Co-operation and Engagement

We are supportive of the proposed amendment to the definition of not co-operating. We would, however, have reservations that lenders are required to:

1. issue letters to borrowers (a) who are about to be classified as not co-operating borrowers and (b) subsequent to them being classified as not co-operating borrowers;
2. provide ongoing Code of Conduct Mortgage Arrears (CCMA) communications (e.g. quarterly letters) to not co-operating borrowers; and
3. allow not co-operating borrowers one further opportunity to engage and to be considered as co-operating.

1. - The implications of being classified as not co-operating is clearly detailed for borrowers in the 31 day letter, unsolicited personal visit letter and the MARP booklet. Given the number of mandatory letters and other communications that borrowers receive through the CCMA process, we feel that the proposed additional letters to non co-operative borrowers are excessive and not warranted.

If it is still the view of the CBI that these additional not co-operating letters should be issued, we would welcome confirmation from the CBI that those borrowers would not be permitted to re-enter the Mortgage Arrears Resolution Process (MARP) at any subsequent future date once they are deemed to be not co-operating and having received all the "not co-operating" letters required by the CCMA (subject to the point detailed in section 3. below).

2. - If ongoing communications are to be sent to not co-operating borrowers, there is a potential of creating confusion e.g. a borrower receiving a quarterly arrears letter after receiving a not co-operating letter could be interpreted that they are being seen as co-operating again.

In our view, borrowers who are deemed to be not co-operating due to their lack of meaningful engagement with their lender, should no longer be subject to any of the requirements of the MARP.

3. - If the CBI remains of the view that the lender is required to afford the borrower “one further opportunity to engage and to be considered as co-operating again” we note that the lender would not be required to apply the MARP framework to a borrower if he or she is subsequently deemed to be not co-operating. Please provide clarification that in this scenario the borrower would only be considered as co-operating again when a resolution has been agreed between the lender and the borrower.

We would also welcome confirmation that the MARP framework would no longer apply to the following circumstances:

- Co-operating borrowers who have been afforded the full MARP protection and are unable to come to an alternative repayment arrangement with the lender. In this instance, the MARP framework has been applied to the borrower.
- Borrowers who have applied for or have entered into a Personal Insolvency Arrangement .
- Where legal action for repossession of the property has been instituted against a borrower by the lender.

Contact between the lender and the borrower

We welcome the proposed amendment to the provision setting out the number of unsolicited contacts that lenders can make with the borrower each calendar month.

We would also recommend that if changes around unsolicited communication are adopted as set out in CP63, similar changes would also be applied to CPC. We would recommend a consistent approach to the Codes on this point.

Link between the CCMA and the Personal Insolvency Act
We would have reservations with including references to the Insolvency Service of Ireland (ISI) in early CCMA communications with borrowers.

This option should only be considered by those borrowers where alternative repayment arrangements with the lender have proven to be unsustainable.

Including a requirement for lenders to detail the information around the ISI in correspondence to borrowers, as set out in CP63, may cause confusion to borrowers. Including the information as prescribed under CP63 may result in borrowers being under the impression that they can apply to their lender to be treated under the MARP process and can also apply to the ISI at the same time. We assume this is not the case or the intention of the CBI. Can you please clarify?

We are also concerned about the potential volume of documentation that borrowers will receive if the proposals contained in CP63 are implemented. As an alternative, we suggest including the following generic statement/information on the ISI in the MARP booklet and on lenders websites:

"The Insolvency Service of Ireland (ISI) has been set up to assist borrowers whose personal debts are unsustainable. To find out more information on the ISI please log on to their website at http://www.isi.gov.ie/."

Provision 12 (k) and 13 (f) also require the lender to provide details on any government initiatives to assist the borrowers in financial difficulty. If there are to be multiple initiatives it may be practical having a central location to direct the borrower to for ease of access. If this is the ISI website the suggested generic statement/information above could be an alternative.

We would also appreciate clarification from the CBI that once a borrower enters/completes/is declined a Personal Insolvency Arrangement (PIA) that those borrowers cannot re-enter the MARP process.

We would support the proposal of a 30 day notice period before commencing legal action where a lender has deemed a borrower's mortgage to be unsustainable and has declined to offer the borrower an alternative arrangement.

Use of the Standard Financial Statement (SFS)
We have no issues with what is being proposed here, however in relation to providing a copy of the Standard Financial Statement (SFS) to the borrower; we do not feel this is necessary as the information on the SFS has been provided by the borrower. If necessary, we would recommend that the wording in this provision is amended to require the lender provide a copy of the SFS to the borrower on receipt of a written request from the borrower.

Reviews of alternative repayment arrangements
We feel that it would be restrictive to only allow lenders to carry out reviews at the intervals suggested. Our preference would be that these arrangements should be reviewed 'at least every 12 months', 'at least every 3 years' etc. as this would then allow the lender to carry out reviews on a more regular basis, if required.

We would have reservations about the requirement to formally review a borrower's case including the SFS where a borrower ceases to adhere to the terms of an ARA. We feel it would be more beneficial for the lender to contact the borrower to try and get them to re-engage to address the issue. We also feel that 47 (b) is unnecessary as 48 requires the lender to contact the borrower to re-engage if they cannot revert back to their full mortgage repayments.

Treatment of appeals and complaints
We are supportive of the proposal that only appeals on the Arrears Support Unit (ASU) decision should be considered and determined by the Appeals Board. Correspondence from borrowers in relation to provision 49 (b) and (c) should be treated as a complaint and treated in line with the complaints process as set out in the Consumer Protection Code 2012 (CPC).

