



# Mortgage Arrears Resolution Process

## AIB Mortgage Arrears Resolution Process

A practical guide for AIB mortgage customers



**ARREARS  
SUPPORT  
UNIT**

**CUSTODIAN**  
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# Working together to find resolutions

Practical advice when you are facing mortgage arrears.

Like many homeowners your financial situation may have changed in recent years. You may have fallen into arrears on your mortgage repayments, or you may be concerned about falling into arrears in the future. Whatever the cause of your financial problems, the most important thing to do is face up to them and examine the practical options available. We are fully committed to helping you with this and using our expertise to find a resolution, where possible.

If you are in arrears with your mortgage, or falling behind with your repayments, take the first step and talk to us. We can't ignore the fact that you may be in arrears, but we can help you get a realistic view of your financial situation and the options available to you. Our focus is to keep our customers in their family home wherever possible, where they are working with us to prioritise their mortgage repayments.

## What to do if you are in arrears / facing arrears?

If you are concerned about your mortgage repayments or are already in arrears on your repayments, talk to us today. This is the first and most important step you need to take to find a resolution.



Drop in to your local branch and ask to speak to a **Mortgage Co-ordinator**, or you can speak to a **professional adviser** by calling **1890 252 008**.

# The Mortgage Arrears Resolution Process

Contact us through your preferred channel.

## Mortgage Arrears Resolution Process (MARP)

Under the mandate of the Central Bank's Code of Conduct on Mortgage Arrears (CCMA), AIB has introduced a four-step process called the Mortgage Arrears Resolution Process, or MARP. This process aims to engage with, support and find resolution for our mortgage customers who are in arrears, or are at risk of going into arrears.

**Note:** The protection of the Code of Conduct on Mortgage Arrears applies to your "primary residence": this is either a residential property which you occupy as your family home, or is your only residential property in the State that you may not currently be living in.

If you would like to know more about MARP or would like to get the process started, come and talk to us today. We have put in place a number of support services to provide you with help and advice:



**Call us**  
**1890 252 008**

We have a dedicated helpline you can ring if you want to discuss any aspect of your mortgage account.

Call **1890 252 008**  
(Mon-Thurs 9am to 8pm,  
Fri 9am to 6pm & Sat 9am  
to 1pm) to speak to one of  
our professional advisers.



**Call in**  
**to any branch**

We have dedicated, trained and knowledgeable staff in every branch if you would like to discuss any aspect of your mortgage. Just ask to speak to one of our Mortgage Co-ordinators.



**Click on**  
**[aib.ie/mortgages](http://aib.ie/mortgages)**

Our website contains a dedicated section, 'Concerned About your Mortgage Payments?' for our customers who are in arrears or facing arrears.

# The MARP Stages for Customers in Difficulty

Helping you through challenging times.

## Step 1

### Communication

#### We are here to listen, support and provide advice

It is very important not to ignore the early signs of financial difficulty or stress. If you are already in arrears with your mortgage repayments, or are concerned about going into financial difficulties, you should contact us as soon as possible. This will enable us to immediately start working with you to explore the options available and find a resolution, where possible.

AIB has put in place a dedicated team of expert and professional staff to help our customers in difficulty; you can talk to a Mortgage Co-ordinator in your local branch, or get in touch through our dedicated helpline: Call **1890 252 008** (Mon-Thurs 9am to 8pm, Fri 9am to 6pm & Sat 9am to 1pm).

As soon as you get in touch, we can begin to work with you to explore your options.



The first and most important step you can take is to talk to us as soon as you know you are in difficulty or are at risk of going into difficulty.

## Step 2

### Financial Information

#### Get a clear picture of your finances

In this step of the process you will meet with a dedicated Mortgage Co-ordinator, who is specially trained to assist customers in financial difficulties. They will give you a form called a Standard Financial Statement (SFS) to fill out - this form allows you to set out your current financial circumstances and gives us, and you, a clear picture of your financial situation.

Your Mortgage Co-ordinator will guide you and provide assistance in completing the form. You can also find a guide to completing the SFS in your local branch, or at [www.aib.ie](http://www.aib.ie)

You may also need to provide additional documentation to support the information in the Standard Financial Statement. This may include:

- Account statements from other banks (at least 3 months)
- Copies of payslips
- Copies of Business accounts for self-employed.

It's important that you fill out the SFS fully and accurately, making sure that the information provided is a full and honest disclosure. If you wish, you can get independent advice in completing the Standard Financial Statement (see Useful Contacts).

