

# The National Adult Literacy Agency's response to:

Consultation Paper 139

Review of the Standard Financial Statement:

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

## About this response

As the [National Adult Literacy Agency](#) (NALA), we support the 'clear and consumer friendly approach' you referred to in the consultation paper, as well as the commitment to plain language. We hope our response contributes to the work to date by the Central Bank and the stakeholders group.

Our response is different from our usual submissions. It has **two parts**. This is part 1 and it provides an overview of our suggestions around the SFS in terms of its:

1. [Plain English language](#)
2. [Plain English structure](#)
3. [Plain English design](#)
4. [Responses to some of the consultation questions](#)

Part 2 of our submission is an **initial** plain English edit to the SFS form that we ask you to consider. It is in a separate document. We converted the SFS form from a PDF, so many formatting aspects are not perfect. Again, this is not a full edit, so please review it in good faith and take the points from it that you can.

Consequently, we propose a more holistic approach to SFS enhancements as follows:

- Use more plain English language, structure and design features in the SFS.
- Have user testing of digital and print formats with groups that include people with unmet-literacy needs.

## 1. Suggestions for plain English language

We have worked with documents relevant to the MARP and SFS and have an understanding of the complexity involved. We agree with the issues identified in your paper on page 7 about language complexity, length and difficulties getting the required information for certain parts. We also recommend:

- Using words over Latin abbreviations (eg, ie) as many readers mix these up. We favour word descriptions such as 'for example', 'such as' and 'that is'. (1 in 6 adults has a very low literacy levels.)
- Using plain numbers (1 in 4 adults in this country has very low numeracy levels and can't, for example, find the mid-point between 60 and 70 on a thermometer).

Otherwise the following general plain English guidelines apply.

- Being personal and direct
- Try to be as concise as possible while keeping a suitable tone ('sympathetic' was a word you used), so the use of 'you' and 'we' are useful in this regard and are the first two points of a [Plain English Checklist](#) we use.
- Use good grammar and punctuation
- Include plain English explanations for necessary jargon (surplus and deficit) and other words that may be confusing (dependant). We have plain [English guides to legal](#) and [financial terms](#) that borrowers may find useful to refer to. Some entries may need to be updated.

## 2. Suggestions for a more plain English structure

- Put the 'Summary' at the top of the SFS and write to explain how this is the end goal and how to get there.
- At the moment you have grey boxes such as the below to label key figures.



<b>D16</b>	<b>Total monthly expenditure (<i>sum of D1 to D15</i>)</b>		<b>H2</b>
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You could provide an example of this at the start to help readers and explain the methodology. Even a brief one.

- Add more question headings to the 'Important information section as shown.
- Add a high level overview of the core sections in the SFS to aid understanding and help navigation. You might also considering adding a guidance note for each section here.
- Put the guidance notes for Section D before the form otherwise people may just start with the form and not read the note.

## 3. Suggestions for plain English design

All readers want text that looks easy to read. So while we agree with you about giving mortgage providers the opportunity to use their 'discretion' with the design of the SFS, we ask that they do this in line with design techniques that tally with plain English guidelines. Ideally, design should tally with the digital and written guidance in this [Communication Toolkit](#). In particular, forms should be designed as you see below which is taken from page 39 of the toolkit from the National Disability Authority and the Department of Public Expenditure and Reform.

**A well-structured layout makes a form easier to read and complete**

It is easier for members of the public to complete forms without assistance by providing a logical, well-structured format, which clearly identifies where information should be filled in and which fields are mandatory.

We also think an example of good practice can be found in the [Housing Agency's redesign of the Disability Grant Application Form](#).

## Avoid

- × Avoid underlining. Use bold or size for emphasis.

Instead of	Try
<u>Important information for completing your SFS</u> (Underlining text makes it harder for all readers to read.)	<b>Information to help you with the Standard Financial Statement</b>  <b>Please read carefully</b>

- × Avoid groups of italics. Use regular font or use size or bold for emphasis. See the signature page or the start of the Sections for what to avoid.

*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.*

- × Avoid title case as it can be used inconsistently in long documents. Fine if used consistently (though it is far better than all capitals).

Use sentence case

Instead of title case	Use sentence case
<b>M</b> ortgage <b>P</b> rovider <b>M</b> ortgage <b>A</b> ccount <b>R</b> eference <b>N</b> umbers <b>T</b> otal <b>O</b> utstanding <b>M</b> ortgage <b>B</b> alance	Mortgage provider Mortgage account reference numbers Total outstanding mortgage balance

We also fear that some providers may use all capitals and these are intimidating and more difficult to read.

Instead of	Use
SAMPLE TEXT TO ILLUSTRATE THIS POINT.	Sample text to illustrate this point.

