Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Feedback Statement -
Consultation Paper 139

Review of the Standard Financial Statement

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

July 2021

Contents

Introduction

Protection of borrowers in financial difficulties is a key priority for the Central Bank of Ireland (Central Bank). 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, 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.

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 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 Mortgage Arrears Resolution Process (MARP), contained within the CCMA, sets out the steps a regulated entity must follow in respect of communications with borrowers, gathering of financial information, assessment of an individual 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.

A key step in the MARP is the gathering of specific financial information from a borrower via the Standard Financial Statement (SFS), 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.

Since the last review of the CCMA in 2013, the Central Bank has received periodic feedback from stakeholders related to issues encountered by some borrowers in completing the SFS. Stakeholders have emphasised the length of the SFS, the technicality of the language used in the document, and the challenges for borrowers in gathering all of the information requested.

The aim of this review was 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 review undertaken did not change the original purpose of the SFS.

To inform this review, the Central Bank convened a group of internal and external stakeholders in late 2020 to determine how the SFS could be improved. Based on this engagement, a proposed revised version of the SFS was developed and issued for public consultation on 16 March 2021 (CP139), inviting stakeholders to provide comments on the proposed enhancements to the SFS. CP139 was broken down into two parts.

- **Part 1** sought stakeholder views on the proposed amendments to the SFS document itself. It also offered 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 were also covered in Part 1.
- **Part 2** provided an opportunity for stakeholders to provide views on the CCMA more widely. While the feedback received in Part 2 is outside the scope of this review of the SFS, the Central Bank will give due consideration to all responses received as part of a future wider review of the CCMA, which will be planned and scoped separately to this review. Appendix 1 to this Feedback Statement provides a summary of the feedback received in the context of the wider CCMA.

The closing date for responses to CP139 was 20 April 2021. 10 responses were received, which broadly support the proposals presented in the CP139[1]. The Central Bank wishes to express its appreciation to all stakeholders who responded to this consultation process.

The purpose of this Feedback Statement is to provide information regarding key amendments that the Central Bank has decided to make to the SFS, following a review of all submissions received in response to CP139. In addition, this Feedback Statement provides a rationale as to why amendments were not taken into account, in certain instances.

The Feedback Statement also contains good practices identified as being in place across industry which contribute to assisting borrowers in completing the SFS. The Central Bank encourages regulated entities to implement these good practices and intends to issue these good practices as formal Industry Guidance in the coming months.

The revised SFS will become effective on 1 January 2022.

[1] Submissions were received from the National Adult Literacy Agency (NALA), The Competition and Consumer Protection Commission (CCPC), Banking & Payments Federation Ireland (BPFI), Citizen Information Board/ Money Advice & Budgeting Service (CIB/MABS), Professor Padraic Kenna, NUI Galway, Irish Banking Culture Board, Askaboutmoney.com, Irish Mortgage Holders Organisation, Social Justice Ireland and the Department of Housing.

1. Summary of submissions received in response to Part 1 of CP139 on the proposed revised SFS

1. Important information for completing your SFS.

In CP139, the Central Bank proposed to:

- Re-purpose the 'Guiding Principles' of the SFS as 'Important information for completing your SFS';
- Shorten the content and focus on key information;
- Amend the format and language to be more borrower friendly;
- Place this section at the front of the SFS so it is easily accessible.

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?

There was unanimous support from respondents for the proposal to set out key information for the borrower at the outset of the SFS.

The Central Bank has taken into account proposals from respondents relating to plain English recommendations and the introduction section of the SFS has been entirely re-drafted with this objective in mind. Several respondents highlighted the need to ensure that the wording used in the SFS is simplified and as understandable as possible for borrowers (i.e. plain English review). This approach has been followed throughout the revised SFS.

The Central Bank also agreed with the comments raised by several respondents to add more guidance to the SFS itself. It is with this aim in mind, that a table helping borrowers to navigate the SFS and two new Appendices at the end of the SFS which provide a glossary of terms (Appendix 1) and a checklist of documents needed to support a completed SFS (Appendix 2) have been added.

