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**Submission on Consultation Paper 139 Review of the Standard Financial Statement**

From David Hall Irish Mortgage Holders Organisation – [www.mortgageholders.ie](http://www.mortgageholders.ie)

**The Landscape:**

Roughly 55,000 family homes in mortgage arrears, 26,000 of these are long term, many over 5 years in arrears. 7,000 legal proceedings (the tsunami dam in my view). This is before we start dealing with mortgage arrears post pandemic. In the past two weeks the IMHO have seen and have had banks acknowledge the real trouble that is ahead.

Had some banks made a decision earlier not to peruse those in long term arrears due to their decision to sell loans to vulture funds or to sell up altogether?

**The Tsunami:**

The Banks and funds have told the Central Bank they believe that two thirds of those in long term mortgage arrears will lose their family home. That is a staggering 16,000 households, 48,000 people. In any other responsible jurisdiction with a backdrop of shameful homeless numbers this would be a wake-up call. Alas in Ireland it is ok, nothing to see here. There is no tsunami to be concerned about, even though the lenders are the dam that is keeping the tsunami at bay. Thousands of people are expected to lose their homes as a result of their lender's predictions, and many will be given free homes.

It does raise the question as why one would indeed pay their mortgage!

**The SFS:**

The SFS is a critical document for debtors. More important however are what solutions a lender will provide to a customer who is in arrears. The assumption there is a "suite" of solutions is misleading to debtors and should not be tolerated. Why cannot the Central bank require each lender to specify what long-term solutions they will offer customers in mortgage arrears. Why not also list the number of each solution in place? Recently I noticed one fund mention they support Personal Insolvency Arrangements; I was then informed the court had forced their compliance with a PIA having the same funds objecting.

We need transparency and not spin. We need the truth. There must be a balance to allow customers engage with their lender who is offering a solution to proceed in an efficient way. Genuine lenders who are offering long term reasonable mortgage arrears solutions and or supporting Personal Insolvency Arrangements need space. Those ticking boxes and saying they are adhering to the CCMA but show no real signs of solutions being offered need a different path by their regulator.

## Short SFS

This is where a short form SFS is needed. It is a crazy system where a debtor can be deemed uncooperative with their lender, be passed to an external agency to then be allowed complete a short one pager SFS, rather than the 12 pager their original lender requested. A short form SFS is critical to bring nervous debtors in mortgage arrears into the system.

The latest Central Bank data shows lenders recording over 12,000 customers as non-cooperative. This is highly unlikely as many lenders have made this determination. Let us assume it is correct. What steps have the lenders, their representative bodies, or the Central Bank taken to investigate this? Has the Central Bank examined these documents to determine why they were deemed uncompetitive? If not, then why not? The length and complexity of the standard financial statement is a significant impediment to the process.

## Consent Form:

It is critical that those assisting people in debt receive assistance to ensure a holistic approach to someone's indebtedness. It is remarkable that there is not a single universal "standard" consent form or authority to help with multiple creditors. One should be developed and used by all regulated entities to assist in resolving customer situations. The IMHO, MABS, and others deal with a wide range of debts and must deal with a variety of parties. I fear a GDPR nightmare ahead without this being resolved.

## CCMA:

Despite the spin, no lender in Ireland is required by law or regulation to provide a specific mortgage arrears solution to a distressed borrower. This is remarkable really. The safeguards mentioned are administrative safeguards within a voluntary code (determined by the Supreme court).

As you will be aware I had asked as had others that the CCMA re reviewed this was declined. The CCMA is a cumbersome process that does not serve anyone well. The key is the honesty of lenders to offer mortgage restructures. Why would a regulator not want a free-flowing process in which debtors are assessed and solutions are provided? This enables dishonest lenders to tick an administrative box while making an offer.

A twin-track system is required so that people who have experienced temporary and significant changes in their income can be treated quickly. Given the obvious reasons for the situation, neither they nor their lender should be required to engage in a full CCMA process. If this trend continues over time, they can progress into a better CCMA system.

A better CCMA would set out actual solutions. Solutions that are offered and not alluded to.

There are several people within this arena who if together for a short time could rewrite the CCMA to help both lenders and borrowers. A full review of the CCMA/MARP is needed.

With regards,

David Hall  
CEO