## Use

- ✓ Use a readable size font. Size 11 or 12 for body and size 14 for headings.

Instead of below:

Size 12 Heading and Size 9 body text

Section B: My Mortgage			
<i>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.</i>			
B1	Mortgage Provider		
B2	Mortgage Account Reference Number(s) <sup>22</sup>		
B3	Total Outstanding Mortgage Balance (€)		
B4	Estimated Current Value of Primary Residence (€)		
B5	Monthly Mortgage Repayments Due (€)		H4
B6	Monthly Mortgage Repayments Being Paid (€)		
B7	Remaining Term of Mortgage		
B8	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	
B9	Arrears Balance (€) (if applicable)		
B10	Is your mortgage currently restructured <sup>24</sup> ? [Y/N]		
B11	Do you have a Payment Protection Insurance policy? [Y/N]		

Try the below: 14 for the header and then 12 for the body text.

We are also using 1.5 line spacing. In addition, use Alt Text for all tables in case readers are reading online.

### Section B: My Mortgage

This section is about the mortgage on your primary residence. This means the residential property you live in as your primary residence, or the only residential property you own.

<b>B1</b>	Mortgage provider		
<b>B2</b>	Mortgage Account Reference Number(s) 22		
<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 (€) (if applicable)		
<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.

- ✓ Use 1.5 space if possible as this makes the text look and be easier to read See examples above.

- ✓ Use left aligned text (reader then has more regular starting point for reading on their left)

Instead of		Try	
	<b>Expense</b>		<b>Expense</b>
	Food		Food
	Clothing		Clothing
	Personal Care		Personal Care
	Health		Health
	Household Goods		Household Goods
	Household Services		Household
	Communications		

- ✓ Use colour and graphics to help with meaning. Conventions in accounting and book-keeping such as ( ) for minus figures may not be well-understood outside these areas.

You could add a colour to C11, D16, B5, E13 so readers anticipate where to put these in the summary. See below to show how this might be done. (Avoid red and green font if doing this as about 10% of the population are colour blind for these colours. Also use banded tables (shading of rows). Due to time constraints, we didn't do this throughout, but the National Disability Authority recommends this.)



Instead of:

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

Try:

Section H: Summary of financial situation		
H1	Total monthly income (C11)	
H2	(Minus) Total monthly expenditure (D16)	—
H3	Sub-total (Take away H2 from H1)	=
H4	(Minus) Monthly mortgage repayments due (B5)	—
H5	(Minus) Other monthly debt repayments due (E13)	—
H6	Total Surplus/Deficit (take away H4 and H5 from H3)	=

## 4. Response to some of the consultation questions

### Q1: Important info

- Change the heading to make it more descriptive
- Include more question headings
- Restructure the content
- Make it more concise and warmer

### Q2. Section A: My details

- Use plain English structure and design as show in examples above. Increase font-size, line spacing and so on.
- Make sure pre-defined selection options are clear and written in plain English. When adapting as electronic form, use the hover over tool (which you can explain in advance to readers) for difficult terms or terms that may cause particular readers difficult (example: dependant)

### Q3. Section B: My mortgage

Don't use footnotes. Write in body of text using a smaller size font if needs be, however, not smaller than 10 point.



Section B: My mortgage		
This section is about the mortgage on your primary residence. This means the residential property you live in as your primary residence, or the only residential property you own.		
<b>B1</b>	Mortgage provider	
<b>B2</b>	Mortgage Account Reference Number(s) (Include reference number(s) for all mortgage accounts for your primary residence. This can include a top-up account)	
<b>B3</b>	Total outstanding mortgage balance (€)	
	Estimated current value of primary	

## Section C: My monthly income

Use 'for example' instead of 'e.g'

## Q4. Section D: My monthly household expenditure

We suggest including the guiding notes first and rewriting the instructions to make it concise and clearer.

D13 'Social inclusion and participation'. Suggest using just 'social participation' as people don't look on 'social events' as part of their 'social inclusion' in everyday life.

## Q5. Section E: My other monthly debt payments

If you look at the original footnote 28, the 'select yes' comes at the very end of a long sentence. This is hard to follow. To make it easier to follow, put the 'select Yes' at the beginning of the sentence rather than the end. For shorter sentences, we don't think it is necessary. Also, we suggest putting the footnotes into the table in size 10/11 font and in brackets as the suggestion in Section B. Due to time constraints, we have not done this.