Several respondents emphasised the need to indicate a clear timeline for regulated entities to assess the SFS and/or revert to borrowers. The Central Bank considers that this comment is out of the scope of the review of the SFS itself and will be considered in any future wider review of the CCMA.

2. Section A: My Details

In CP139, the Central Bank proposed to:

- Revise Section A (My Details) 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);

- Amend 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;
- Broaden this section to cover reasons the borrower is having difficulty making his/her mortgage and/or other debt repayments;
- Allow the borrower to select from pre-defined categories to make responses more relevant and succinct whilst giving the regulated entity more information on whether the borrower is experiencing short or longer-term financial difficulties.

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

Submissions

There was broad agreement among respondents with the proposal to have Section A purely focused on the personal details of the borrower and for information relating to the mortgage to be contained within Section B. No substantial changes have been made to this section. However, amendments have been made to the SFS to incorporate more guidance to explain some of the terms used and, in response to several respondents, to broaden the scope of one field to take account of any financial contribution made to the household by any other persons living in the household but who are not dependants or legally responsible for the repayment of the mortgage.

The Central Bank did not implement some comments received suggesting that additional fields be added to the SFS seeking information on the household as such additions were not considered relevant in the context of the assessment of the individual financial circumstances of borrowers, which is the purpose of the SFS.

3. Section B: My Mortgage

In CP139, the Central Bank proposed to:

- Add a new section ‘My Mortgage’ to consolidate existing information requested on the primary residence mortgage, and to place it upfront in the SFS given its importance;
- Add a field for ‘current interest rate’ due to its importance;
- Delete previous fields for ‘secured’ and ‘purpose of loan’;
- Add a footnote 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?

Most respondents consider the consolidation of mortgage information into one section a sensible approach. However, some concerns were raised on the level of information requested from the borrower and whether some borrowers may encounter difficulties in gathering the information required, which could potentially delay the assessment of the SFS.

To address this potential issue, several respondents suggested that mortgage providers could auto/pre-populate the majority of the fields of Section B in advance of providing the SFS to the borrower. Having carefully considered this proposal, the Central Bank does not consider it appropriate to provide the borrower with prepopulated information. This section in particular is considered very important for the borrowers own understanding of their mortgage position and contains much information that will be useful to them. The Central Bank is confident that all the information required for inclusion in Section B is available to borrowers through their own documentation. However, guidance will be provided that, in the case where borrowers are unable to access this information themselves, they can engage with their mortgage provider for assistance.

However, it is important to note that this does not prevent a mortgage provider from auto/pre-populating any of the fields in Section B for borrowers if they wish to do so, especially in the context of the online version of an SFS.

4. Section D: My Monthly Expenditure

In CP139, the Central Bank proposed to:

- Significantly reduce the revised Section D (My Monthly Expenditure) to now capture overall categories of expenses, with the removal of granular fields for individual expenses;
- Align the categories for expenditure in the revised SFS with the categories that form the basis of the Insolvency Service of Ireland's Reasonable Living Expenses Guidelines in so far as possible;
- Include a guidance box to inform the borrower as to what expenses should be included under each category;
- Delete from this section the open questions relating to steps taken and steps planned to reduce expenditure and add one open question to allow the borrower 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?

Submissions

While two respondents raised high-level concerns that requesting less detail in this section will result in reduced insight into the specific individual circumstances of the borrower or on unnecessary spending the borrower may be carrying out, there was broad agreement among respondents with the proposal to cut back on the level of granularity requested.

The feedback received suggested that an overarching concern appears to remain with the requirement for the borrower to disclose such extensive personal information to mortgage providers for the act of recording expenditure accurately. It is important to note that the objective of Section D is to provide an overview of the monthly expenses of borrowers in the context of the determination of an appropriate and sustainable ARA. Section D should not be regarded as a means of facilitating a discussion with a borrower as to whether or not particular expenses are necessary. The Central Bank expects mortgage providers to engage sympathetically with borrowers and adopt a consumer-centric approach to dealing with borrowers in or facing financial difficulties.

