



## Residential Mortgage Arrears & Repossessions Statistics – Q4 2021

### Key Points

- The number of principal dwelling house (PDH) accounts in arrears fell by 618 accounts in the final quarter of the year (Table 1), this follows a decline of 1,481 accounts in Q3. Overall, the total number of PDH accounts in arrears is down 7,924 accounts or 14 per cent from a year previous.
- At end-December, some 4.5 per cent of all PDH mortgage accounts were in arrears over 90 days, representing 32,558 mortgage accounts. This continues the incremental downward trend observed over the last number of years and is the lowest number of accounts in arrears over 90 days since March 2010.
- Of the PDH accounts in arrears, some 6,257 accounts (or 13 per cent) are currently part of a legal process, with just over one third (34 per cent) in the legal system for over five years.
- Non-bank entities<sup>1</sup> continue to hold an increasing proportion of PDH mortgages, specifically in relation to PDH accounts in arrears. At end-December, non-banks held 14 per cent of all PDH mortgages outstanding and 67 per cent of all PDH accounts in arrears over 1 year.

**Table 1: Quarterly & Yearly change in PDH accounts in arrears, as at end-December 2021**

	Number of accounts	Q on Q change	Y on Y Change
Total PDH mortgage accounts	721,738	-1,148	-10,250
<b>Number of accounts in arrears</b>	47,062	-618	-7,924
Of which days past due:			
- up to 90 days	14,504	1,006	-1,697
- 91 to 180 days	3,284	-34	-998
- 181 to 365 days	3,376	-425	-1,079
- 1 to 2 yrs	4,223	-109	-844
- 2 to 5 yrs	7,308	-345	-1,618
- 5 to 10 yrs	8,961	-687	-1,828
- over 10 yrs	5,406	-24	140

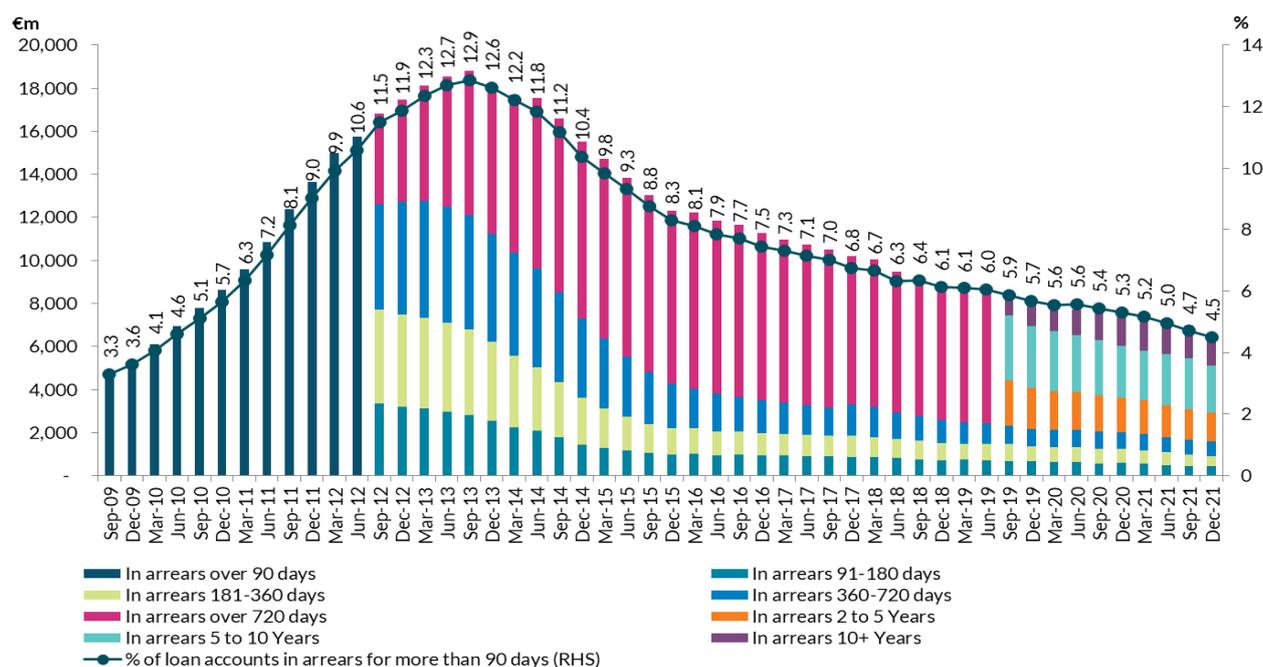
<sup>1</sup> Non-bank entities comprise of Retail Credit Firms and Credit Servicing Firms. More detailed information on these institution groups is available on the Central Bank website [here](#).