#### Filling out the SFS

- Before you start to complete the SFS, gather together all your receipts, documents and bills that show all the money you have coming in and going out on a monthly basis
- Make sure you are being realistic about what items cost
- Make sure you are claiming any tax credits and social welfare entitlements you may be eligible for (such as Mortgage Interest Supplement).



Filling out our Standard Financial Statement is the best way to get a clear picture of your finances and see if there are any expenses you can reduce or eliminate immediately so as to help you prioritise your mortgage repayments.

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## Step 3

### Assessment

#### Assess your financial situation

We will use the information provided by you in the SFS to assess your individual situation on which the criteria for assessing requests for alternative measures will be based. Careful consideration will be given to the following:

- Your personal circumstances – household income, expenditure and household budget
- Your overall personal debt
- Your current ability to make repayments
- Your previous repayment history
- Any other relevant personal information.

At the end of the assessment stage, we will have a clear picture of your individual situation and whether it meets the criteria for any alternative repayment options or measures.



Our goal is to keep our customers in their family home wherever possible, where they are working with us to prioritise their mortgage repayments.

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## Step 4

### Resolution

#### Working with you to find a resolution

Once we have gathered and assessed all the information relating to your financial circumstances, in Step 4 of the process we will work with you to explore all possible options. We are dedicated to finding an appropriate resolution for you, wherever possible.

Depending on your circumstances, one of our alternative repayment options may be appropriate for you. This could prevent your mortgage from falling into arrears, or further into arrears.



Each of the options for alternative repayment arrangements has strict qualifying criteria, with each case assessed on an individual case-by-case basis.

## Resolution Options Available:

### Alternative Repayment Arrangements

Following the assessment of your SFS, we will endeavour to agree an alternative repayment arrangement with you. We outline below the alternative repayment arrangements available, how the arrangements work and the key features of these arrangements.

- **‘Interest Only’** – this means that you will only pay the interest owed on your loan during this period and not the capital amount owed
- **‘Fixed Repayment’** – this means you will pay a series of agreed repayments incorporating interest and some capital, which reduces the amount of your monthly repayments for a time
- **‘Repayment Break’** – an arrangement to defer the payment of all or part of your mortgage repayment for an agreed period of time to ease the immediate financial pressure on you
- **‘Extension of Loan Term’** – an arrangement to extend the term of the mortgage which could reduce your monthly repayments by spreading the amount owed over a longer period of time
- **‘Capitalisation of the Arrears and Interest’** – an arrangement to restructure your repayments by spreading the amount of any arrears and interest over the remaining term of your mortgage
- **‘Changing the Type of the Mortgage’** – this means that you move to a different mortgage product that would reduce your monthly repayments
- **‘Positive Equity’** – this means you will pay a reduced repayment amount agreed by us based on your affordability. You must be in positive equity in your property to be deemed eligible for this arrangement. There will be a residual balance outstanding at expiry of this arrangement and we will propose an appropriate solution at that time to clear the outstanding balance. This agreement is subject to periodic reviews and submission of updated financial information
- **‘Low Fixed Interest Rate’** – an arrangement where a reduced fixed interest rate will be applied to your mortgage for a defined period of time. This means that you will make Capital and Interest repayments at a reduced interest rate that is affordable to you. This arrangement is not available to mortgage accounts on a Tracker Interest Rate
- **‘Split Mortgage’** – an arrangement where your mortgage is ‘split’ into two portions so that it is more affordable. The first portion is made of capital and interest repayments based on your current financial affordability levels. The remaining portion of the mortgage is deferred for a period of time where you will not be required to make payments.



## Other Options Available

Where we are unable to agree an alternative repayment arrangement, there are other options available to you:

- **‘Voluntary Surrender’** – this involves the voluntary surrender of your property, by you to the bank. Where a shortfall exists, the shortfall will be repayable by you under new terms agreed by AIB
- **‘Mortgage to Rent’** – this is a Government initiative to help homeowners who have engaged with the MARP process to remain in their existing property, but on a rental basis. Mortgage to rent allows you to voluntarily surrender your property to the lender. The lender sells the property to an Approved Housing Association (AHA) and you will remain in the property as Social Housing tenants of the AHA
- **‘Negative Equity Trade Down’** – if your home is in negative equity, you may be able to sell this property and purchase a new property of a lower value. Any outstanding ‘negative equity’ is added to the new loan and secured on the new property. Full capital and interest repayments will be made on the new mortgage
- **‘Voluntary Sale of your Property’** – this involves you selling your property to clear or reduce the balance of your mortgage. Where the balance can be cleared in full revised terms may be agreed by AIB, whilst the property is selling, to match your affordability. Where a shortfall exists (i.e. the property is sold for an amount lower than what is currently owed on the mortgage), the shortfall will be repayable under new terms agreed by AIB.