Information on other options
The proposed level of information to be provided to the borrower appears to be excessive and we feel that there is a real danger that key messages in communications could become lost in the large of amounts of supporting information / paperwork. See our specific comments below.

Tracker mortgages
We have no issues with what is being proposed here.

<u>Comments on the individual provisions</u>

Provision 12 (h) and (k) and 13 (f) – (h) We suggest that the reference to the Irish Credit Bureau (ICB) be removed and this sentence to read as follows "how data relating to the borrower's arrears may be shared with the relevant credit reference agency or credit register". We believe that this will remove the need for further amendment to these letters in the future.

Our main concern with the changes being suggested in 12 (k) and 13 (f) is that this may lead to the booklet and website having to be amended on a regular basis e.g. details of any government initiatives to assist borrowers in financial difficulty. We believe that a reference to the ISI website as per our earlier comment should be sufficient to deal with this requirement without overwhelming the borrower with information.

Provision 17 (a) – Please clarify if this provision has now changed from MARP applying '31 days from the date the arrears arose' to 'immediately once the arrears have arisen'. This could create undue concern for the borrower if the problem was technical in nature e.g. administration issue such as a change in bank account details for direct debit payment.

Provisions 20 & 21 - We welcome the proposed changes in relation to unsolicited communications. In relation to 20 (c) we recommend that the wording be changed from 'each unsolicited communication' to read 'each successful unsolicited communication'.

Provision 22 – As per our earlier comments on this issue, we would have concerns about the need to make reference to the ISI at this point in our engagement with the borrower.

As per our earlier comment on Provision 12 we believe that the reference to the ICB should be removed.

Provision 25 (b) - We would prefer if this time frame was extended out from the 15 business days to 30 calendar days which allows the lender more time to carry out this visit.

Provisions 27/28 –We believe this is potentially excessive given the level of disengagement for the borrower to be classified as not co-operating.

The borrower has been made fully aware of the implications of not co-operating at various stages of this process and has not sought to engage in a meaningful way with the lender despite the lenders attempts and correspondence. In our view we should be allowed to focus our resources working with borrowers who are genuinely seeking to address their financial difficulties rather than ongoing attempts to deal with not co-operating borrowers.

However, as per our earlier comment, if it is still the view of the CBI that these additional letters should be issued we would welcome confirmation from the CBI that those borrowers would not be allowed re-enter the MARP at any subsequent future date once deemed to be not co-operating and having received the prescribed not co-operating letters.

Provision 30 - Typo, two (b)'s

Provision 31- As per our earlier comments on this issue, if the CBI believes that it is necessary to provide a copy of the SFS to the borrower, ,we would recommend that the wording in this provision is amended to require the lender to provide a copy of the SFS to the borrower on receipt of a written request from the borrower.

Provision 38 (k) – We believe that debt write offs are not a form of ARA and as such, should not be included in this list..

Provision 42 (a) – We believe this information is excessive given the large amount of detail already provided in this respect and would suggest it be deleted.

Provision 43 – See our earlier comments on alternative repayment arrangements. In respect of the timelines etc. we recommend that these be changed to 'at least' every 12 months, 'at least' every three years, 'at least' every five years etc. Lenders may have short-term arrangements of 6 months duration so, in that scenario, a review would need to be carried out before twelve months have passed. We also believe that should the borrower's financial situation change for the better, there should be an onus on them to contact the lender and look for a review of their existing arrangement. Please also see our comment on Provision 47 below.

Provision 44c (i) and 45d (i) – This appears to be excessive information to be provided on the other options open to the borrower. There is a real risk of key messages being lost. If

some information is needed, a high level summary of other options would be more appropriate.

Provision 46 - In relation to the SFS we believe that this is already captured in Provision 31. Please note our comments in relation to provision 31 above. Similarly please see our comments in relation to the ISI publications under provision 22 which we believe to be unduly onerous.

Provision 47 – As per our earlier comments on this issue, in our view this provision should be reworded as follows:
A lender must make contact with a borrower, in writing, in the following circumstances:
(a) Immediately, where a borrower ceases to adhere to the terms of an alternative repayment arrangement to ascertain why the arrangement has not been adhered to.

We believe that 47 (b) should be deleted as per our earlier comment.

Provision 48 (a) - Typo, delete 'days' from '30 days business days'.

Provision 49 – in line with comments above, (b) and (c) should be deleted.

Provision 50 - Is this requirement not already captured in provision 49?

<u>Other issues</u>

We would be grateful for clarification on whether the CBI has any views on how to approach the cases of joint borrowers where one is co-operating and one is deemed as not co-operating and may, for example, have left the jurisdiction.

Currently lenders cannot accommodate the co-operating party without co-operation from the party who is no longer engaged as it is a joint borrowing. We would welcome guidance on how to treat such cases.

If implemented as it currently stands CP63 will have significant operational/system/resource and cost implications for most lenders. This revised CCMA will see the introduction of a minimum of 4 new letters and the amendment of a minimum of 6 existing letters. It will involve updates to the existing MARP booklet and to lenders websites. It will introduce a number of new processes/procedures . and changes to some existing processes/procedures, such as timelines around reviewing ARAs/appeals process etc. There will also be training requirements to inform relevant staff of these changes and its impact on them.

Based on all of the potential changes to the existing requirements lenders will undoubtedly need a reasonable period of time to implement this updated CCMA. In our view a minimum period of 6 months should be allowed for the full and proper implementation of the final version of CP63.