## Residential Mortgages on Principal Dwelling Houses

### Arrears

At end-December 2021, there were 721,738 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €98.6 billion. Of the total stock, 47,062 accounts were in arrears, representing a decrease of 618 accounts (or 1 per cent) over the quarter. This follows a reduction of 1,481 accounts in Q3. At end-December 2021, some 32,558 accounts (4.5 per cent) were in arrears of more than 90 days (Chart 1).<sup>2</sup>

**Chart 1: PDH Mortgage Accounts in Arrears over 90 Days**



**Note:** The breakdown of arrears greater than 90 days is not available pre-September 2012. The breakdown of arrears greater than 720 days is not available pre-September 2019.

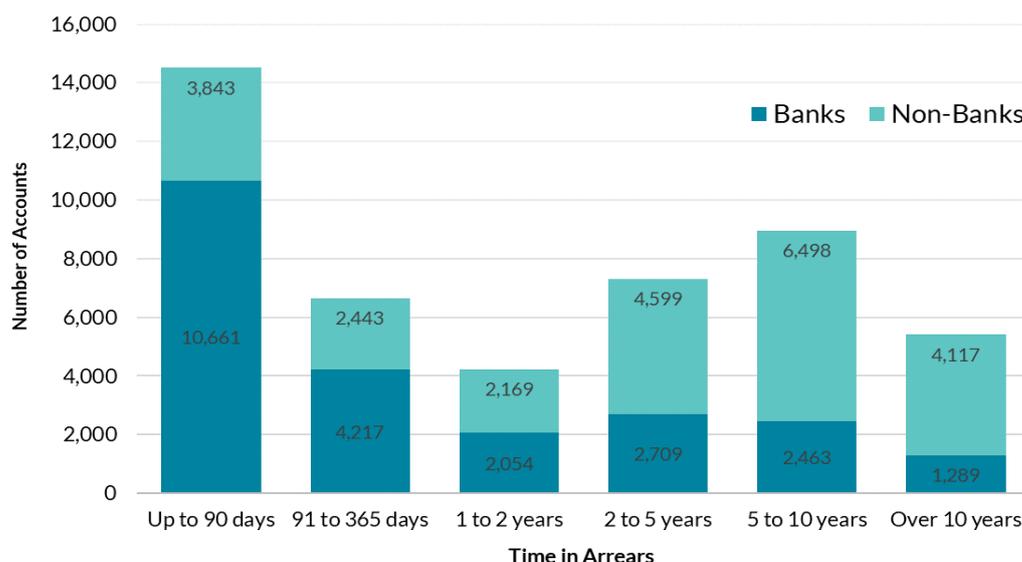
The outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €6.6 billion at end-December, equivalent to 7 per cent of the total outstanding balance on all PDH mortgage accounts. Accounts in long-term mortgage arrears i.e. over one year, accounted for 55 per cent of all accounts in arrears at end-December. Of the total number of PDH accounts in arrears, 16 per cent (or 7,308 accounts) were overdue by between 2 and 5 years, 19 per cent (or 8,961 accounts) were in arrears by between 5 and 10 years, while 11 per cent (or 5,406) were in arrears greater than 10 years. The number of accounts in long-term arrears declined by 1,165 accounts over the quarter. This follows on from a decline of 1,180 accounts in Q3. Overall, accounts in long-term arrears have declined by

<sup>2</sup> The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders and credit service providers. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

4,150 accounts or 14 per cent year-on-year. For accounts in arrears over ten years, this cohort recorded a marginal decline of 24 accounts to end-December compared to the previous quarter.

