

BPFI-MABS Framework Agreement for
Late-Stage Mortgage Arrears



This framework agreement between Banking & Payments Federation Ireland (BPF) and the Money Advice Budgeting Service (MABS) applies to late stage, out of MARP cases entering or in a legal process for repossession for owner occupier borrowers.

1. Introduction

The Money Advice and Budgeting Service (MABS) is the State's support service for people who are in debt or at risk of getting into debt. The MABS service of Dedicated Mortgage Arrears MABS (DMA MABS) is provided by DMA MABS staff nationally. Referrals to the DMA MABS may be from the general public, from lenders, from MABS, from other key referrers and directly via the MABS Court Mentor Scheme, whereby borrowers attending court engage with MABS staff.

MABS is also the 'Gateway to Debt Advice' for borrowers in mortgage arrears under the Government's Abhaile scheme¹, whereby eligible borrowers can access the support of a Personal Insolvency Practitioner (PIP), a solicitor or an accountant, depending on their mortgage arrears difficulty and their needs.

BPFI represents Ireland's principal mortgage lenders and credit servicing firms. These are committed to working with borrowers who face genuine difficulty in maintaining mortgage repayments because of changed financial circumstances.

Building on the positive relationship between MABS and BPFI members developed over many years, BPFI members are committed to working with MABS Dedicated Mortgage Arrears Advisers (DMA MABS) to help resolve mortgage debt problems in an effective and realistic manner. Both MABS and BPFI members remain fully committed to engaging and working with people who are in financial distress and, wherever possible, to keeping them in their homes.

This framework sits in the broader context of the management of mortgage arrears cases in the Arrears Support Unit of each lender, including ongoing attempts to resolve borrowers' financial difficulties via temporary and permanent solutions and through Personal Insolvency Arrangements and bankruptcy.

¹ For more information about Abhaile see www.mabs.ie

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2. Scope of Framework Agreement

This agreement applies to borrowers in long-term arrears that have been classified as “out of MARP” from the lenders’ Mortgage Arrears Resolution Process in line with the Central Bank Code, the Code of Conduct on Mortgage Arrears (CCMA).

The entry points for cases dealt with by DMA MABS are generally triggered by lender action at Sections 20, 29, 45, 47 of the CCMA.

While the cases to which this agreement applies are already treated as priority cases by mortgage lenders, the involvement of DMA MABS provides further dedicated independent mortgage arrears advice to such borrowers.

MABS and the BPFi recognise the value of an agreed framework between the parties that outlines how borrowers in mortgage arrears cases who have exhausted the MARP process (including appeals) and are entering or have entered the legal process, will be assisted in engaging with their lender.

With this in mind, BPFi members and MABS agree to this framework.

For the purpose of this Framework Agreement, a “*lender*” is taken to mean a credit institution and/or a credit servicing firm which is currently a BPFi member.

3. General Principles

The CCMA requires regulated entities, except credit unions, to adhere to certain processes, timelines, and communications with regard to borrowers in financial difficulties and borrowers who enter the legal process.

The importance of full disclosure by all parties of all relevant information for cases in scope is recognised by participating lenders and DMA MABS.

Individual mortgage lenders and DMA MABS will work together to ensure shared understanding of lender approach to the treatment of borrowers in arrears and in the courts process.

This will include the best way to contact the relevant people within lenders' Arrears Support Unit (ASU), and how to escalate a case where urgent or exceptional issues arise.

Both the lender and the DMA MABS will proactively seek that the borrower engages with the lender, including where the case has been referred to the courts.

Where a case is adjourned, lenders and DMA MABS will use the time allowed productively to seek to determine a possible solution, including possible alternatives to the courts process.

Where the borrower is identified as a vulnerable customer, as defined in the Consumer Protection Code 2012², the lender will work with DMA MABS to consider how best to proceed, including how best to manage such a case, in the event that courts proceedings are unavoidable.

BPFI will seek to deal in a consistent manner with all third parties, including MABS, as requested by the borrower.

² CPC 2012 definition of vulnerable customer: **vulnerable consumer** means a natural person who:
a) has the capacity to make his or her own decisions but who, because of individual circumstances, may require assistance to do so (for example, hearing impaired or visually impaired persons); and/or
b) has limited capacity to make his or her own decisions and who requires assistance to do so (for example, persons with intellectual disabilities or mental health difficulties).

4. Key requirements of the DMA MABS

MABS and DMA MABS are committed to supporting their clients to reach mutually acceptable, affordable, and sustainable arrangements with their lender with the overall aim of keeping them in their home³ where this is possible.

