



## Residential Mortgage Arrears & Repossessions Statistics – Q4 2020

### Key Points

- The number of principal dwelling house (PDH) accounts in arrears fell by 462 accounts in the fourth quarter of the year (Table 1). This was driven by a decline in longer-term arrears. Accounts in arrears over 2 years fell by 790 accounts over the last quarter, and by 2,104 accounts since December 2019.
- Some 5.3 per cent of all PDH mortgage accounts were in arrears over 90 days at end-December, representing 38,785 accounts, which is down slightly on the previous quarter.
- Of the total number of PDH accounts in arrears, 16 per cent (or 8,926 accounts) were overdue by between 2 and 5 years, 20 per cent (or 10,789 accounts) were in arrears by between 5 and 10 years, while 10 per cent (or 5,266) were in arrears greater than 10 years.
- Of the PDH accounts in arrears, 7,301 PDH accounts (or 13 per cent) are currently part of a legal process. The majority (5,095 accounts) of these have been in the legal system for over 2 years, with some 2,181 of those accounts in the courts system for over 5 years.
- Non-bank entities<sup>1</sup> held 13 per cent of all PDH mortgage accounts at end-December 2020; however, they held 57 per cent of all PDH mortgages in arrears over 2 years.
- Including buy-to-let (BTL) accounts, non-bank entities accounted for 14 per cent of the total stock of mortgage accounts at end-December 2020.

**Table 1: Quarterly & Yearly change in PDH accounts in arrears**

|                                      | Number of accounts | Q on Q change | Y on Y Change |
|--------------------------------------|--------------------|---------------|---------------|
| Total PDH mortgage accounts          | 731,988            | -1,313        | -10,087       |
| <b>Number of accounts in arrears</b> | 54,986             | -462          | -5,610        |
| Of which days past due:              |                    |               |               |
| - up to 90 days                      | 16,201             | +670          | -2,330        |
| - 91 to 180 days                     | 4,282              | +123          | -583          |
| - 181 to 365 days                    | 4,455              | -265          | -332          |
| - 1 to 2 yrs                         | 5,067              | -200          | -261          |
| - 2 to 5 yrs                         | 8,926              | -342          | -1,520        |
| - 5 to 10 yrs                        | 10,789             | -700          | -1,955        |
| - over 10 yrs                        | 5,266              | +252          | +1371         |

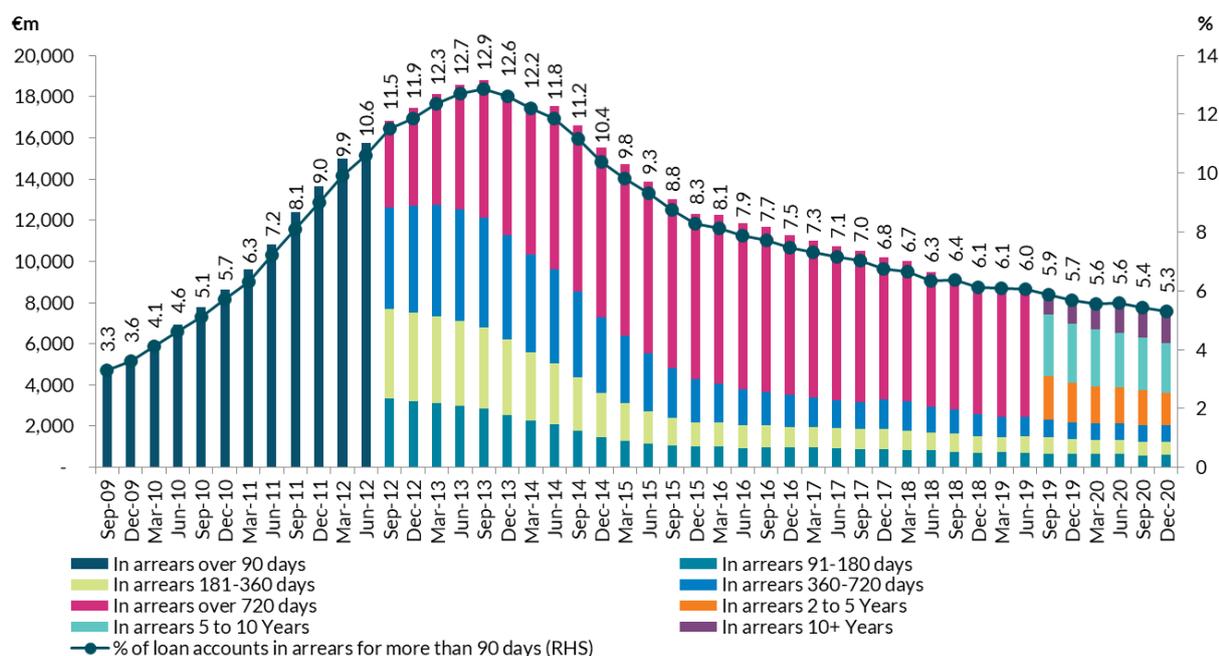
<sup>1</sup> Non-bank entities comprise of Retail Credit Firms and Credit Servicing Firms. More detailed information on these institution groups is available on the Central Bank website [here](#).