The Central Bank has implemented several of the suggestions received such as:

- Including additional guidance at the start of Section D aimed at assisting borrowers in the completion of this section;
- Introducing more examples in the guidance itself; Creating a standalone expense item for "Rent" rather than this expense being captured as part of 'other' expenses; and
- Introducing a text box at the end of Section D to provide an opportunity for borrowers to explain the high level of expenses for some categories.

Suggestions received to amend some categories of expenses have not been incorporated as this would not be in line with the intention of ensuring consistency between Section D and the Reasonable Living Expenses Guidelines published by the Insolvency Service of Ireland. In addition, the suggestion to include expenses related to other properties has not been included in Section D as these expenses are covered in Section F: My other properties of the SFS.

5. Section E: My Monthly Debt Payments

- In CP139, the Central Bank proposed to: Amend the wording of the 'secured' and 'restructured' columns, with footnotes added, to enhance borrower understanding;
- Delete the column 'Payment Protection Insurance' for other debts;
- To reduce Section E of the revised SFS to include one field per debt type, with four fields for 'other debt' (if needed);
- Provide guidance for borrowers on what should be captured in 'other debt' fields;
- Update the debt types included to update more common types of borrowing, e.g., PCP agreements.

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?

Submissions

Respondents broadly supported the changes proposed to this section. Following plain English recommendations, the footnotes have been removed and further guidance has been added in a new Appendix 1 of the SFS.

The Central Bank has implemented several suggestions received such as:

- Creating a new field to capture Revenue Debt;
- Including more guidance to explain PCP/hire purchase agreements and moneylending loans; and
- Introducing examples under the category 'other debts' (e.g. Buy Now Pay Later debt).

Feedback was also received on the formatting of Section E and of other sections of the SFS. In response, the Central Bank has tried to accommodate this feedback through the visual design of the SFS by allowing more spacing, more colours and bigger font size to increase the accessibility of the document. It is important to remember that the SFS is a template and mortgage providers can improve the design locally where they feel it makes the document more user friendly for their borrowers.

6. Other amendments

- In CP139, the Central Bank proposed to: Make a number of, mostly minor, amendments throughout the draft revised SFS, with the primary aim of facilitating borrower understanding;
- In Section G 'My Other Assets', merge motor vehicles with the field for 'other assets';
- Allow the borrower to complete Section H (summary figures), rather than the regulated entity (as is currently required), to highlight to borrowers at an early stage, potential errors in their figures;
- Make amendments to the signature page of the SFS, making the regulated entity responsible for including appropriate wording to comply with applicable Irish and/or EU law;
- Replace some instances of 'regulated entity' in the SFS with the term 'provider' or, where appropriate, 'mortgage provider' to aid borrowers understanding.

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

Respondents provided a significant number of comments on the remaining sections of the SFS and, in particular, on the signature page.

- ***Section C: My Monthly Income:***

Based on feedback received, existing footnotes have been deleted and further guidance added to Appendix 1 of the SFS to explain terms used in the document.

- ***Section H: Summary of my financial information***

Several respondents suggested that Section H should include additional information to be completed by the borrower. Having considered the feedback received, the Central Bank is of the view that Section H, as consulted on, should remain unchanged. The new Section H is a new element of the SFS to be completed by the borrower, having previously been completed by the mortgage provider. The Central Bank does see merit in the borrower completing this information as it may highlight potential errors in their figures to them at an early stage and prior to submission of the SFS to their mortgage provider; however, we are also of the view that the level of information required is sufficient in the context of the SFS. The Central Bank has amended the wording of Section H based on plain English recommendations to facilitate the completion of this section by borrowers facing literacy and numeracy difficulties.

- ***Signature page***

The signature page has been re-drafted to take account of comments received following a plain English review. However, after due consideration, the Central Bank has not changed its approach to the signature page and no standard wording is prescribed.

While the Central Bank acknowledges that a standardised wording may prove challenging for mortgage providers to create, data protection, signature and consent requirements are not in the remit of the Central Bank.