At end-December 2021, non-bank entities accounted for 13.6 per cent of the total stock of PDH mortgage accounts outstanding. Some 20 per cent of all PDH accounts held by non-banks were in arrears over 90 days, and 18 per cent were in arrears of over one year. For non-banks, a greater proportion of PDH accounts held are in longer-term arrears when compared to banks (Chart 2).

**Chart 2: PDH mortgage accounts in arrears, as held by banks and non-banks, as at end-December**



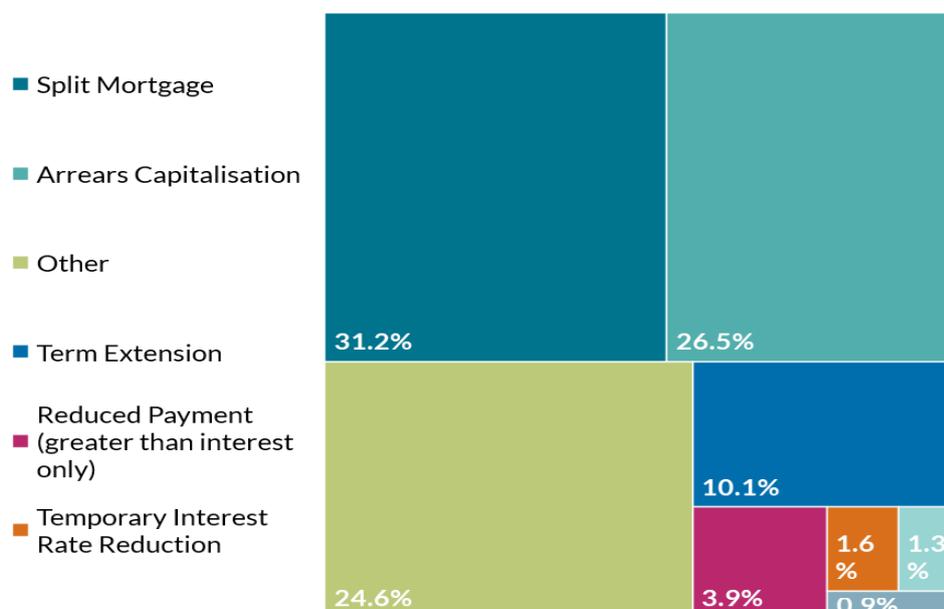
### Restructuring Arrangements<sup>3</sup>

A total stock of 66,590 PDH mortgage accounts were categorised as restructured at end-December 2021, representing 9 per cent of total PDH mortgage accounts outstanding. The total number of restructure arrangements fell by 2,136 accounts (3 per cent) over the quarter and continues a long-term trend of decline. There were 3,486 new restructure arrangements agreed during the fourth quarter of 2021, down marginally from 3,519 in Q3. Arrears capitalisation and reduced payment (greater than interest only) accounted for the largest share of new restructure arrangements, at 885 and 473 accounts, respectively. For the outstanding stock of restructures, split mortgages<sup>4</sup> accounted for the largest share, representing 31 per cent of all restructured mortgage accounts at end-December (Chart 3).

<sup>3</sup> See [Annex 2](#) for further information on restructuring arrangements/forbearance techniques and meeting the terms of the arrangement.

<sup>4</sup> Where a borrower is on a split mortgage restructure arrangement, the mortgage will be split into two parts. Repayments are made on one part (Part A), while the remainder is warehoused (Part B) to be repaid / reviewed at a later date. This implies that one split mortgage arrangement will be reported as two mortgage accounts within the statistics.

**Chart 3: Restructured PDH Mortgage Accounts by Restructure Type, as at end-December 2021**



The data on arrears and restructures indicate that of the total stock of 47,062 PDH accounts that were in arrears at end-December, 11,468 accounts (24 per cent) were classified as restructured. The remaining 76 per cent of accounts in arrears were not part of a restructure arrangement at end-December 2021. Accordingly, some 83 per cent of restructured accounts were not in arrears at end-December 2021.<sup>5</sup> At end-December, 88 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement, largely unchanged on recent quarters.<sup>6</sup> This means that the borrower is, at a minimum, meeting the agreed monthly repayments according to the current restructure arrangement.

