



Important information to  
help people in mortgage arrears

# Contents

Talk to your lender	3
Explore your options	4
Contact a trusted body for advice	
- MABS (Money Advice & Budgeting Service)	6
- Insolvency Service of Ireland	8





## Talk to your lender

Banking & Payments Federation Ireland represents Ireland's principal mortgage lenders and credit servicing firms – firms that manage mortgages which are purchased from banks by investment funds<sup>1</sup>. They are committed to working with borrowers who face genuine difficulty in maintaining mortgage repayments because of changed financial circumstances.

If you fall behind on your mortgage repayments or if you tell your mortgage lender that you are at risk of falling behind on your mortgage repayments, your mortgage lender must follow the rules of the Central Bank's Code of Conduct on Mortgage Arrears (CCMA). You can get more information on the CCMA on the Central Bank's website.

If you find yourself in this situation, here's what you should do:

- **Contact your mortgage lender as soon as possible** – in this way your lender may be able to identify a possible solution for you. Don't ignore the communications you receive from your mortgage lender – that's the worst thing you can do.
- **Look at your financial situation** to make sure that you're maximising your income and draw up a budget based on your most important spending commitments. To help you do this, complete what is known as a Standard Financial Statement (SFS) Form. Your mortgage lender will provide you with this form and will help you complete it, if you wish. Your mortgage lender cannot help you without completing this form.
- **Respond to communications from your mortgage lender.** At all times your lender is willing to engage to see if a solution can be found for the problem you are having in repaying your mortgage.

<sup>1</sup> These firms are regulated by the Central Bank of Ireland in the same way as banks.



# Explore your options

If you are unable to make your mortgage repayments ('in arrears'), ask your mortgage lender to explore with you how your mortgage might be restructured – taking into account your particular circumstances.

Depending on your circumstances and on what you can afford to pay, it may be possible to restructure your mortgage in one or a combination of the following options.

These options will help you sort out the problem in the long term:

- **Capitalisation of arrears** – this is where you spread the amount of arrears (amount owed) and interest over the remaining terms of your mortgage.
- **Term extension** – you pay your mortgage over a longer period which would reduce the monthly repayments.
- **Split mortgage** – your mortgage is split into two parts to reduce your monthly repayments.

These options are temporary until you find a long-term solution:

- **Interest only** – you pay the interest on your mortgage for an agreed time.
- **Deferred interest** – you defer (delay) paying an element of the interest on your mortgage for an agreed time.
- **Reduced payment** – you pay less than the full amount for an agreed period.
- **Repayment break** – you defer (delay) paying all or part of your mortgage for an agreed time.





**Note:** After assessing your SFS, your lender will decide whether or not to offer to restructure your mortgage and what form that will take.

Any action taken to reduce your monthly mortgage payments today is likely to add to the overall cost of your mortgage in the future. But, this action could be critical to your mortgage debt and keeping your home. If or when your financial circumstances improve, you can increase the amount of your mortgage repayment which will help reduce the overall cost.

More than 100,000 mortgage accounts are already in a restructured arrangement with mortgage lenders.

If your mortgage lender is unable to restructure your mortgage, your lender will explore with you the suitability of one or other of the following options:

- **Trading down** – you sell your property and buy a cheaper one, thereby reducing the size of your mortgage and monthly repayments.
- **Mortgage to rent** – you qualify for a Government scheme where you transfer the ownership of your home to an approved housing body to which you pay rent as a tenant.
- **Voluntary surrender** – you agree for your lender to take ownership of the property and you remain liable (responsible) for any amounts that you owe which are not covered from the sale of the property.
- **Voluntary sale** – you sell your property and repay your mortgage with the proceeds of the sale; where there's a shortfall you will remain liable for that amount.





# Contact a trusted body for advice

## MABS (Money Advice & Budgeting Service)

The State's **Money Advice & Budgeting Service (MABS)** can give you advice and assistance to deal with mortgage arrears or other debt.

The MABS service is a free, independent, confidential and non-judgemental service which is provided by skilled and experienced advisors for people who are in debt or at risk of getting into debt.

**The MABS Helpline, 0761 07 2000, is open Monday to Friday, 9am to 8pm.**

The MABS face-to-face service is available in over 60 locations nationwide – see **[www.mabs.ie](http://www.mabs.ie)** to find your nearest MABS office.





MABS can help you to:

- Develop a budget that works for you and your family.
- Find out if there are any entitlements you should be getting and help you to access them.
- Complete your Standard Financial Statement (SFS).
- Develop a plan to pay off your debts – always prioritising your family home.
- Give you information and advice on your mortgage debt and all of the options open to you, even if you're facing repossession proceedings.
- Deal with your creditors.
- Negotiate on your behalf if it's needed.

Visit [www.mabs.ie/en/abhaile](http://www.mabs.ie/en/abhaile) for further information.

BPFI and MABS have drawn up agreed steps for dealing with secured debt, such as mortgages, and unsecured debt, such as personal loans, overdrafts and credit cards. These cover how lenders are to work with you, as a borrower with a loan. They also cover the timelines for lenders to help you with your request to restructure your loan. This is where the lender may lower the payments, extend the term, defer (delay) the interest or settle some of your loan.





## Insolvency Service of Ireland

**The Insolvency Service of Ireland (ISI)** is an independent, Government organisation set up to help sort out your personal debt problems and to get you back on track. If you owe money and cannot afford to repay it, one of the following options may be open to you:

- **Debt Relief Notice:** you may apply for this through MABS or another approved body. If you have unsecured debts below €35,000, a low income and few assets – this gives you freedom from your debts normally after three years.
- **Debt Settlement Arrangement:** you may apply for this through a Personal Insolvency Practitioner (PIP) - your outstanding unsecured debts are written off over a period of time, normally up to 5 years.
- **Personal Insolvency Arrangement:** you may apply for this through a Personal Insolvency Practitioner (PIP). This allows you to settle and/or restructure your secured and unsecured debts over a period of time, normally up to 6 years. (A mortgage is a typical example of a secured debt.)
- **Bankruptcy:** you may apply to the High Court to be declared bankrupt.

Visit [www.backontrack.ie](http://www.backontrack.ie) for further information.





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Banking & Payments Federation Ireland (BPF) is the voice of banking, payments and fintech in Ireland, representing over 100 member institutions and associates, including licensed domestic and foreign banks and institutions operating in the financial marketplace here.