The availability of all the options outlined above have strict qualifying criteria (banks or a third party), with each case assessed on an individual case by case basis.

## Important points to note in relation to alternative repayment options:

- An alternative repayment arrangement may be affordable for you in the short term but could be more expensive over the life of the loan
- You need to fully understand the implications of any new loan arrangement before you formally accept it. AIB strongly recommends that you obtain independent legal, tax and financial advice before agreeing to any resolution arrangement, in particular if you have any questions as to the legal, tax or financial implications of the arrangement
- Amending the repayment schedule, term, or frequency of your mortgage will impact the benefit(s) covered by your AIB Mortgage Payment Protection Plan. Please ask your Mortgage Co-ordinator for more details
- Life Assurance cover should take account of alternative repayment arrangements such as Interest Only or Repayment Breaks. We strongly recommend that you get advice on your life assurance needs
- You have the right to make a complaint at anytime in relation to the treatment of your case under the MARP process or the banks compliance with the MARP process. Complaints can be made through various media, for example, by telephone, in person through your local branch, in writing or by email

- Once you remain within the MARP process, we will continuously monitor any alternative arrangement once it is put in place to establish if there has been any change in your financial circumstances since the arrangement was put in place. However, a review will take place immediately if you do not keep to the terms of your arrangement.
- You have the right to appeal the bank's decision in the event that:
  - the bank offers you an alternative repayment arrangement which you have declined and you have been advised in writing of other possible options that you may wish to consider
  - the bank declines to offer you an alternative repayment arrangement
  - the bank classifies you as not co-operating.

If you wish to appeal, you must write to us within 20 business days of receiving a letter from the bank in relation to one of the above scenarios, setting out the reason for the appeal, at the following address: Mortgage Appeals Officer, P.O. Box 11826, AIB Bank, Ballsbridge, Dublin 4.

## Use of Confidentiality Agreements

Where an alternative repayment arrangement, or an option, other than an alternative repayment arrangement is being proposed to you by the bank, you may be required to enter into a confidentiality, non-disclosure or other

similar agreement. This agreement obliges you to keep confidential the existence and terms of the proposal and /or the fact that discussions and /or negotiations are taking place between the bank and you and /or the scope and terms of such discussions /negotiations (Information). You may not disclose this Information to any third party except to your advisors, agents, employees and/ or directors, and you are obliged to ensure that such persons also keep the Information confidential.

### **AIB Group Communications Policy for Borrowers in Mortgage Difficulties**

AIB Group has a Communications Policy for Borrowers in Mortgage Difficulties which governs all communication between AIB Group and borrowers that are in financial difficulty or at risk of going into financial difficulties with their MARP protected mortgage. AIB Group commits to communicating promptly and clearly with borrowers to establish reasons for their financial difficulty. AIB Group will communicate with borrowers in an open and transparent manner and in a manner that is proportionate and not excessive, taking into account the position of their mortgage and their previous conduct. Communications with borrowers will be resolution focussed and conducted in a timely and professional manner. AIB Group commits to act with the highest standards of professionalism, integrity, honesty and fairness in dealing with its customers.

### **Not Co-operating Borrowers**

It is vital that you co-operate with AIB in relation to your current financial situation.

Where you fail to co-operate with AIB, you will be classified as not co-operating which may have the following implications:

- you will lose the protection afforded by the Mortgage Arrears Resolution Process (MARP)
- legal action may be undertaken immediately. Where legal proceedings are initiated you will incur legal costs. Should it be necessary to take legal action it is important to be aware that irrespective of how the property is repossessed and disposed of, you will remain liable for any outstanding debt, including any accrued interest, charges, legal, selling and other related costs
- this may impact on your eligibility for a Personal Insolvency Arrangement in accordance with the Personal Insolvency Act 2012
- charges and/or surcharge interest may be imposed on any arrears that arise on your mortgage account.