Table 2 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-December 2021, broken down by arrangement type.<sup>7</sup> The figures show that of the total stock of accounts in the arrears capitalisation category, some 18.9 per cent of PDH accounts are not meeting terms of current restructure arrangement, i.e. the arrears balance has increased since the arrangement was put in place. As the figures in Table 2 only reflect compliance with the terms of the current restructure arrangement<sup>8</sup>, a higher percentage of compliance among shorter-term restructures could be expected.

<sup>5</sup> Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement.

<sup>6</sup> Meeting the terms includes restructured accounts not in arrears and accounts in arrears but meeting the terms of the current restructure arrangement.

<sup>7</sup> It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

<sup>8</sup> For Payment Moratoriums, a small number of accounts are reported as not meeting the terms of the arrangement due to an increase in a borrowers arrears balance since the previous quarter-end.

**Table 2: Percentage of Restructures 'Meeting the Terms of the Arrangement', as at end-December**

<b>%</b>	<b>PDH</b>	<b>BTL</b>
<b>Total</b>	<b>87.7</b>	<b>86.7</b>
Interest Only - up to one year	85.1	87.0
Interest Only - over one year	90.7	79.0
Deferred Interest Scheme	n/a	n/a
Reduced Payment (less than interest only)	86.0	95.5
Reduced Payment (greater than interest only)	89.4	84.4
Temporary Interest Rate Reduction	88.4	100.0
Payment Moratorium	96.6	100.0
Arrears Capitalisation	81.1	74.9
Term Extension	92.5	93.1
Permanent Interest Rate Reduction	82.7	50.0
Split Mortgage	93.5	92.5
Other	84.7	89.2

Non-bank entities held 19,510 restructured PDH mortgage accounts at end-December 2021. Of these restructured accounts, 82 per cent were meeting the terms of the arrangement.

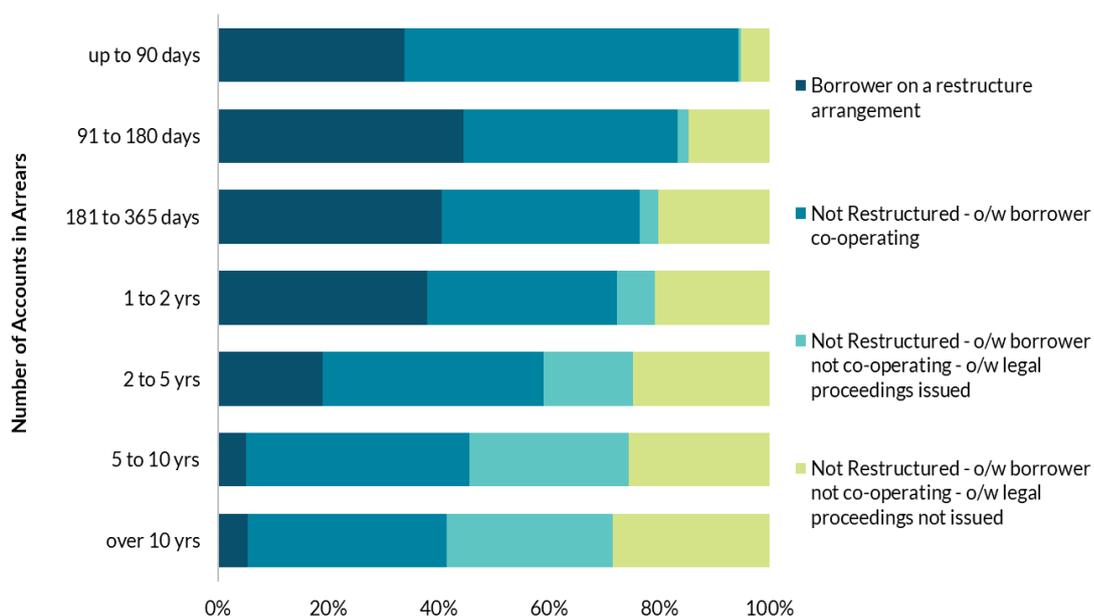
### **Borrower Engagement and Legal Status**

Engagement between borrowers in mortgage arrears and the holder of their loans has proven to be an important step in the successful resolution of mortgage arrears. To assess the current level of engagement, data are collected on restructured and non-restructured borrowers, and whether such borrowers are co-operating or not co-operating with their loan holder in order to agree a resolution. For non-co-operating borrowers, the data are further broken-down to identify whether legal proceedings have commenced or not.