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

Several respondents mentioned the need for a greater use of digital means of communication with borrowers and to encourage mortgage providers to use auto/pre-population of data for certain sections of the SFS with the objective to alleviate the burden on borrowers. As mentioned previously, there is nothing preventing mortgage providers implementing more digital means of communicating with borrowers or providing further assistance in the completion of the SFS. The Central Bank made clear in the CP139 that it encourages the development of an online version of the SFS and a broader use of technology to assist borrowers.

7. Supports for borrowers in completing the SFS

As part of the public consultation, the Central Bank advised of its plan to issue expectations and examples of good practices on ways to better support borrowers in completing the SFS, as well as undertaking a review of its own consumer guide to completing the SFS. Questions 8, 9 and 10 sought feedback on this.

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?

The Central Bank is very appreciative of the many helpful responses received to this question suggesting where improved supports for borrowers in completing the SFS could be implemented by regulated entities, which has been considered in the context of expectations on how to further support borrowers in the completion of the SFS and as part of a review of the Consumer Guide to Completing an SFS which will be published on the Central Bank's website in January 2022 to coincide with the effective date of the new SFS.

The Central Bank received feedback suggesting that:

- The name of the SFS be amended to make it less intimidating; and
- The SFS should be a standalone document that can be revised more easily to allow for periodic review.

It is not possible to address these comments in the context of this review as they would necessitate amendments to the CCMA itself.

The Central Bank has also received comments seeking to impose new requirements on mortgage providers such as the provision of documentation to, for example, support the completion of Section B: My mortgage when an SFS is issued or to require consumer testing of the SFS. The Central Bank encourages all mortgage providers to adopt a consumer-centric approach and to assist borrowers in the completion of their SFS as required in the CCMA. However, the review of the SFS has a clear scope that is to enhance the form itself and does not extend to imposing new requirements under the CCMA.

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

The Central Bank received some helpful suggestions from respondents to this question that again have been considered in the context of expectations on how to further support borrowers in completing the SFS.

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

The Central Bank is grateful for the helpful responses received to this question which will be considered as part of redrafting the existing Consumer Guide and which will be published on the Central Bank's website in January 2022 to coincide with the implementation date of the new SFS.

8. Standard Financial Statement for Debt Management Firms

A standard financial statement is also required for use by debt management firms under the Consumer Protection Code 2012 (Code), and is set out in Appendix E of that Code. 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. In order to maintain this consistency, the same changes proposed to the CCMA SFS are proposed to be made to the debt management firm SFS. As such, the consultation paper set out this approach and asked for comments from respondents in the context of the debt management firm SFS also.

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

Only one respondent provided feedback to this question with broad support expressed to the streamlining of the SFS for Debt Management Firms.

2. Good practices and supports for borrowers in completing the SFS

In CP139, the Central Bank outlined its intention to also consider good practices across industry and supports in place for borrowers in completing the SFS arising from the feedback and suggestions already received from stakeholders. As outlined in CP139, the CCMA already contains a statutory obligation for regulated entities to offer to assist the borrower with completing the SFS[2]. The CCMA also requires that a regulated entity must ensure that all information relating to the handling of arrears and pre-arrears cases 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[3.]

Nonetheless, the challenges for some borrowers in completing the SFS remain, and while the revised SFS is 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.

Based on feedback received to CP139, set out below are a number of good practices identified across industry which can contribute to assisting borrowers in completing their SFS. For its part, the Central Bank will revise its own consumer guide to completing the SFS which will be published around the time of the effective date of the revised SFS (1 January 2022). It should be noted, however, that the good practices outlined below are non-exhaustive and the Central Bank supports all initiatives from regulated entities which would reinforce the engagement between regulated entities and borrowers with the aim of ensuring the highest possible success of borrowers completing the SFS on their first attempt.

