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Mortgage Arrears Code Submission  
The Central Bank of Ireland  
Dame Street  
Dublin 2



10<sup>th</sup> April 2013

Subject; Mortgage Arrears Code

Dear Governor

viii) **Tracker mortgages** – The Central Bank is considering whether there is merit in allowing a lender to move a borrower in arrears off a tracker rate, where the lender has offered an alternative arrangement which is advantageous to the borrower in the long term, e.g., a debt write off.

I am writing this note as part of the submission process surrounding your current ongoing review of loans/mortgages especially focusing on the whole area of Tracker Rate Mortgages.

There is currently a study being undertaken to establish the merits of removing the Tracker rate as a possibility in any deals arranged between a lender and a borrower and you state as an example 'debt write off'.

I believe it is fundamentally important that any decision that is allowed here needs to have the following at its core in order to protect the borrower.

- 1) **Clear and concise orders; if you leave the avenue vague in any way the lenders will interpret this as a method to extract as many of their customers from their Tracker rates as possible.**

The lenders, without any correction or direction from your office are at present looking at every mechanism possible to attempt to get as many people out of their Tracker mortgages as possible. Historically and presently some of these methods have included;

- A) Payments/Inducements of 10k to give up the Tracker rate.
- B)

The failure of any bank to explain the consequences of fixing their loan for a period and then the battle the customer has to undertake to try and get their Tracker Rate back.

- C) One of the pillar banks currently taking people off their Tracker rate and switching to a discounted variable rate with no indication of how long this discount will last. In a recent meeting with a client and Bank of Ireland I asked the question 'How long will this discounted variable rate last?' the answer is beyond belief 'I can't tell you that'. How BOI are allowed carry on in the market place with this level of advice is simply unbelievable.
- D) Every effort and resource has been used by all banks to attempt to put in place forms, wordings, clauses etc to attempt to get people off their Tracker Rates.

Your current submission requests only serves to create the view to the public that all banks including our Central Bank have the withdrawing of Tracker Rate Mortgages as the core of the objective. I hope and desire that this is not true.

There was a famous advert sometime ago, where it showed a man on a bus saying 'I don't know what a Tracker mortgage is' my belief is that the bus should have been full of top level bank officials as it has been clearly shown that indeed it was our banks that didn't know what a Tracker mortgage was and the cost effect to their loan book.

To now attempt to withdraw these tracker rate mortgages is any way is simply unjust, unfair and wrong. There is very little credibility left with our financial institutions but I would hope that there is still a level of respect for the decisions coming from the offices of the Central Bank.

Have a read of the submissions from all of the banks/lenders that you will have at your disposal I can assume that not one will admit to their failures in creating the product in the first place. The fact that they didn't hedge the costs for the term of the loan is not the fault of the borrower. All of their submissions in whatever guise will have as its target and aim the removal of tracker rates for customers. It will not be worded as clearly as this but be certain that is the aim of any of their submissions.

Initially, commencing with investors, now moving to arrears customers, and eventually to everyone else.

I am asking you to please think carefully before expressing any views that would scare people more than they already are. Any move now against arrears customers will send the wrong signal to all those customers that are just about hanging on.

Further commentary is needed here but due to time issues this is the best I could do in presenting the 'other side' of the argument. This whole area is becoming a National issue and the future steps that need to be taken must be done with care for the customer at its core.

Please do not allow vague legislation to be used by the banks to their advantage. I pose the question, **in their submissions have the banks offered anything that would benefit their customers.** Their drive here is to try to convince you that they will do right by their customers but the core of their objective is to attempt to get your approval to allow them to 'bully customers off their tracker mortgages. Read with extreme care their submissions as I believe their underlying aim will be to get support in whatever format that will assist the lenders in getting people off their tracker rates.

All lenders are currently threatening people and using the don't know factors surrounding the whole issue at present to put their customers further down the already travelled road of fear and lack of guidance. There seems to be the developing attitude that it is the customer that should have been the financial experts here and that is not what should be allowed to develop. It is and was beholding of the bank that at all times there should have been clear and concise documentation surrounding all dealings with their customers. There has been a distinct lack of the required clarity in this whole area.

Any vague statement or guidance will only further enhance the view of a collective move against the borrowers of this country. I will in my role of financial advisor continue to argue and battle against any lender who is unfairly dealing with this debt issue but there needs to be consideration as to the effect any of the discussions surrounding the whole debt issue is having on the health of not only the people of Ireland but also the economy of Ireland. The drive to profitability by all our lenders to the detriment of its customers should not be allowed to happen. It can surely be done with the welfare of its customers to the fore of any drive to profitability; it just might take more capital and time to achieve it. The lenders have fooled this country once please do not allow them to do it again.

I will leave it in you capable hands to endeavour to take whatever decisions with the broad responsibility of all interested parties views taken into account. It will be critical not just for today but the future of the Irish economy whatever decisions/alterations that are made to the Code On Mortgage Arrears.

Some comments for consideration;

Can you ask for the minutes of any meetings that have been held within our lenders regarding the whole issue of tracker rate mortgages? These would make for very interesting reading and might give you the best insight to date of the measures the Lenders have explored in attempting to get this issue off their books.

I will predict with an accuracy measurement of 1 month when the next recession will begin in this country and that is when ECB rates start to increase again.

Look at how all banks have increased their Variable rate mortgages over the last number of years further adding to the arrears problem. Do you think it will be any different if they succeed in moving large numbers of people out of a method of mortgage where they can't increase the rate to a method of mortgage where they can do what they like?

**Time will resolve all of the debt concerns at present but how can Our Government ask and receive this time from their lenders and it is not appropriate for customers of our lenders to receive the same benefits of time. In fact the very lenders who are at present trying to remove tracker rates from their customers have already received the very item that is required by most of their customers in resolving their debt issues and that is time.**

I hope this helps and thank you for your time in reading my submission and if I can be of any further help do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink that reads "Padraic Kissane". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Mr. Padraic Kissane  
Independent Financial Advisor