Chart 4 below, illustrating PDH borrower engagement by arrears cohort, shows that the higher the arrears accumulated, the more likely it is that a borrower is not in a current restructure arrangement, and the borrower is classified as not co-operating.

Of the 25,898 PDH accounts in arrears over 1 year, 14 per cent (3,738 accounts) have a restructure arrangement in place, while 38 per cent (or 9,955) of accounts were not in a restructure, but were classified as co-operating. The remaining 47 per cent (12,205 accounts) were not in a restructure nor co-operating with their lender, and legal proceedings have been issued in just under half (47 per cent) of this 'not in a restructure nor co-operating' cohort.

**Chart 4: PDH borrower engagement by arrears cohort, as at end-December 2021**



**Note:** ‘Co-operation’ status is defined in line with the [Code of Conduct on Mortgage Arrears \(CCMA\)](#), which sets out strict criteria in relation to when loan owners can classify borrowers as not co-operating. In such cases, loan holders must formally notify the borrower of the implications of being classified as not co-operating, including that it may commence legal proceedings for repossession of the property.

### Legal Activity and Repossessions<sup>9</sup>

During Q4 2021, some 344 PDH accounts entered legal proceedings; this follows from 394 accounts in Q3. The majority of accounts in mortgage arrears are not currently subject to legal proceedings. Some 28,354 accounts in arrears (60 per cent) had no formal demand issued at end-December. A further 6,110 accounts (13 per cent) were at the formal demand issued stage, but legal proceedings had not yet commenced. Some 6,257 PDH accounts (13 per cent) currently have legal proceedings in process; this includes cases at Civil Bill lodgement stage and where the case is still active in the courts system (Chart 5).

<sup>9</sup> Legal proceedings record steps to repossess a property and include cases where a formal application has been made to a court to begin repossession proceedings, along with subsequent adjournments and judgement proceedings.

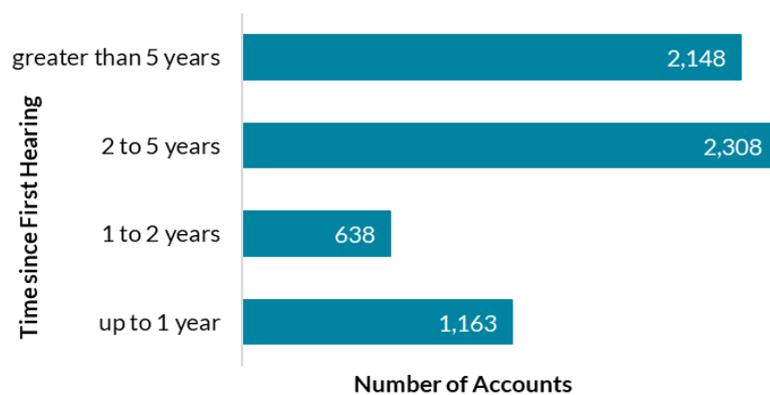
**Chart 5: Legal status of current PDH mortgage accounts in arrears, as at end-December 2021**



**Note:** Formal demand refers to the issuing of a legal letter for demand<sup>10</sup>. Legal concluded with arrears refers to those who have concluded legal proceedings, and currently have an outstanding arrears balance.

Of the cases currently in the legal system, the majority (4,456 accounts) have been in the legal system for over 2 years, with some 2,148 of those accounts in the courts system for over 5 years. Some 638 accounts have been in the legal system for between 1 and 2 years (Chart 6).