1. Visual design of the SFS

The Central Bank is aware that some regulated entities have modified the visual layout of the SFS. The Central Bank acknowledges that, while the CCMA prescribes the fields, wording and content that must be included in the document, regulated entities might improve the visual design of elements of the SFS. The SFS is a template which can be accommodated in different ways to increase borrowers' ability to navigate, understand, and complete the form. This could include any medium that an SFS may be provided in.

2. Online SFS

Regulated entities who already use an online version of the SFS have reported a positive borrower experience. The Central Bank acknowledges that the development of an online version of the SFS would allow regulated entities to put in place helpful features for borrowers, such as the use of drop-down or tick-box options, in-built guidance and explanations, prompts for seeking help from the regulated entity, the ability to upload supporting documents to an

[2] Provision 31(b)
[3] Provisions 12(b) and (c)

online portal and the ability to save progress to completion of the form. An online version of the SFS could be a useful tool to provide regular updates to borrowers on the status of the assessment of their SFS. Through time, an online SFS may also allow regulated entities to pre-populate information in the SFS, thereby reducing the burden on borrowers or to gather data to further tailor and improve supports offered to borrowers to assist them in the completion of the SFS. Regulated entities should ensure that relevant technical assistance is in place to minimise the potential frustration with technical issues, which could discourage some borrowers to use an online version of the SFS.

3. Options for supports

While the Central Bank encourages the development of an online SFS, it is important that borrowers retain access to the SFS through a variety of options. Regulated entities should allow a choice of communication channels for completing the SFS, including via e-mail, telephone and in-person. Where a regulated entity does not have the technical capability to develop a full online SFS, communication and the provision of supporting documentation by email should be available to borrowers. Guidance and any other useful information and supports to help borrowers to complete their SFS should be easily available online and be available on the website of the regulated entity.

To ensure that borrowers are fully assisted when discussing their SFS, regulated entities should put arrangements in place for dedicated and effective appointments with staff members who have specialist training for dealing with vulnerable and distressed borrowers. Before any such appointments, borrowers should have received comprehensive information regarding the SFS and the supports available to assist them in completing the SFS.

The Central Bank encourages regulated entities to use, when possible, video-calls, especially in the context of COVID-19, where physical appointments are not possible, as they appear to be an efficient way to assist borrowers. They allow a better visibility and understanding of the SFS form by borrowers, which increases the level of engagement.

4. Format and language of supporting or guidance materials

The Central Bank encourages regulated entities to use clear, effective and sympathetic language in any guiding documentation they provide. The language used should not create unnecessary alarm or distress for borrowers and should encourage them to engage with the regulated entity. There are various ways in which regulated entities can drive effective material, including plain language review, insights from behavioural science, and consumer testing.

Regulated entities should also ensure that guidance material is delivered through different formats such as by video explainers or infographics, to streamline access to key information related to the completion of the SFS. Regulated entities should publish their guidance material in version controlled (date latest) to ensure borrowers used the latest version of any such documents.

5. Content of supporting or guidance materials

The Central Bank supports initiatives from regulated entities that concretely help borrowers to complete their SFS. Regulated entities should clearly explain to borrowers the purpose of the SFS, especially in the context of the MARP. Regulated entities should increase the transparency regarding how an SFS is usually assessed to help borrowers to better understand the importance of sharing accurate information with them and should also provide clear information on the alternative repayments arrangements available to borrowers.

The Central Bank does not propose an exhaustive list of areas where regulated entities should particularly focus; however, we would strongly encourage regulated entities to highlight to borrowers the information below:

- Where borrowers can access information on the supports available to them, including from third parties;
- When a regulated entity refers to websites from third parties, these hyperlinks should bring borrowers to the relevant webpages and be regularly updated;
- Where and how borrowers can source information required in specific sections of the SFS, such as from account statements from the regulated entity directly or via the Central Credit Register;
- What types of documentation is required from borrowers to support their SFS and where these documents are likely to be found; the request for additional documentation should be specific to reduce misunderstanding;
- How the Reasonable Living Expenses Guidelines published by the Insolvency Service of Ireland may be used as a potential tool to complete specific sections of the SFS document;
- How borrowers could engage with the regulated entity to determine whether a borrower could benefit from any lower interest rate available and information related to Loan –to–Value in the context of interest rates;
- To consider whether a claim can be made on a payment protection insurance policy; and
- How and why borrowers should engage with other providers with the aim to prioritise the repayments of their mortgage over other debts.