## Residential Mortgages on Principal Dwelling Houses

### Arrears

At end-December 2020, there were 731,988 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €98 billion. Of this total stock, 54,986 accounts were in arrears, representing a decrease of 462 accounts (or 0.8 per cent) over the quarter. At end-December 2020, some 38,785 accounts (5.3 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**



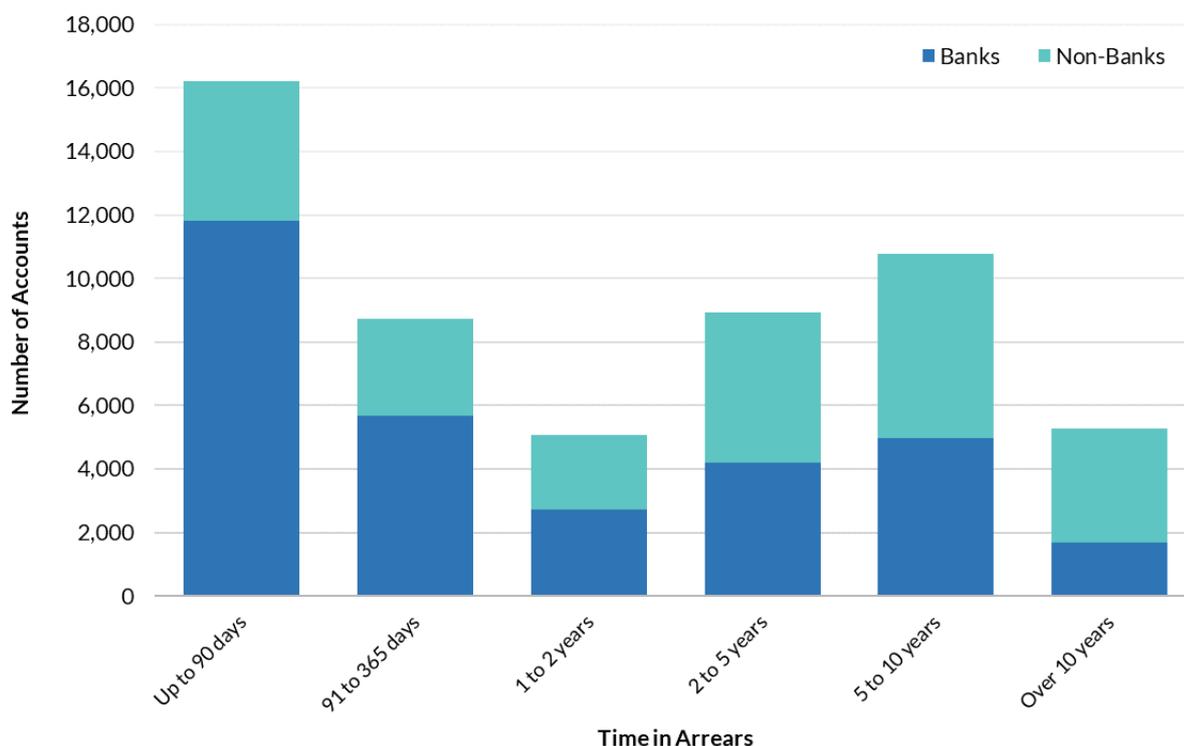
**Note:** The breakdown of arrears greater than 90 days is not available pre-September 2012. The breakdown of arrears greater than 720 days is not available pre-September 2019.

The outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €7.4 billion at end-December, equivalent to 7.5 per cent of the total outstanding balance on all PDH mortgage accounts. Accounts in arrears over two years accounted for 45.4 per cent of all accounts in arrears at end-December. Of the total number of PDH accounts in arrears, 16 per cent (or 8,926 accounts) were overdue by between 2 and 5 years, 20 per cent (or 10,789 accounts) were in arrears by between 5 and 10 years, while 10 per cent (or 5,266) were in arrears greater than 10 years.

<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.

At end-December 2020, non-bank entities accounted for 13 per cent of the total stock of PDH mortgage accounts outstanding. A total of 21 per cent of these accounts were in arrears over 90 days, and 15 per cent were in arrears of over two years. For non-banks, a greater proportion of total PDH accounts held are in deep arrears when compared to banks. Of those in arrears, 59 per cent of non-bank PDH mortgage accounts are in arrears of over two years, and 15 per cent of PDH accounts are in arrears of over ten years (Chart 2).

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



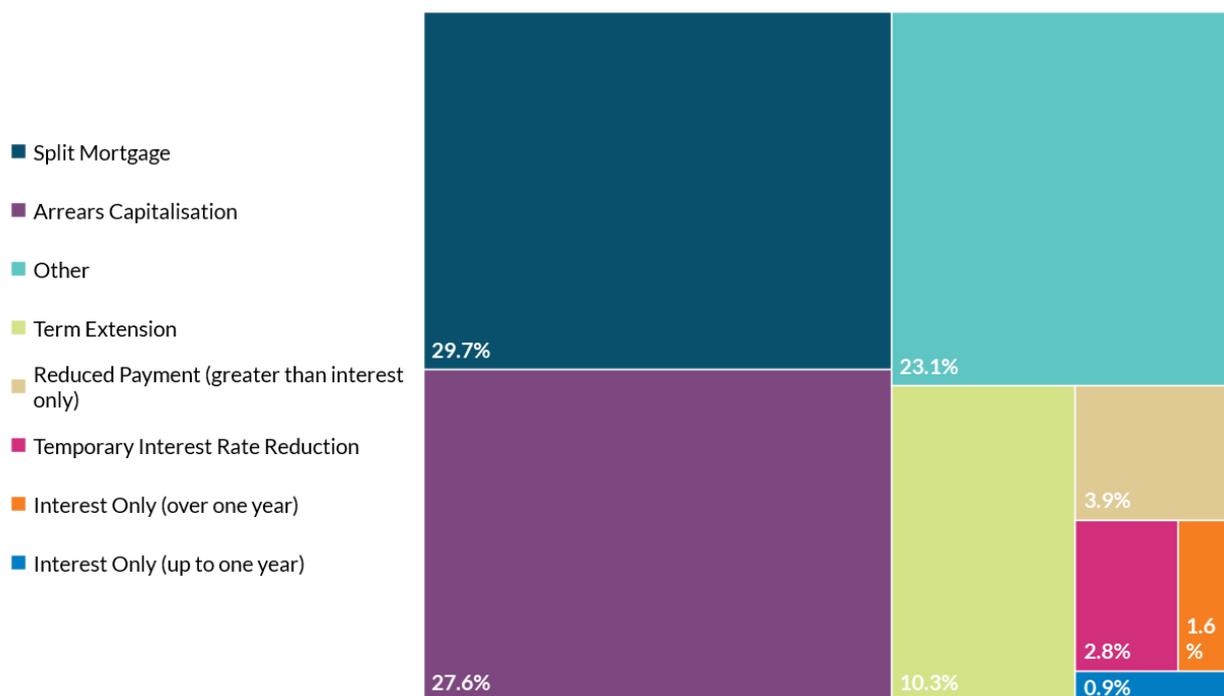
### Restructuring Arrangements<sup>3</sup>

A total stock of 72,866 PDH mortgage accounts were categorised as restructured at end-December 2020, representing 10 per cent of total PDH mortgages outstanding. The 4.5% quarterly decline in the total number of restructured mortgages was driven primarily by a reduction in the number of permanent restructure arrangements such as arrears capitalisation and term extensions from the mortgage statistics. Split Mortgages<sup>4</sup> accounted for the largest share of restructured mortgage accounts at 29.7 per cent at end-December (Chart 3), while the share of accounts on temporary restructure arrangements remained low at 11 per cent.