**Chart 6: Period accounts have been in the legal system, as at end-December 2021**



During Q4 2021, the Courts granted an order for repossession or sale of the property affecting 97 accounts. A total of 23 PDH properties were taken into possession by lenders during Q4, down from 27 properties in Q3. Of the total properties taken into possession during the quarter, the majority of properties, at 21, were voluntarily surrendered or abandoned, with the remaining 2 repossessed on foot of a Court Order. During the quarter, 132 properties were disposed of by lenders. As a result, lenders were in possession of 508 PDH properties at end-December 2021.

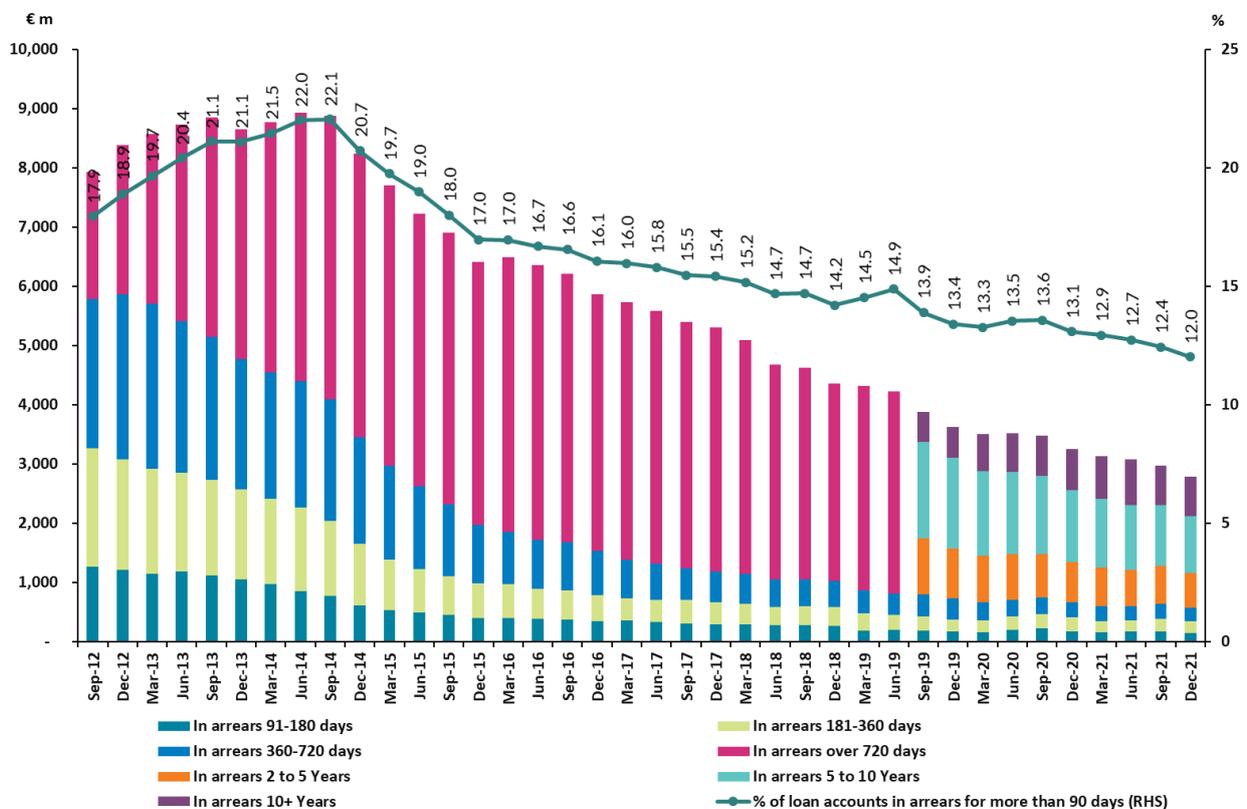
<sup>10</sup> More detail is available in the Residential Mortgage Arrears and Repossessions Statistics Explanatory Notes [here](#).

