



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

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Ms Bríd Dunne
Clerk to the Joint Committee on Finance,
Public Expenditure and Reform, and Taoiseach
Leinster House
Dublin 2

3 April 2017

Dear Ms Dunne

I refer to your letter of 31 March 2017, including the invite from Chairman John McGuinness TD to attend the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach. The request for additional specific briefing material for the Committee in respect of the Tracker Mortgage Examination, in advance of the meeting set out in the letter, is addressed below.

Lender by Lender Breakdown of Data

The Central Bank welcomes the Committee's focus on the Tracker Examination and to the greatest extent possible wishes to facilitate the Committee's requests for data. However, pursuant to section 33AK of the Central Bank Act 1942, the Central Bank or its employees cannot disclose the detailed information requested as it is confidential information, which is not already in the public domain. Section 33AK(1A) of the Central Bank Act 1942 operates to prohibit the disclosure of confidential information concerning any matter arising in connection with the performance of the functions of the Central Bank or the exercise of its powers.



A failure to comply with section 33AK(1A) may constitute a criminal offence. On this basis, the lender by lender information requested cannot be disclosed as it is confidential and not already in the public domain.

However, since the commencement of the Examination, mindful of the unacceptable impact that lenders' failures have had on impacted customers, and the importance of regular public updates, the Central Bank has published a series of such updates detailing the progress of the Examination. This is an unprecedented course of action for live supervisory and enforcement work, but reflective of the importance which the Central Bank attaches to this issue and the degree to which we are endeavouring to provide as much information as possible while not impacting the outcome of any individual aspect of the Examination.

In that respect, and as Committee members will be aware, our updated Report on the Tracker Mortgage Examination published on 23 March 2017, contained the following aggregate data:

- 9,900 customer accounts have been identified as impacted by lenders, as part of the Examination, as at end February 2017.
- Lenders have commenced contacting impacted customers identified as at end February 2017 and interest rates have been rectified on more than 90% of the accounts, that require such rate rectification.
- Approximately €78m has been paid in redress and compensation to approximately 2,600 impacted customers identified as part of the Examination.

Separately, sums of €36.8 million and €5.8 million in redress and compensation have been paid by PTSB and Springboard Mortgages Limited in respect of 1,374 accounts impacted as part of the Mortgage Redress Programme announced in July 2015, which predated the Examination.

Trends Emerging from the Tracker Mortgage Examination to Date

The Tracker Mortgage Examination is very much an ongoing supervisory review and the Central Bank is therefore not in a position to comment on detailed trends emerging at this stage. However, the report as published on March 23 included some high level trends as follows:



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- Following the review of more than two million mortgage accounts by lenders, approx. 5% (approx. 100,000 accounts) of the total mortgage book to date was identified for further review under the Examination.
- 9,900 customer accounts have been identified as impacted by lenders, as part of the Examination, as at end February 2017.
- Of these 9,900 accounts identified as impacted, approx. 60% of impacted accounts arise as a result of customers not receiving a tracker product and approx. 40% of impacted accounts arise from customers not receiving the correct tracker margin.

We expect to be in a position to identify further trends in our final report on conclusion of the Examination.

How Financial Services Ombudsman (FSO) cases adjudicated on that resulted in a negative decision fit into the Tracker Mortgage Examination

The Central Bank has set out as part of the Examination Framework that it expects lenders to include within the scope of the Examination, all mortgages that have previously been the subject of a complaint to the FSO, irrespective of the FSO's ruling in the case. This approach is supported by the FSO who wrote to lenders in early 2016 requesting them to re-consider all cases under the Central Bank's Framework, as the scope of the Bank's Examination is broader than the criteria considered by the FSO when adjudicating on such cases.

I trust that the above provides the necessary clarifications on the specific matters requested by the Committee in the relation to the Tracker Mortgage Examination, in advance of our attendance at the Committee on 4 April.

Yours sincerely

A handwritten signature in black ink, appearing to be 'D. J. Flaherty'.