<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, end-December 2020**



There were 4,203 new restructure arrangements<sup>5</sup> agreed during the fourth quarter of 2020. Reduced Payment (greater than interest only) and Arrears Capitalisation accounted for the largest share of new restructure arrangements, at 906 and 746 accounts, respectively. The data on arrears and restructures indicate that of the total stock of 54,986 PDH accounts that were in arrears at end-December, 13,952 accounts (25 per cent) were classified as restructured. The remaining 75 per cent of accounts in arrears were not part of a restructure arrangement at end-December 2020. Some 81 per cent of restructured accounts were not in arrears at end-December 2020.<sup>6</sup> At end-December, 86 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement.<sup>7</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 2020, broken down by arrangement type.<sup>8</sup> The figures show that of the total stock of accounts in the arrears capitalisation category, some 20.7 per cent of PDH accounts are not meeting terms of current restructure arrangement, i.e. the arrears balance has

<sup>5</sup> This includes first-time restructures and further modifications of existing restructures.

<sup>6</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>7</sup> Meeting the terms includes restructured accounts not in arrears and accounts in arrears but meeting the terms of the current restructure arrangement.

<sup>8</sup> It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

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, a higher percentage of compliance among shorter-term restructures could be expected.

**Table 2: Percentage of Restructures 'Meeting the Terms of the Arrangement' (end-December 2020)**

| %  | PDH         | BTL         |
|--|-------------|-------------|
| <b>Total</b>                                 | <b>86.3</b> | <b>85.8</b> |
| Interest Only - up to one year               | 87.5        | 86.6        |
| Interest Only - over one year                | 91.8        | 84.9        |
| Deferred Interest Scheme                     | 75.0        | n/a         |
| Reduced Payment (less than interest only)    | 83.3        | 87.5        |
| Reduced Payment (greater than interest only) | 89.3        | 80.5        |
| Temporary Interest Rate Reduction            | 83.5        | 94.1        |
| Payment Moratorium                           | 97.6        | 99.0        |
| Arrears Capitalisation                       | 79.3        | 72.8        |
| Term Extension                               | 91.1        | 93.7        |
| Permanent Interest Rate Reduction            | 85.9        | 76.9        |
| Split Mortgage                               | 92.8        | 92.5        |
| Other  | 82.8        | 88.1        |

Non-bank entities held 19,122 restructured PDH mortgage accounts at end-December 2020. Of these restructured accounts, 82 per cent were meeting the terms of the arrangement.

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

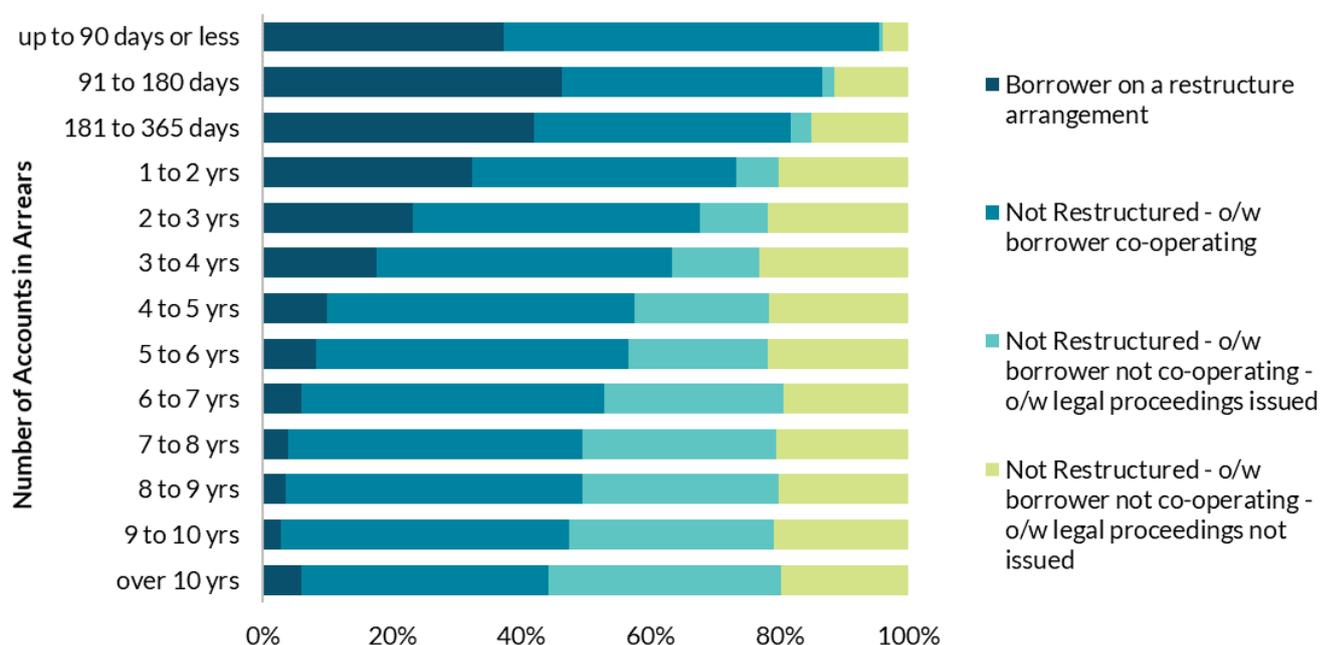
Engagement between borrowers in mortgage arrears and the holder of their loans has proven to be an important step in the successful resolution of mortgage arrears. To assess the current level of engagement, data is collected on restructured and non-restructured borrowers, and whether such borrowers are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

Of the 24,981 PDH accounts in arrears over 2 years, 10 per cent (or 2,405) of accounts have a restructure arrangement in place, while 44 per cent (or 11,110) of accounts were not in a restructure,

but were classified as co-operating. The remaining 46 per cent (or 11,466 accounts) were not in a restructure nor co-operating with their lender, and legal proceedings have been issued in 54 per cent of this 'not in a restructure nor co-operating' cohort.

**Chart 4: PDH borrower engagement by arrears cohort, as at end-December 2020**



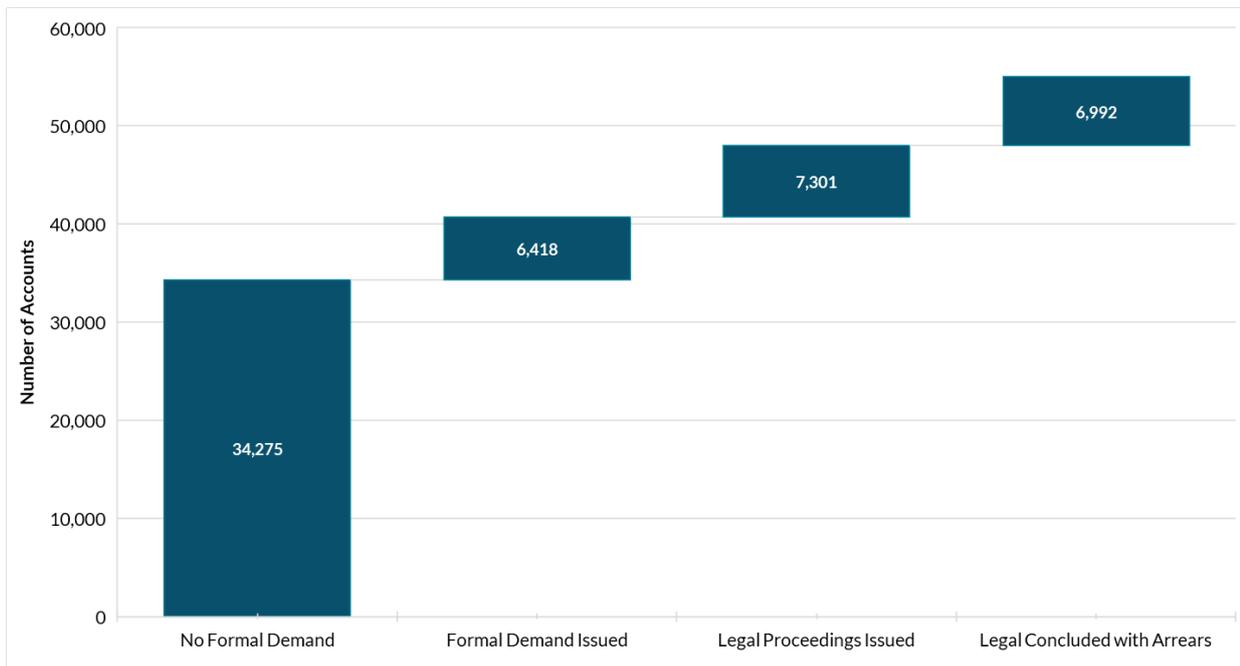
**Note:** 'Co-operation' status is defined in line with the [Code of Conduct on Mortgage Arrears \(CCMA\)](#), which sets out strict criteria in relation to when loan owners can classify borrowers as not co-operating. In such cases, loan holders must formally notify the borrower of the implications of 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 2020, some 253 PDH accounts entered legal proceedings in the fourth quarter of 2020. The majority of mortgage accounts in arrears are not currently subject to legal proceedings. Some 34,275 accounts (62 per cent) in arrears had no formal demand issued at end-December. A further 6,418 accounts (12 per cent) were at the formal demand issued stage, but legal proceedings had not yet commenced. Some 7,301 PDH accounts (12 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). This is a reduction of 637 accounts since September 2020.

<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**



**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 (5,095 accounts) have been in the legal system for over 2 years, with some 2,181 of those accounts in the courts system for over 5 years. Some 955 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**



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

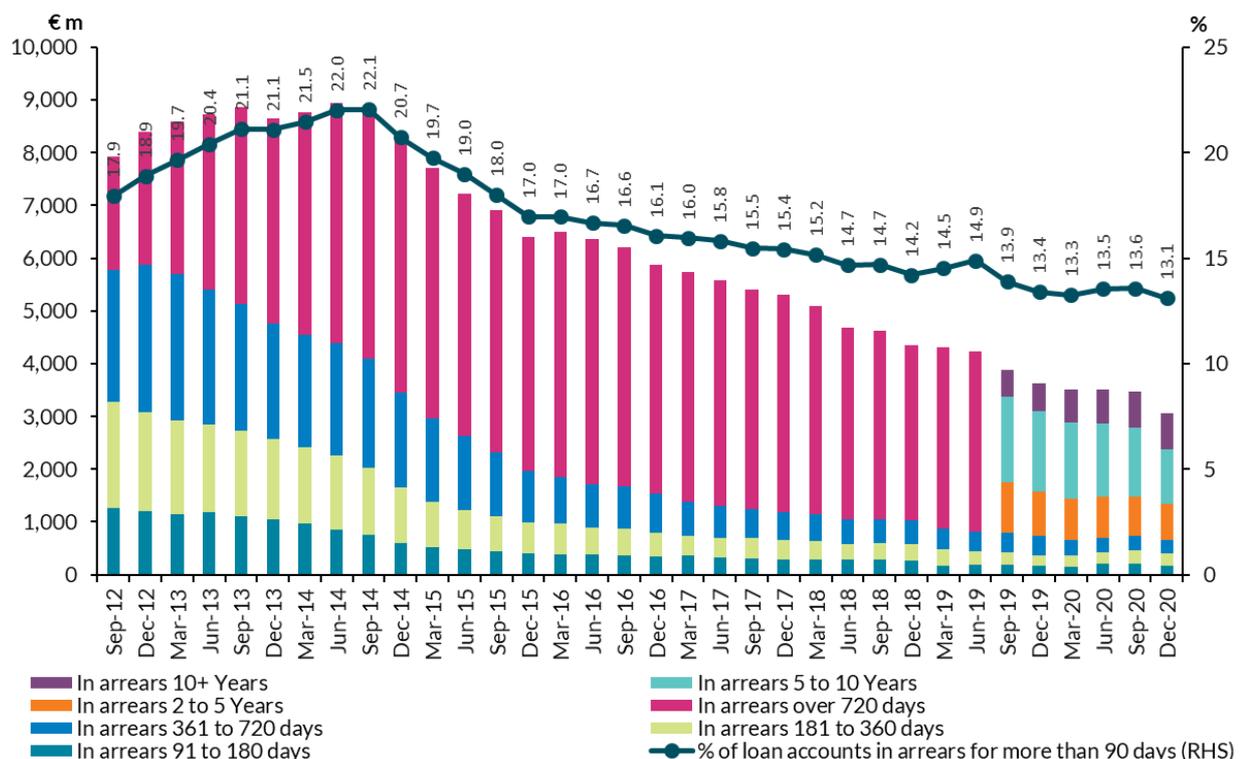
During Q4 2020, the Courts granted an order for repossession or sale of the property affecting 96 accounts. A total of 29 PDH properties were taken into possession by lenders during the quarter, down from 35 properties in the previous quarter. Non-bank entities accounted for 15 properties. Of the total properties taken into possession during the quarter, the majority of properties, at 25, were voluntarily surrendered or abandoned, with the remaining 4 repossessed on foot of a Court Order. During the quarter, 76 properties were disposed of by lenders, of which non-banks accounted for 26 properties. As a result, lenders were in possession of 744 PDH properties at end-December 2020.

## Residential Mortgages on Buy-to-Let Properties

### Arrears

At end-December 2020, there were 96,415 residential mortgage accounts for Irish buy-to-let (BTL) properties, with an outstanding balance of €15.4 billion. Some 15,138 BTL accounts were in arrears at end-December, a decrease of 659 accounts or 4 per cent over the quarter. Of the total BTL stock, 12,615 accounts or 13.1 per cent were in arrears of more than 90 days (Chart 7), reflecting a decrease of 0.5 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €3.2 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 two years numbered 9,459 or 9.8 per cent of all BTL accounts. The outstanding balance on these accounts was €2.6 billion at end-December, equivalent to 17 per cent of the total outstanding balance on all BTL mortgage accounts.

Of the total number of BTL accounts in arrears, 19 per cent (or 2,951 accounts) were overdue by between 2 and 5 years, while 30 per cent (or 4,469 accounts) were in arrears by between 5 and 10 years and 13 per cent (or 2,039) were in arrears over 10 years.

At end-December 2020, non-bank entities accounted for 27 per cent of the total stock of BTL mortgage accounts outstanding. A total of 36 per cent of these accounts were in arrears over 90 days, and 29 per cent of accounts in arrears of over two years. Non-banks hold 78 per cent of all BTL accounts in arrears over two years and 87 per cent of BTL accounts with accumulated arrears greater than ten years.

### **Restructuring Arrangements**

A total stock of 10,731 BTL mortgage accounts were categorised as restructured at end-December 2020, reflecting a decrease of 471 accounts over the quarter. Of the total stock of restructured accounts recorded at end-December, 82 per cent were not in arrears, while 86 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. The data on arrears and restructures indicate that of the total number of BTL accounts that were in arrears at end-December, 1,961 (or 13 per cent) were classified as restructured.

Non-bank entities held 3,161 restructured BTL mortgage accounts, which accounted for 29 per cent of all restructured BTL mortgage accounts. Some 75 per cent of non-bank BTL mortgages were meeting the terms of the restructuring arrangement.

### **Rent Receivers and Repossessions**

During the fourth quarter of 2020, rent receivers were appointed to 177 BTL accounts, bringing the stock of BTL accounts with rent receivers appointed to 4,469 at end-December. There were 391 BTL properties in the lenders' possession at the beginning of Q4 2020. A total of 40 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 3 were repossessed on foot of a Court Order, while the remaining 37 were voluntarily surrendered or

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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.

abandoned. During Q4 2020, 67 properties were disposed of. As a result, lenders were in possession of 363 BTL properties at end-December 2020.

## 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.

