CODE OF CONDUCT ON MORTGAGE ARREARS SUBMISSION

Level of Communication:

Three unsolicited communications per month I believe is acceptable on the basis that the communication count starts when a client responds (takes the call, answers the letter, responds to the text) and the reason for the communication is dealt with. If this requires a follow up communication then I believe the follow up is not unsolicited if as part of the initial communication the follow up was agreed.

Arrears:

Client payment is due once a month ("due date")

Ideally it should be collected on the due date. However the client has approx 30 days to get this payment to the lender.

Once the next due date comes around and the client has not made the previous payment in full it should be classified as in arrears.

Currently we work out months in arrears by dividing the total arrears amount into the current monthly amount due. This includes accounts where they are making part payments - in this case we could see a client who is 0.3 months in arrears.

Below is an example which should help explain the above.

Client has a mortgage of €190k - Monthly Amount is €850

On the 31st of July (due date) we call the €850 by direct debit. This direct debit is returned unpaid so this client is in arrears. Collectors will contact the client to find out the reason it was returned and will try and agree a payment method. This may involve reclaiming the direct debit if it was a timing issue.

Scenario One - If the payment is made before the 31st of August the client will not appear on the August month end arrears report.
Scenario Two - The client makes a payment of €500 before the end of the month - he will appear on the month end report as 0.411 in arrears - €350 / €850 - (up to 30 days)

If the client had arrears of €2k coming into the month then the scenario's would be as follows:

Scenario One - If the payment is made monthly payment of €850 before the end of August he will appear on the month end report as 2.35 in arrears - €2000/€850 - (60 to 90 days)
Scenario Two - The client makes a payment of €500 before the end of August - he will appear on the month end report as 2.76 in arrears - €2350 / €850 - (60 to 90 days)

Primary Residence

I would consider the primary residence afforded protection under the CCMA as the property the mortgage was taken out on based on it being the clients primary residence at the time the mortgage was drawn down. If the client moves out of this property and changes its classification after a certain period (say six months) the mortgage should not be afforded protection under the CCMA. If the client subsequently moves back and arrears are a feature it should not be afforded protection. If arrears are not a feature but arise in the future they should be afforded protection under the CCMA.

NEW ISSUE / Other - Revised CCMA

Can the following also be addressed:

Chapter 2 - point 5 - A suitable time period must be given to allow for management information systems changes. It will be difficult for systems to pick up pre arrears cases - what's the trigger? All data requirements must be clearly defined.
point 13 - Clarification required for those operating without a website.
point 15 - Six month review period on clients who are up to date and paying - This time period of time is too short / Also what information is required?
point 16 - Six months periodic mailing - Why not annually with the mortgage statement?
point 22 - Why not leave it at a third full payment (three missed partial payments may not even make up a full payment) See arrears scenario's above.
point 46 - What happens if you are already in the legal process and a legal arrangement is made and broken?

Regards

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