DMA MABS staff will:

1. Support their clients to engage with their lender as a matter of priority.
2. Provide a written consent in the form of a MABS signed client authority authorising the DMA MABS to interact with the lender on their (the borrower's) behalf, and authorising the lender to share data belonging to the client with DMA MABS.
3. Support their clients to make full disclosure of all financial circumstances, in the form of an SFS (or the lender's income and expenditure form, in certain circumstances) and any required supporting documentation, within 20 business days, or as soon as practicable, after the borrower/MABS client's first DMA MABS appointment.
4. Support their client to continue to engage meaningfully with the lender until the process set out herein is concluded.
5. Provide the lender with any supplemental documentation requested by it as soon as possible and to ensure timeframes for Courts hearings are met.
6. When the DMA MABS becomes aware of a material change at any time in the process, they will inform the lender in writing and will incorporate the impact of changed circumstances into discussion. Where appropriate, the lender will require an updated SFS and supporting documentation to allow the required re-assessment to take place.

³ Principal Private Residence (PPR)
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5. Key Requirements of BPFIL Lender

The lender will:

1. On receipt of a written consent in the form of a signed and dated MABS client authority from the borrower, identify the client as a MABS client and will ensure communications and requests from a DMA MABS on behalf of a client are dealt with appropriately.
2. Where the letter of consent signed by the borrower authorises the lender to do so, forward a copy of the most recent SFS (or income and expenditure statement, in certain circumstances) held by it to the borrower and the DMA MABS in a timely manner.
3. Where, having assessed the case and the client's circumstances, in the view of the DMA the original mortgage contract is required to further the case, make all reasonable endeavours to provide a certified copy of the original mortgage contract, inclusive of supporting documentation made available to the borrower at the time of entering into the agreement.
4. Work with the DMA MABS and the borrower to arrive at a mutually agreeable resolution. It is acknowledged that "resolution" may include outcomes where it may not be viable for the borrower to remain in the Principal Private Residence (PPR).
5. Provide a written response to the borrower and the DMA MABS on receipt of the signed client authority form as referred to above and fully completed SFS and all supporting/supplemental documentation, outlining whether an Alternative Repayment Arrangement (ARA) is being offered or not. This will be provided within 20 business days or as soon as possible after receipt of a complete set of documents from the borrower and /or the DMA MABS.
6. Where escalation is required for a particular case, the DMA MABS will contact the named person provided for this purpose only⁴. Where there is an agreed urgency to a case, lenders may facilitate face-to-face meetings with the DMA MABS to discuss.
7. Where borrowers are separated (and evidence of same is provided) and are not both in communication, consider a proposal from DMA MABS on behalf of a client who is in a position to service the mortgage in its original contractual form or in any ARA form which may be applied to it.
8. For cases adjourned by the courts, work closely with the DMA MABS and the borrower to determine feasibility of a resolution, within timelines provided by the courts.
9. In advance of a case entering into the legal process, where a DMA MABS provides a fully completed SFS and /or lender's Income and Expenditure form and supporting documents on behalf of a borrower, put legal action on hold for 20 business days, if appropriate, to determine if a sustainable ARA can be put in place.
10. Where a case is in the court process, that is, where a lender or its legal advisors have notified the borrower of its intention to apply to the Courts to commence legal proceedings for the repossession of the primary residence, as per Section 58 of the CCMA, legal action will continue until such time as an ARA has been agreed and applied to the borrower's account or the borrower has engaged the services of a Personal Insolvency Practitioner for the purpose of accessing an insolvency arrangement pursuant to the Personal Insolvency Act, 2012.
11. Mortgage to Rent (MTR) scheme: In cases where the DMA MABS requests the lender to consider MTR as an option for the borrower, the lender will work with DMA MABS in progressing MTR, where appropriate, having regard to the fact that the ultimate decision as to whether to purchase a property for use as an MTR property rests with the relevant housing body at all times.

⁴ This facility may not always be available due to the structure of individual lenders' ASU; in these cases, lenders will engage with DMA MABS to explain best method of communication

Appendix A

The following member organisations agree to work with DMA MABS on cases that fall under the scope of the BPFi MABS Framework Agreement:

AIB

Bank of Ireland

Dilosk

EBS

Finance Ireland

Haven

KBC

Lapithus Management DAC

Leeds Building Society

Link Asset Services

Pepper Asset Servicing

permanent tsb

Start Mortgages

Ulster Bank