Under the CCMA, you can only be classified as not co-operating when:

1. any of the following apply to your particular case:
  - a) you fail to make a full and honest disclosure of information to the bank, that would have a significant impact on your financial situation;
  - b) you fail to provide information, relevant to your financial situation within specified timelines. Our timeline for returning appropriate supporting information including a completed Standard Financial Statement is 20 days; or
  - c) a three month period elapses:
    - i) (A) where you have not entered into an alternative repayment arrangement, and during which you:
      - (i) have failed to meet your mortgage repayments in full in accordance with the mortgage contract; or
      - (ii) meet your mortgage repayments in full in accordance with the mortgage contract but have an arrears balance remaining on the mortgage; or
    - (B) where you have entered into an alternative repayment arrangement, and during which you have failed to meet in full repayments as specified in the terms of an alternative repayment arrangement; and

ii) during which you:

(A) have failed to make contact with, or respond to any communications from, the bank or a third party acting on the bank's behalf; or

(B) have made contact with, or responded to communications from, the bank or a third party acting on the bank's behalf but have not engaged in such a way that enables the bank to complete an assessment of your circumstances;

and

2. a warning letter has been issued to you and you have not carried out the action(s) specified in that letter.

Any arrears on your mortgage or any arrangements or modifications to your mortgage loan accounts as a result of an alternative arrangement may be reported to the Irish Credit Bureau and any other credit reference agency or credit register which will appear on your credit report. The impact of this may affect your ability to borrow funds in the future.

We cannot ignore the fact that you may be in arrears, but we can help you deal with your financial challenges.

# Useful Contacts

If you have further questions about the Central Bank's Code of Conduct on Mortgage Arrears (CCMA) and how it relates to you, you can get information and advice from the sources below.

**Call today and speak to one of our professional advisers:**



**Call in to any AIB Branch**

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AIB has dedicated staff available in every branch if you would like to discuss any aspects of your mortgage situation. Please ask for your Relationship Manager or Mortgage Co-ordinator.



**Click on [aib.ie/mortgages](https://www.aib.ie/mortgages)**

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Our website contains a dedicated section called 'Concerned about your Mortgage repayments?'



**Call us on 1890 252 008**

(Mon-Thurs 9am to 8pm, Fri 9am to 6pm & Sat 9am to 1pm)

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There is also a dedicated helpline available to customers if you want to discuss any aspect of your mortgage account.

## **Mortgage Payment Protection Insurance**

Mortgage Payment Protection Insurance offered by AIB provides cover for accident or sickness and involuntary unemployment including business failure if self employed. If you took out a Payment Protection Insurance policy you may wish to make a claim on your policy.

To register a claim, or for more details, please contact our dedicated AIB Helpline on **1850 200 650** (9am to 5pm, Mon-Fri).

## Money Advice and Budgeting Service (MABS)

MABS ([mabs.ie](http://mabs.ie)) offers free and confidential independent advice and assistance with managing your finances.

You may wish to seek assistance from Money Advice and Budgeting Service (MABS) Telephone 0761 07 2000.



A website - [www.keepingyourhome.ie](http://www.keepingyourhome.ie) - is provided by the Citizens Information Board and the Money Advice and Budgeting Service (MABS).

This website aims to provide comprehensive information on the services and entitlements available to mortgage borrowers who may be experiencing difficulties making mortgage repayments.

## Stepchange Debit Charity Ireland

Stepchange Debit Charity Ireland ([www.stepchangedebtcharity.ie](http://www.stepchangedebtcharity.ie)) is a free and independent telephone advice service for people who are struggling with debt or mortgage payments. They will review your financial circumstances and recommend the best way for you to deal with your debts. Their **Freephone helpline number is 1800 937 435**. The line is available Monday to Friday from 9am until 5pm, and is free to call from landlines and mobiles.

## The Central Bank

The Central Bank's website provides independent information on financial products and includes a consumer guide to dealing with your lender on the Code of Conduct on Mortgage Arrears.

**Telephone 1890 777 777**  
**[www.centralbank.ie](http://www.centralbank.ie)**

## Citizens Information

The Citizens Information Board is the statutory body which supports the provision of information, advice and advocacy on a broad range of public and social services including health, employment, social welfare and money.

If you are in mortgage arrears or are worried about mortgage arrears, you can contact the Citizens Information's new dedicated Mortgage Arrears Information help line, phone **0761 074 050** (9.30am–5pm Monday to Friday).

**[www.citizensinformation.ie](http://www.citizensinformation.ie)**

## Department of Social Protection

The Social Welfare website provides information relating to job seekers allowance, mortgage interest supplement and other welfare benefits you may be eligible for.