Instead of	Try
<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>27</sup> If there is security attached to the debt, please select Yes. Security might


Instead of	Try
<p><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.</p> <p><sup>29</sup> For example, fines, instalment orders, judgements</p> <p><sup>30</sup> Including credit cards linked to shops</p> <p><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.</p>	<p>include a property, a vehicle or other asset, or a guarantee.</p> <p><sup>28</sup> Please select Yes if you have previously agreed with your provider to change (restructure) the terms and conditions of your debt due to financial difficulties. For example, changing the monthly repayment.</p> <p><sup>29</sup> For example, fines, instalment orders, judgements</p> <p><sup>30</sup> Including credit cards linked to shops</p> <p><sup>31</sup> Please include here any other debt not already included. For example, additional loans or credit cards, overdrafts, shop credit or payment of arrears on utilities (such as gas or electricity bills).</p>

## Q 6 and Q7

We commend the effort to use plain English and eliminate unnecessary complexity. Could the information in the footnotes be included where the explanation is needed in the body of the form itself? We have found that a smaller font or a shorter note might be better than an overlooked footnote. This may not be possible in very tight sections like Section E. It might be best to have footnotes here.

In the notes at the start of the SFS, you could mention some of the key points here to explain each section. Take a look at our initial edit in Part 2 of our submission sent with this document.

Section	Title	Notes	Page
Section A	My details		
Section B	My mortgage		
Section C	My monthly income		
Section D	My monthly household expenditure		
Section E	My monthly debt payments		
Section F	My other properties		
Section G	My other assets		
Section H	Summary of your SFS		
Section I	Borrower declaration		

Stakeholders and subject matter experts will know best, but we suggest you highlight the key part of each section that is likely to confuse the reader. Also in the revised intro notes that includes the above overview of Sections, you could explain in the entry how the  type entries will be used in the summary section?

Regarding the signature page. We hope that you stress that mortgage providers must use the [plain English checklist](#) when drafting their signature page. You note can be improved. The bullet points are quite long and in italics. We suggest using headings in your notes to frontload the main point.

Instead of	Try
<p><i>A regulated entity must ensure that the signature page of the Standard Financial Statement complies with the following:</i></p> <ul style="list-style-type: none"> <li><i>• 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.</i></li> <li><i>• A regulated entity shall request a declaration from the borrower confirming the accuracy of the information provided in the Standard Financial Statement.</i></li> <li><i>• A regulated entity cannot deem a Standard Financial Statement to be incomplete where any optional consents have not been signed by the borrower.</i></li> <li><i>• 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.</i></li> </ul>	<p>All regulated entities <b>must</b> ensure that the signature page of the Standard Financial Statement (SFS) meets the following points.</p> <p><b>Follows data protection law</b></p> <p>Include information for the borrower on your obligations under applicable data protection law, such as information about how you collect, process and hold the borrower's information.</p> <p><b>Follows Irish and EU law around consent</b></p> <p>Any wording or requests for consent needed must comply with relevant Irish and or EU law.</p> <p><b>Includes a borrower declaration</b></p> <p>Include a request for the borrower to declare that they confirm the accuracy of the information they have provided in the Standard Financial Statement.</p> <p><b>An SFS is complete even if the borrower rejects optional consents</b></p> <p>You must also ensure that you accept an SFS even if the borrower has not signed any optional consents.</p>

## **Q8 Comments on areas where improved supports can be implemented by regulated entities.**

### **Visual design**

We strongly recommend:

- following the plain English guidelines for design when updating the form,
- using a graphic designer to make the SFS as appealing as possible while being a functional document that meets plain English and accessibility guidelines, and
- designing and linking to videos to explain the SFS, MARP, types of ARA and other areas.

We have worked on documents relevant to the SFS and researched different types of ARAs. We believe that they need to be better explained in plain English industry-wide and this goes hand-in-hand with the SFS.

### **Online SFS**

Please see the written and digital sections of the [Communications Toolkit](#) from the Department of Public Expenditure and Reform and the National Disability Authority. [In particular, focus on how it suggests to design forms on page 89-92.](#)

### **Options for supports**

Would it be possible to design an online-checker for both print forms and electronic forms that can do an assessment on your information?

It could tell you if you have filled out the form correctly or made any potential errors.

### **Format, language and tracking**

How are you going to evaluate the impact of the newly updated SFS? A case study approach might help to do this. How has the review and new version improved things for service users?

### **Content of supporting or guidance materials**

Current suggestions cover our points.

We especially would like a page to be developed by CB and stakeholders stating an evidence-based top 10 reasons why an SFS is incorrectly filled out to help the users avoid common pitfalls.

### **Q9 Suggestions for improved supports or examples of good practices**

We suggested case studies of the use of the revised SFS.

### **Q10 CB's Consumer Guide**

This updated guide we expect will be written and designed using plain English guidelines.

**Q11 Proposed changes to debt management firm SFS** No comments at this time.

Finally, we thank you for the opportunity to take part in this review. We hope you found this part of our submission useful and are ready to read Part 2.



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**NALA,**

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