



Appointment of Joint Provisional Liquidators to Charleville Credit Union

What has happened?

The High Court has appointed joint provisional liquidators to Charleville Credit Union after an application by the Central Bank. The Central Bank took this action in order to ensure the protection of members' funds. Read the full statement on centralbank.ie.

Why has this action been taken?

The Central Bank has made this application as it has formed the view that Charleville Credit Union is in breach of a number of regulatory directions and is in a distressed financial position.

In the absence of taking this action, it is the Central Bank's view that there could be a disorderly failure of Charleville Credit Union.

In presenting its assessment to the court, the Central Bank outlined that it believes all feasible options available to the credit union to raise and maintain its reserves at the levels required by law have been exhausted. The Registry of Credit Unions in the Central Bank has been engaging with Charleville Credit Union over a number of years seeking remediation of the weaknesses in its financial position. The Central Bank is of the view that the inability of the credit union to address its reserve position, despite previous receipt of external funding, has resulted in it being necessary to apply for the winding up of the credit union. The Central Bank is of the view that the credit union has been provided with an opportunity to address the issues concerned and, in the opinion of the Central Bank, they have not been adequately addressed.

All members' eligible deposits will be compensated by the **Deposit Guarantee Scheme (DGS)**.

Is this the first time that the DGS has been activated?

No. The DGS was activated following the liquidation of IBRC in February 2013, Berehaven Credit Union in July 2014 and Rush Credit Union in 2016.

What were the steps taken in this process?

The Central Bank has engaged closely with Charleville Credit Union in recent years to attempt to find a solution.

On the basis that no other solution was available, the issue was referred to the Central Bank's Resolution Division.

The Central Bank and Credit Institutions (Resolution) Act 2011 sets out the resolution actions which may be undertaken. These are:

- Appoint a special manager to the credit union;
- Transfer the assets and liabilities of the credit union;



- Appoint a liquidator to the credit union; and
- Establish a bridge bank.

As part of the resolution process the Central Bank explored all options to resolve the serious financial issues at Charleville Credit Union.

This action removes credit union services from members of the credit union. Are there any arrangements in place to provide these services in the local area?

The Central Bank is conscious that there is a demand for the services of a credit union in the local area and will examine what arrangements can be put in place to provide specific credit union services in the community in the future. The Central Bank is keen that credit union services are available to the people of Charleville.

In some cases members may currently be able to avail of services in another credit union in the area as the common bond may extend into their locality or through their place of work.

Why did the Central Bank not act sooner?

The Central Bank has been engaged with Charleville Credit Union on financial issues for some time. The priorities of the Central Bank in dealing with distressed credit unions are to **protect member funds** and to resolve problems through finding a **credit union based solution**, where possible. The Central Bank's actions throughout this period have been focused on these priorities.

What will this mean for members of the credit union?

Provisional Liquidators have been appointed to oversee the closure and wind down of Charleville Credit Union pending a final decision of the court. The credit union will not re-open and all issues relating to the wind down of services will be managed by the joint provisional liquidator.

Following the appointment of the joint provisional liquidators the Deposit Guarantee Scheme (DGS) has been invoked. Members of Charleville Credit Union will receive compensation in respect of their eligible deposits up to €100,000 per person. The DGS will make compensation payments as early as possible within the statutory deadline of 20 working days to duly verified depositors. Further information on the DGS can be found on www.depositguarantee.ie.



What will happen to loan applications from members? Will loans be processed?

As the credit union has been placed in liquidation and can no longer conduct business, any loan applications will not progress any further.

What happens to my loan now that Charleville Credit Union is in liquidation?

You must continue to make repayments in accordance with the terms and conditions of any loan or overdraft agreement. The joint provisional liquidator will contact all members with outstanding loans to make arrangements for repayment. Borrowers have a legal obligation to repay loans and should make arrangements with the joint provisional liquidators to do so.

The liquidation does not imply any change in members' repayment obligations e.g. a faster repayment schedule cannot be imposed. Payments will continue to the term as set out in the existing terms and conditions.

If you have any queries, you can contact the Provisional Liquidator at (01) 470 0569 or charvillecu@bdo.ie.

Who has been appointed as joint provisional liquidator?

David O' Connor and Jim Hamilton of BDO were appointed as joint provisional liquidators.

What will happen to the credit union premises?

This is a matter for the joint provisional liquidators who have been appointed by the High Court to wind down the credit union.

How will I be able to get updates about what is happening with Charleville Credit Union?

The Central Bank will provide updates at appropriate intervals on its website at centralbank.ie and on depositguarantee.ie. The joint provisional liquidators can also provide information.

How will I get my money? When will I get my money?

Full details on this are available on depositguarantee.ie. There is no need for members to make a claim for DGS compensation. The Provisional Liquidators will provide details of duly verified eligible members and their account balances to the DGS. The DGS will then make payments by cheque which will be sent to members at the address held by Charleville.

**Further information on the Deposit Guarantee Scheme is on
depositguarantee.ie**



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