Mortgage Arrears to agree an ARA with the borrower or his or her nominated representative.

Back to "Contents"

T: +353 (0)1 224 5800
E: publications@centralbank.ie
www.centralbank.ie

Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem