

# Struggling to meet your mortgage repayments?

A guide to dealing  
with mortgage  
repayment difficulties

This booklet is designed for  
mortgage customers of:

- **Bank of Ireland**
- **Bank of Ireland Mortgage Bank**

**Bank of Ireland** 

For small steps, for big steps, for life

Crystal  
Mark  
21053



Clarity approved by  
Plain English Campaign

# Our commitment to you

At Bank of Ireland Group, we understand that the current economic climate may have affected your financial situation. You may be struggling to pay your mortgage and worrying about making ends meet. If you are facing this kind of difficulty, please come in and talk to us as soon as possible. The earlier you let us know about your difficulties, the sooner we can help you.

This booklet is for customers of the Bank of Ireland Group who may be concerned about their mortgage, whether they are customers of Bank of Ireland or Bank of Ireland Mortgage Bank.

We want to assure you that we are committed to helping you with any repayment difficulties you may have, treating you fairly, and finding the most appropriate solution to best suit your circumstances.

The first step is for you to meet with a Mortgage Adviser in your local Bank of Ireland branch. Many of our customers have already benefited from our advisers' knowledge and experience in these circumstances, and any conversation you have will be strictly confidential.

## How we can help you

We have an established process, the Mortgage Arrears Resolution Process (MARP), to help customers who are 'in arrears' (behind with their mortgage payments) or at risk of going into arrears. The MARP is part of our obligation under the Central Bank of Ireland's Code of Conduct on Mortgage Arrears (referred to in this booklet as 'the code'). Full details of the code are given on the website [www.centralbank.ie](http://www.centralbank.ie).

The code applies to a mortgage taken out on your 'primary residence'. This is usually the home you live in as your main or only home in the Republic of Ireland. However, if you have a mortgage with us over the only residential property you own in the Republic of Ireland, this will be your primary residence, even if you do not live there.

It is very important that you understand that the code places obligations on you. You must co-operate with us to tackle your repayment difficulties. If you do not work with us or provide the information we ask for, you will be considered to be 'not co-operating' and will lose the protection given to you by the code.

### **Contact us as soon as possible**

Facing financial problems can be extremely worrying, but you are not alone in finding yourself in this situation. It is important that you contact us as soon as you become aware of potential difficulties. It is also important that you reply to us promptly when you receive any correspondence from us.

We have fully trained staff available to help you every step of the way. You can call into any Bank of Ireland branch or, if you prefer, phone our Arrears Support Unit on 07662 44444.

You may find it useful to draw up a budget based on your current income and spending. Our 'Help with your finances' section on [www.bankofireland.com](http://www.bankofireland.com) has a useful budget planner which may help you. In that planner you can add up your income for a typical month and then take off your bills and other expenses. When you have a good look through your budget you may find some areas where you can make some savings.

You can also call the Money Advice and Budgeting Service (MABS). MABS is a free, confidential and independent service for people in financial difficulty. (See 'Useful contacts' on page 14.)

If you have an income-protection policy or a repayment-protection policy, you might be able to make a claim. You should check your policy.

### **Fill in a standard financial statement (SFS)**

Your next step is to fill in a standard financial statement (SFS). This is a form specially designed to give us a detailed understanding of your finances.

You can get an SFS form, along with our 'Guide to completing the SFS', from any Bank of Ireland branch and from our website at [www.bankofireland.com](http://www.bankofireland.com). If you need help with the form, don't be afraid to contact us. You can also get independent advice to help you fill in the SFS – see 'Useful contacts' on page 13-14.

We rely on your SFS to fully assess your situation. It is vital that you fill in the SFS fully, honestly and accurately. We might ask you to give us documents to support what you tell us in the SFS (for example, we might ask for payslips). If you don't fill in the SFS honestly or fully, or you refuse to provide any documents we ask for, we will consider you to be not co-operating, and you will lose the protection provided by the code.

## **Assessing your situation**

When we receive your SFS and any extra details or documents we have asked for, we will use the information in it to assess your particular situation and identify an approach to help you deal with your financial difficulties. As well as looking at your current income and outgoings, the main items we will consider in our assessment are as follows.

- ▶ Your personal circumstances
- ▶ Any debts you have
- ▶ Any savings or investments you have
- ▶ The information you give us in your SFS
- ▶ Any documents you have provided to support the details in the SFS
- ▶ Any extra information you have given us
- ▶ Your repayment history with us and other lenders
- ▶ Whether one or more of the alternative repayment arrangements we describe in this booklet would be suitable for you

## **Deciding the approach**

We have a number of alternative repayment arrangements and one of these, or a combination of them, could be suitable for you. How long an alternative repayment arrangement lasts will depend on your particular circumstances.

On the following two pages we set out the alternative repayment arrangements we provide – the main features of each and how they work.

## The alternative repayment arrangements we provide

	Key Features	How it works
<b>Interest-only payments</b>	You pay only the interest on your mortgage for an agreed period.	Your mortgage repayments are reduced for an agreed period.
<b>Reduced repayments</b>	You pay more than just the interest, but less than your usual repayment of capital and interest, for an agreed period.	At the end of the agreed period your mortgage repayments for the remaining term are recalculated. This means that your repayments will then increase.
<b>Moratorium</b>	You do not make any repayments for a short period, typically up to three months.	You stop making mortgage repayments for an agreed period.  At the end of the agreed period your mortgage repayments for the remaining term are recalculated. This means that your repayments will then increase.
<b>Term extension</b>	You pay off your mortgage over a longer period.	The term of your mortgage is extended. Spreading the mortgage over a longer period of time reduces the repayments.
<b>Capitalisation of arrears</b>	All overdue repayments are added to the amount of your mortgage.	Your mortgage repayments are recalculated based on you paying off the mortgage amount plus the missed repayments that have been added to it. This means that your repayments will increase.

## The alternative repayment arrangements we provide (Continued)

	Key features	How it works
<b>Split mortgage</b>	<p>Your mortgage is split into two parts. You make an interest-only payment on the first part, and a capital-and-interest repayment on the second part.</p> <p>Before you enter into this arrangement you must identify how you expect to repay the part of the mortgage you are only paying interest on.</p>	<p>Your capital and interest repayments clear the second part of the mortgage by the end of the mortgage term.</p> <p>The amount of capital (the actual loan) on the first part of the mortgage, which you only pay interest on, is not reduced over the term of the mortgage. You must pay it off in full at the end of the mortgage term.</p> <p>How the mortgage is split between the two parts, and so the percentage of the loan in each, will depend on your circumstances. We will review this split with you from time to time.</p>
<b>Deferred interest</b>	<p>You pay only a percentage (not less than 66%) of the interest for an agreed period.</p> <p>The remaining interest is 'deferred' until the end of the agreed period.</p>	<p>Your mortgage repayments are reduced for an agreed period.</p> <p>At the end of the agreed period:</p> <ul style="list-style-type: none"> <li>• the interest that was deferred is added to the amount of your mortgage; and</li> <li>• your mortgage repayments are recalculated and will increase to cover the mortgage amount plus the deferred interest.</li> </ul>

## Understanding your alternative repayment arrangements

If we decide to offer you an alternative repayment arrangement we will write to you setting out the terms and conditions of that arrangement. It's very important that you fully understand the new arrangement before you go ahead with it. For this reason we recommend you get independent legal or financial advice (or both) before you make any decisions. If you, or your advisers, have any questions about the alternative repayment arrangement, contact us and we will be happy to discuss these with you.

You should also be aware that, although an alternative repayment arrangement may reduce your home mortgage repayments, they will add to the overall cost of your mortgage over the term of the mortgage.

## When no alternative repayment arrangement is suitable for you

Sometimes, none of the alternative repayment arrangements are suitable for or available to you, and you may need to sell the property. If this is the case we will work with you to help find the most appropriate approach to selling your home. The possible approaches include the following.

### **Mortgage-to-rent**

Under this scheme a housing association buys your home but you stay living in it as a tenant. You no longer own the property and you pay rent to the housing association. The Housing Agency has set criteria for this option. For example, there are limits on incomes and property values. You will continue to owe us any of your mortgage loan not paid off from the proceeds of you selling your home.

The Citizens Information Board runs a Mortgage Arrears Information Helpline for people considering this scheme. (See 'Useful contacts' on page 13-14)

### **Trading down**

In certain circumstances, we may agree to give you a smaller mortgage for you to downsize to a less expensive home. This may be suitable if the new

mortgage would be more manageable, even if you are currently in negative equity (that is, if you owe us more than the value of the property you are selling).

### **Voluntary sale**

This is where you sell the property, with our agreement, on the open market and pay the proceeds to us. If you sell the property for less than the amount you owe on your mortgage, you will still have to pay us the amount that remains unpaid.

### **Voluntary surrender**

This is where you and we agree that you move out of the property so that we can repossess it and sell it. If the property is sold for less than the amount you owe on your mortgage, you will still have to pay us the amount that remains unpaid.

For all of the alternative repayment arrangements and approaches for selling your home we will assess your circumstances to make sure you meet the criteria for the particular arrangement or approach. This sometimes means that you must meet the criteria of other organisations (for example, a housing association for the mortgage-to-rent arrangement).

## **Not co-operating**

Under the code, you will be considered to be 'not co-operating' with us if any of the circumstances 1 to 4 below apply.

### **1 If:**

- ▶ you have failed to give us full and honest information that has a significant effect on your financial situation; and
- ▶ we have sent you a warning letter as required by the code but you have not carried out the actions specified in that letter.

### **2 If:**

- ▶ you did not give us relevant information about your financial situation, within the timescale we specified; and
- ▶ we have sent you a warning letter as required by the code but you have not carried out the actions specified in that letter.

**3** If you have not entered into an alternative repayment arrangement with us and there has been a three-month period during which:

- ▶ you have failed to pay your mortgage repayments in full, or you have made your mortgage repayments in full but are still in arrears, and you:
  - have failed to contact, or respond to any communications from, us or a third party acting for us; or
  - have contacted, or responded to communications from, us or a third party acting for us, but have not done everything required for us to complete an assessment of your circumstances; and
- ▶ we have sent you a warning letter as required by the code but you have not carried out the actions specified in that letter.

**4** If you have entered into an alternative repayment arrangement with us and since then there has been a three-month period during which:

- ▶ you have failed to pay the new repayments under the alternative repayment arrangement in full and you:
  - have failed to contact, or respond to any communications from, us or a third party acting for us; or
  - have contacted, or responded to communications from, us or a third party acting for us, but have not done everything required for us to complete an assessment of your circumstances; and
- ▶ we have sent you a warning letter as required by the code but have not carried out the actions specified in that letter.

The consequences of not co-operating are serious. Those consequences are set out in the code and include the following.

- ▶ We may apply fees, charges, and extra interest on arrears.
- ▶ We may start legal proceedings to repossess your property.
- ▶ You may no longer be eligible for a Personal Insolvency Arrangement (PIA) under the Personal

Insolvency Act 2012. (For information on PIAs, contact the Insolvency Service of Ireland. Their contact details are on page 14.)

## Our communications with you

We will contact you when this is practical and necessary, and when we need to do so to meet our duty under the code. For example, we will contact you to give you information or ask you for information. Our communications will not be aggressive, intimidating or harassing.

We will communicate with you in plain language. However, sometimes we will need to use technical terms relating to mortgages.

We will communicate with you only when we need to. Of course, there may be times when we and you need to be in constant and regular contact with each other for good practical reasons. There may be other times when we need to contact you urgently. When we are finding it difficult to get in touch, we may need to try several times.

If we ask you to do something we will give you a reasonable time to do it before we contact you again.

If we feel you are not co-operating with us we will tell you this.

## Complaints

If you have a complaint about how we treat you or our duties under the code, please follow the steps below.

- ▶ Visit or phone your branch, or write to the Customer Service Manager there. You can also make the complaint to our Arrears Support Unit (contact details are on page 13).
- ▶ If we have not settled the complaint within five business days we will write to you to let you know we are considering it.
- ▶ If, after a further 20 working days, we still have not settled the complaint, we will write to you again to explain the delay and give you an indication of when we expect to give you a full response.
- ▶ We will write to you every 20 business days (or

more frequently) to update you on the progress of your complaint.

- ▶ If you are not satisfied with our final decision on your complaint or how we have dealt with it, you can contact the Financial Services Ombudsman (contact details are on page 14).

## Appeals

If you are not happy with our decision:

- ▶ to offer you an alternative repayment arrangement that you are not willing to enter into;
- ▶ not to offer you an alternative repayment arrangement; or
- ▶ that you are not co-operating under the terms of the code;

you can appeal against it.

### Where to send your appeal

Send your appeal, in writing, to the Appeals Board. Their contact details are on page 13.

### Details to include in your written appeal

You can decide exactly what to say in your written appeal, but you should include the following.

- ▶ The correct mortgage account number
- ▶ Specific details of the reason for your appeal
- ▶ Any information that you think we have not taken account of

With your appeal you should send any documents the Appeals Board may find useful when considering your appeal.

### About the Appeals Board

The Appeals Board is made up of three of our senior staff members. They consider appeals and must keep to the rules and principles of the code. The Appeals Board considers your personal circumstances, and the other information set out under the heading 'Assessing your situation' on page 4, 'afresh'. This means that they will consider the issue again from the beginning and they can consider any new information you give them.

## The types of decision the Appeals Board can make

Examples of decisions that the Appeals Board can make include the following.

If we have offered you an alternative repayment arrangement:

- ▶ To confirm our decision to offer a particular alternative repayment arrangement.
- ▶ That the arrangement we offered is not suitable and that:
  - a different alternative repayment arrangement is more suitable; or
  - there is no suitable alternative repayment arrangement available.
- ▶ To ask our Arrears Support Unit to consider the matter again (for example, if new information about your financial circumstances has come to light).

If we have not offered you an alternative repayment arrangement:

- ▶ To confirm our decision that there is no suitable alternative repayment arrangement available..
- ▶ That we should offer an alternative repayment arrangement.
- ▶ To ask our Arrears Support Unit to consider the matter again (for example, if new information about your financial circumstances has come to light).

If necessary, the Appeals Board may put off making a decision and ask you for more information.

## Contact person

We will give you the name of a person who will be the point of contact for your appeal until the Appeals Board makes its decision.

## How long an appeal will take

When you receive our decision we will give you at least 20 working days to appeal. The Appeals Board will look into any appeal which they receive within 25 working days of the date we made our decision.

- ▶ When the Appeals Board receive your appeal, they will write to you within five working days to confirm this.

- ▶ The Appeals Board will make a decision on your appeal within 40 working days of receiving it. In the meantime, they will write to you with updates on the progress of your appeal.
- ▶ When the Appeals Board have made their decision they will write to you within five working days.

If you are unhappy with the Appeals Board's decision you can refer the matter to the Financial Services Ombudsman. Their contact details are on page 14.

## State support

You may be entitled to Mortgage Interest Relief or Mortgage Interest Supplement. For more information, call the Citizens Information Board. Their contact details are on this page.

## Useful Contacts

### Mortgage Appeals Board

Bank of Ireland Mortgage Appeals Board  
New Century House  
IFSC  
Mayor Street Lower  
Dublin 1

### Mortgage Arrears Support Unit

New Century House  
IFSC  
Mayor Street Lower  
Dublin 1

**Phone: 07662 44444**

**Website: [www.bankofireland.com](http://www.bankofireland.com)**

### Citizens Information Board

The Citizens Information Board is a national agency that provides information and advice on social services. They also run the Money Advice and Budgeting Service.

**Mortgage Arrears Information Helpline: 07610 74050**

**Website: [www.citizensinformationboard.ie](http://www.citizensinformationboard.ie)  
[www.keepingyourhome.ie](http://www.keepingyourhome.ie)**

### Money Advice and Budgeting Service (MABS)

MABS is a free, confidential and independent service for people in financial difficulty.

**MABS helpline: 0761 07 2000**

**Email: [helpline@mabs.ie](mailto:helpline@mabs.ie)**

**Website: [www.mabs.ie](http://www.mabs.ie)**

### Insolvency Service of Ireland

The Insolvency Service of Ireland is the national agency responsible for all matters concerning personal insolvency.

**Phone: 0761 064200**

**Website: [www.isi.gov.ie](http://www.isi.gov.ie)**

### Central Bank of Ireland

The Central Bank's website provides independent information on financial products. There is also a full copy of the Code of Conduct on Mortgage Arrears.

**Phone: 1890 777 777**

**Website: [www.centralbank.ie](http://www.centralbank.ie)**

### National Consumer Agency

The National Consumer Agency provides information on financial products.

**Helpline: 1890 432 432**

**Website: [www.consumerhelp.ie](http://www.consumerhelp.ie)**

### Department of Social Protection

This website provides information relating to Jobseeker's Allowance, Mortgage Interest Supplement and other state benefits you may be entitled to.

**Website: [www.welfare.ie](http://www.welfare.ie)**

### Office of the Revenue Commissioners

The Office of the Revenue Commissioners' website provides information on all tax credits and benefits you may be entitled to.

**Website: [www.revenue.ie](http://www.revenue.ie)**

### Financial Services Ombudsman

The Financial Services Ombudsman deals with complaints consumers have not been able to settle with providers of financial services.

**Phone: 0890 882 090**

**Website: [www.financialombudsman.ie](http://www.financialombudsman.ie)**

## Other important information we must give you

### Credit-reference agencies

If you are in arrears, details will be recorded by credit-reference agencies such as the Irish Credit Bureau. This could make it more difficult for you to get credit from us or other financial institutions in the future. For example, you may have difficulty getting a loan, overdraft or credit card.

### Arrears

Under the conditions of your mortgage, if you do not make any payment by the date it is due, we can charge you extra interest of 0.5% a month or part of a month on the unpaid amount. This interest (which is equivalent to 6% a year) is added to the normal interest charged on your mortgage.

We will not charge this extra interest if you co-operate with us in the mortgage arrears resolution process (MARP).

### Legal proceedings

We only start legal proceedings to repossess and sell your home as a last resort. If the proceeds we receive from selling your home do not cover all amounts you owe us (including unpaid interest and charges, and any legal and selling costs), you will have to pay the outstanding amounts.

If we take legal action to repossess a property, we estimate that the costs will be more than €3,000 (and could be far more). That estimate is for Circuit Court proceedings and takes account of solicitor's fees, expenses and VAT (but not barrister's fees or other fees and costs that arise in some cases).

The wording in the box below includes wording prescribed by law that cannot be changed. Therefore, Plain English Campaign's Crystal Mark does not apply to the following text.

WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

**If your mortgage is ever on a variable rate:**  
THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME..

**If your mortgage is ever on a fixed rate:**  
If you repay your mortgage loan or switch to a different interest rate when you are on a fixed rate of interest, it is likely we will suffer a funding loss. If we suffer such a loss you must pay us compensation when we ask you to pay it. Such compensation will be equal to "C" where:

$$C = \frac{A \times (R\% - R1\%) \times D}{365}$$

"A" = the amount repaid early (or the amount which is changed from the fixed rate to a new rate) averaged from the date of early repayment (or rate change) to the end of the fixed rate period to allow for scheduled repayments (if there are any) and interest charges.

"R%" = the annual percentage interest rate which was the cost to us of funding an amount equal to "A" for the originally intended fixed rate period.

"R1%" = the annual percentage interest rate available to us for a deposit of an amount equal to "A" for a period equal to "D".

"D" = the number of days from the date of early repayment (or rate change) to the end of the fixed period.

If you have an endowment loan, and the insurer does not guarantee that the proceeds of the policy will be enough to repay the loan when due:

WARNING: THERE IS NO GUARANTEE THAT THE PROCEEDS OF THE INSURANCE POLICY WILL BE SUFFICIENT TO REPAY THE LOAN IN FULL WHEN IT BECOMES DUE FOR REPAYMENT.