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

## Mortgage Interest Relief

Mortgage interest relief is a tax relief based on the amount of qualifying mortgage interest that you pay in a given tax year for your principal private residence (your home). A tax year means the period from 1st January to 31st December. Mortgages taken out after 31st December 2012 do not qualify for mortgage interest relief. Mortgage interest relief is administered via Tax Relief at Source (TRS). This means that your mortgage lender gives you the benefit of tax relief on the amount of mortgage interest paid. Mortgage interest relief will be abolished entirely after 31st December 2017. For further information contact the Office of the Revenue Commissioners on [www.revenue.ie](http://www.revenue.ie)

## Mortgage Interest Supplement

Mortgage Interest Supplement provides short term support to help pay mortgage interest repayments. You should contact the Community Welfare Officer at your local Health Centre who will advise if you qualify and what documentation is required. You may be eligible but are required to submit certain information, such as a copy of the original loan documentation with your claim. This can be arranged by contacting your branch who will forward the request to our central Home Mortgage Operations Unit who will follow up on these queries.

## Office of the Revenue Commissioners

This website will provide you with information on all tax credits and benefits you may be entitled to.

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

## Financial Services Ombudsman Bureau

3rd Floor Lincoln House  
Lincoln Place  
Dublin 2.

Phone: 1890 88 20 90 (lo call)

Fax: 01 662 0890

E-mail: [enquiries@financialombudsman.ie](mailto:enquiries@financialombudsman.ie)

## Insolvency Service of Ireland

Under the Personal Insolvency Act 2012, you have the right to consult with a Personal Insolvency Practitioner. For more information please refer to their website at [www.isi.gov.ie](http://www.isi.gov.ie)

# Glossary

## Arrears

Arrears arise on your mortgage loan account where you do not make a full mortgage repayment or only make a partial mortgage repayment, as per the original mortgage contract, by the scheduled due date.

## Arrears Support Unit (ASU)

The Arrears Support Unit (ASU) is the unit within AIB that is responsible for dealing with mortgage holders who are currently in arrears or at risk of going into arrears.

## Code of Conduct on Mortgage Arrears (CCMA)

The Code of Conduct on Mortgage Arrears (CCMA) is published by the Central Bank of Ireland, and came under review in March 2013. The Code sets out how mortgage lenders must treat mortgage holders who are in mortgage arrears or facing mortgage arrears. A copy of the Code can be downloaded from the Central Bank's website ([www.centralbank.ie](http://www.centralbank.ie)).

## Mortgage

A mortgage describes a loan provided to a borrower by a lender, for which a legal claim against property acts as security for the loan. The lender becomes the legal owner of the property being used as security of which the borrower is the beneficial owner. When the loan is repaid the legal ownership is given to the borrower.

## Mortgage Holder

Also referred to as 'the borrower'. The mortgage holder or borrower includes all parties named on the mortgage loan account.

## Negative Equity

Negative equity occurs when the value of the property is less than the outstanding balance on the mortgage.

## Positive Equity

Positive Equity is where the property's value exceeds the amount due on the mortgage.

## Pre Arrears

A pre arrears case arises where either:

- (a) you, as the borrower, contacts your lender to inform them that you are in danger of going into financial difficulties and/or are concerned about going into mortgage arrears or
- (b) the lender establishes that you, as the borrower, are in danger of going into financial difficulties which may impact on your ability to meet your mortgage repayments.



### Primary Residence

A primary residence is a property which is either:

- (i) a residential property which the borrower occupies as his/her primary residence in this State,
- (ii) a residential property which is the only residential property in this State owned by the borrower.

### Standard Financial Statement (SFS)

A Standard Financial Statement (SFS) is a budgeting tool which lists all of your monthly household income and outgoings. It is used by the ASU as part of the assessment process under the MARP and is available from any AIB branch.

### Term

The 'term' of your mortgage is the period of time for which your mortgage was taken out.

### Fixed Rate

If you have a fixed rate mortgage, the interest rate remains constant throughout an agreed term – irrespective of the changes in base rate – and you pay the same amount each month during that term. A borrower may switch from a fixed rate mortgage but a fixed rate redemption charge may apply.

### Variable Rate

If you have a variable rate mortgage, the interest rate goes up and down. This means that your monthly mortgage payment can go up or down with the interest rate changes.

### Tracker

This kind of mortgage has an interest rate which follows the base rate of the European Central Bank (ECB). The monthly mortgage repayment goes up when the base rate goes up, and goes down when the base rate goes down.

Allied Irish Banks, p.l.c. is an authorised agent and servicer of AIB Mortgage Bank in relation to origination and servicing of mortgage loans and mortgages. AIB Mortgage Bank is regulated by the Central Bank of Ireland. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

## Notes.

## What to remember and what to do next...



Branch. Phone. Online.  
Call **1890 252 008**  
**[www.aib.ie/mortgages](http://www.aib.ie/mortgages)**  
or Drop in to any branch.