## Residential Mortgages on Buy-to-Let Properties

### Arrears

At end-December 2021, there were 88,121 residential mortgage accounts for Irish buy-to-let (BTL) properties, with an outstanding balance of €13.5 billion. Some 12,500 BTL accounts were in arrears at end-December, a decrease of 610 accounts or 4.7 per cent over the quarter. Of the total BTL stock, 10,587 accounts or 12 per cent were in arrears of more than 90 days (Chart 7), reflecting a decrease of 6 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €2.8 billion at end-December, equivalent to 21 per cent of the balance outstanding on BTL accounts.

Chart 7: BTL Mortgage Accounts in Arrears over 90 Days



**Note:** The breakdown of arrears greater than 90 days is not available pre-September 2012. The breakdown of arrears greater than 720 days is not available pre-September 2019.

BTL accounts in arrears of over one year numbered 9,128 or 10 per cent of all BTL accounts. The outstanding balance on these accounts was €2.4 billion at end-December, equivalent to 18 per cent of the total outstanding balance on all BTL mortgage accounts.

Of the total number of BTL accounts in arrears, 21 per cent (or 2,599 accounts) were overdue by between 2 and 5 years, a further 27 per cent (or 3,419 accounts) were in arrears by between 5 and 10 years and 15 per cent (or 1,936 accounts) were in arrears over 10 years.

At end-December 2021, non-bank entities accounted for 31 per cent of the total stock of BTL mortgage accounts outstanding. Significantly, non-banks held 70 per cent of all BTL accounts in arrears and 82 per cent of BTL accounts with accumulated arrears greater than ten years.

### **Restructuring Arrangements**

A total stock of 8,558 BTL mortgage accounts were categorised as restructured at end-December 2021, reflecting a decrease of 625 accounts over the quarter. Of the total stock of restructured accounts recorded at end-December, 84 per cent were not in arrears, while 87 per cent were meeting the terms of their current restructure arrangement.<sup>11</sup> On the BTL side, the largest two cohorts of restructured mortgages were in term extensions and arrears capitalisation arrangements, respectively. The data on arrears and restructures indicate that of the total number of BTL accounts that were in arrears at end-December, 1,376 (or 11 per cent) were classified as restructured.

Non-bank entities held 2,559 restructured BTL mortgage accounts, which accounted for 30 per cent of all restructured BTL mortgage accounts. Some 77 per cent of non-bank BTL mortgages were meeting the terms of the restructuring arrangement.

### **Rent Receivers and Repossessions**

During the fourth quarter of 2021, rent receivers were appointed to 117 BTL accounts. There were 322 BTL properties in the lenders' possession at the beginning of Q4 2021. An additional 18 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, all 18 were voluntarily surrendered or abandoned. During Q4 2021, 54 properties were disposed of. As a result, lenders were in possession of 281 BTL properties at end-December 2021.

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<sup>11</sup> Meeting the terms includes restructured accounts not in arrears and accounts in arrears but meeting the terms of the current restructure arrangement.

## Annex 1: Mortgage Arrears Data and Further Information

The mortgage arrears data, along with a set of explanatory notes, are available in the Mortgage Arrears section of the Statistics portal of the Central Bank of Ireland website: <http://www.centralbank.ie/polstats/stats/mortgagearrears/Pages/Data.aspx>.

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

The above guides, that include information on the protections that are available to consumers in financial difficulty, are available to download from the [consumer information section](#) of the Central Bank website.

## Annex 2: Restructuring Arrangements

Forbearance techniques include: a switch to an interest only mortgage; a reduction in the payment amount; a temporary deferral of payment; extending the term of the mortgage; and capitalising arrears amounts and related interest. The figures also include advanced modification options such as split mortgages and trade-down mortgages, which have been introduced to provide more long-term solutions for customers in difficulty.

It is important to note that 'meeting the terms of the arrangement' is not a measure of sustainability, as not all restructure types represent longer-term sustainable solutions as defined within the Mortgage Arrears Resolution Targets (MART). For instance, short-term interest only restructures are, in general, not part of longer-term sustainable solutions. The MART sustainability targets also include a significant number of accounts in arrears which are part of a legal process. These accounts are not classified as restructured within the Mortgage Arrears Statistics. Arrears associated with such accounts are recorded in full in the data.