

Stepstone Mortgage Funding Limited

Consumer Protection Codes Department
Central Bank of Ireland
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Ireland

BY POST & EMAIL (code@centralbank.ie)

10 January 2011

Dear Sirs

Consultation paper on review of Consumer Protector Code (the “Consultation Paper”) Stepstone Mortgage Funding Limited (“Stepstone”)

We refer to the Consultation Paper (CP 47) published by the Central Bank on 28 October 2010 inviting views on the proposed amendments to the Consumer Protection Code (“CPC”).

Stepstone ceased originating new lending business in 2007 and is currently operating purely as a mortgage administrator with its only activities being mortgage administration and collections activity. Therefore many of the provisions in the proposed CPC have little or no impact on these activities.

As such Stepstone has focussed its comments to those provisions which may have an impact on the ongoing administration of the Stepstone loan portfolio. These comments focus, in particular, on those provisions dealing with Errors Handling (Chapter 11, Provisions 1 to 7).

With specific reference to questions 17, 18, and 19, Stepstone believes that imposition of error rectification deadlines and reporting timescales alone will not necessarily lead to a reduction in incidents of errors or prevent the reoccurrence of errors on the basis that there is no proven link between them.

Whilst imposing deadlines may be appropriate for rectifying some errors, prescriptive deadlines and timescales may not be appropriate in all circumstances as some errors may take longer to rectify appropriately. In this case, the deadlines may drive behaviour contrary to that intended. Specifically with reference to question 18, behaviour whereby rectification is expedited to avoid reporting or regulatory sanction (because of failure to meet a deadline), rather than undertaken to ensure the issue is resolved appropriately, is less likely to improve the manner in which errors are handled.

On this basis, Stepstone believes that all errors that result in consumer detriment should be reported to the Central Bank and appropriate rectification deadlines/timescales agreed at this stage based upon consideration of the relevant circumstances.

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However, if the Central Bank is committed to the imposition of the 6 month deadline, for the purposes of focussing attention on error rectification and to manage consumer expectations, Stepstone would prefer that the provision be diluted to commit lenders to using their “best endeavours” to rectify errors within the 6 month deadline or an alternative time period as agreed between the lender and the Central Bank.

We appreciate the Central Bank’s consideration of our response.

Yours faithfully,

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Richard Harper
Director