The Central Bank also highlights the need for regulated entities to use clear basic examples to help borrowers with the completion of the SFS and to avoid common mistakes. Regulated entities could provide examples of completed SFSs for specific cases of households such as separated borrowers or self-employed borrowers.

It is important that regulated entities focus on how to provide the most effective assistance to borrowers, keeping in mind the crucial role that the SFS plays in the determination by a regulated entity of an appropriate and sustainable alternative repayment arrangement for borrowers in or facing financial difficulties.

Regulated firms are requested to take note of the good practices outlined above and consider their implementation in their own context. The Central Bank proposes to issue these good practices as guidance in the coming months.

Appendix 1

Summary of the feedback received outside the scope of the review of the SFS

As requested in CP139, the Central Bank received wider views from stakeholders on the MARP, and requirements of the CCMA more generally. As outlined above, the Central Bank will give due consideration to the feedback provided 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?

Positive comments were received regarding the CCMA and the MARP with one respondent stating that the CCMA in its current form works well and, more specifically, that the MARP provides a clear framework for mortgage providers to follow in ensuring fair and transparent engagement with borrowers.

However, many respondents emphasised a lack of efficiency of the CCMA/MARP, particularly to address short-term financial difficulties faced by borrowers, but also legacy arrears cases. One respondent indicated that the current process is an illustration of a massive and inappropriate over-regulation imposing a very heavy cost on mortgage providers and increasing the cost of doing business in Ireland.

Several respondents also highlighted that the context when the CCMA/MARP were issued is now completely different, particularly with the impact of the Central Bank's macro-prudential rules, the development of the mortgage market itself, the lack of competition in the Irish Market and the potential further digitalisation. One respondent also indicated that taking a payment break, switching to a period of interest only, or extending the mortgage term should be treated as normal in the lifetime of a mortgage and should not be regarded as events that trigger a mortgage to be classified as non-performing.

Respondents mentioned that the time to enter into the MARP is too short and that short-term forbearance could be accommodated without a SFS or via a short-form SFS. However, respondents agreed that only limited scenarios should be defined where a short-form SFS or no SFS may be required. Respondents mentioned the need to determine the validity of an SFS allowing a borrower to update the information provided without having to complete a full SFS again.

Some respondents asked for more prescriptive rules in the CCMA in arrears such as:

- Defined timelines to assess and provide a decision to the borrower on their case, as delays in assessing cases and in determining appeals are viewed as reducing the effectiveness of the MARP; and
- In terms of ARAs, the CCMA should require certain solutions to be implemented to support distressed borrowers and the list of possible ARAs (as defined under provision 39 of the CCMA) should be provided by all mortgage providers to avoid limited options offered to some borrowers especially in the context of loan sales.

Several respondents indicated some other areas for improvement that should be addressed in the context of the CCMA/MARP:

- The need to ensure that solutions are in place in the context of separated borrowers, especially when one borrower is not engaging with the mortgage provider;
- The introduction of a minimum retained income threshold to ensure that ARAs are poverty-proofed to secure a reasonable standard of living for the household;
- A updated definition of ‘non-cooperative borrower’ to ensure that borrowers who are engaging and who are paying what they can afford are excluded from the definition of non-cooperating;
- A better alignment between the CCMA/MARP and the insolvency process especially in terms of information collected (to reduce administrative burden on borrowers) and in the articulation between the processes to increase the chance for borrowers to access an appropriate and sustainable solution quickly; and
- The need to better take account of non-mortgage debts in the assessment of the financial circumstances of borrowers.

Some respondents gave high level examples where provisions of the CCMA/MARP were misinterpreted or misapplied resulting in borrowers losing their protections. Regulated entities are reminded that they are required to comply with the CCMA as a matter of law.

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