

A Guide to Coming off the COVID-19 Mortgage Payment Break



Banking & Payments
Federation Ireland

Introduction

We appreciate that you may be one of many people who were impacted by COVID-19 and that you may have chosen to avail of a COVID-19 payment break from your mortgage in recent months.

You may be in a position where you are able to return to full repayments on your mortgage and want to look at the options available.

We also understand that you may still be financially impacted and are worrying about what happens next and how to manage your mortgage repayment issues. **If you are facing this difficulty, we advise you to speak with your lender as soon as possible.** They have experienced staff who will work with you to try to find the best solution for you.

We hope this guide will answer many of your initial questions and provide you with some of the information you need to engage with your lender as you prepare to exit your payment break.



Frequently Asked Questions



Q. What should I do if I can return to full repayments before the end of the payment break?

If you can return to making full repayments earlier than expected, you should contact your lender to let them know. It is worth talking to your lender to find out if the option is available, as returning to full repayments sooner will make the loan less costly for you in the longer term than if you were to continue with a payment break.

Q. What options are there for making full repayments and how much will it cost?

There are two options that may be available when the payment break ends if you can return to making full repayments. These are outlined below. Any repayment options available will be subject to the lender's terms and conditions.

When making a decision on which option to choose, you should note that paying your mortgage off over a shorter term will be less costly for you due to the cost of the interest over the life of the loan. In addition, you should be aware that if you choose to extend the term of your mortgage, your life assurance may need to be extended to cover the extended term.

Option 1: Repayments over the existing term

If you return to repayments within the existing term or length of the mortgage, your monthly repayments will be higher. This is because the repayments that were put on hold or reduced and the interest charged during the payment break will be spread over the remaining monthly loan repayments. Your lender will advise you of the revised monthly repayment amount.

Option 2: Repayments over an extended term

If your lender offers you the option to extend the term or length of your mortgage, the repayments that were put on hold or reduced and the interest charged during the payment break will be recalculated to be repaid over a longer term.

Your lender will advise you of the impact of a term extension on your monthly repayments and anything else you may need to consider, as a result of extending the term of your loan.

Explainer: Cost of credit

You may hear the phrase “Cost of Credit” referred to in your conversations or correspondence with your lender. The Cost of Credit is the total amount repayable minus the original amount borrowed. The difference between the two may include interest added and any other fees & charges. Your lender will explain what is included in the cost of credit to you.

Q. What happens if I cannot return to fully repaying my mortgage?

If you do not feel you can return to full repayments within the original or an extended term, it is important that you speak to your lender as soon as possible, even before the end of the payment break. Your lender will want to assess your situation and talk through all the options that may be available to you.

If you had already started or have been through the arrears or pre-arrears process before you availed of a COVID-19 payment break, it is important that you contact your lender to discuss your particular case.

There are many ways that you can contact your lender. There is a list of contact numbers for each lender’s dedicated Arrears Support Unit at the end of this Guide, but you can also contact your lender online via their website (details at the end of the Guide also) or by calling into a branch, if your lender has a branch network.

It is important to know that there is support and help available to you if you find yourself in financial distress/difficulty. Lenders in Ireland have dedicated staff to deal sympathetically and sensitively with borrowers who may find themselves in this situation, and every effort will be made to work with you to try to find a solution that best suits your circumstances.

The Code of Conduct on Mortgage Arrears (CCMA) sets out a well-established framework, within which there is a specific process called the Mortgage Arrears Resolution Process (MARF). Lenders must adhere to this process when engaging with customers who are behind with their mortgage repayments or are at risk of missing their mortgage repayments.

Full details of the CCMA and the MARF are available on the website of the Central Bank of Ireland at www.centralbank.ie.

Q. You mentioned the Mortgage Arrears Resolution Process that lenders must follow when dealing with customers in arrears. What is that?

If you fall behind on your mortgage repayments or if you tell your lender that you are at risk of falling behind on your mortgage repayments, your lender is required to follow the rules of the Central Bank of Ireland's Code of Conduct on Mortgage Arrears (CCMA). As set out above, that Code includes the Mortgage Arrears Resolution Process or MARP. The MARP is a four-step process to include:

- 1. Lender communication with the borrower** - the MARP sets out how your lender should contact you and what information your lender should give you if you find you are unable to make repayments on your mortgage.
- 2. Financial information** - it sets out what information your lender will need from you to look at your financial situation and to understand what repayments you can make towards your mortgage. As part of this process, you will be asked to complete a Standard Financial Statement or SFS. This will inform your lender of your financial situation.
- 3. Assessment** - the information provided to your lender in the Standard Financial Statement will allow your lender to assess what alternative options are available to allow you to make some repayments on your mortgage.
- 4. Resolution** - depending on your individual circumstances, your mortgage may be restructured into an Alternative Repayment Arrangement (ARA), which will mean revised repayments on your mortgage for an agreed length of time.

Q. What is a Standard Financial Statement?

Not making full repayments can lead to your loan being classified as in pre-arrears or arrears - this means your income and expenditure will need to be assessed by your lender to determine how much you can pay towards your loan and for how long a revised repayment schedule should be in place. Completing a Standard Financial Statement is part of that process.

The Standard Financial Statement (SFS) is a form used by the lender to help you and your lender to get an understanding of your financial situation. It will look at your income and expenditure as well as other items such as any liabilities, outstanding bills, and assets that you may have. It will help your lender assess your financial situation, understand how much you can pay towards your mortgage and talk through that with you.

Q. Do I need a financial adviser to talk to my lender?

You don't have to use a financial adviser. Your lender will work with you to get a better understanding of your situation and inform you of the option(s) available to you. Your lender has dedicated and experienced people available to talk to you in what is known as an "Arrears Support Unit" or ASU.

However, there are services available to you that are free of charge if you do wish to speak to a financial advisor or to have someone else talk to your lender on your behalf.

The State's Money Advice & Budgeting Service (MABS) is available to help with advice and assistance to deal with mortgage arrears or other debt. MABS also provides debt and budgeting tools. The service is free, confidential and independent and can be contacted on www.mabs.ie or on the MABS Helpline at 0761 07 2000.

The Irish Mortgage Holders Organisation (IMHO) is a registered charity offering a free service that facilitates independent mortgage/debt resolution and offers debt advice, assistance and support to borrowers. The IMHO can be contacted online at www.mortgageholders.ie, by email at info@mortgageholders.ie or by freephone on 1800 988 977.

Q. What types of options are there if I cannot return to full repayments?

In line with the CCMA, lenders can offer you a variety of options depending on a number of factors specific to your own circumstances.

The options available to you will be decided upon when you and your lender discuss your situation and assess your circumstances.

Different lenders will offer different solutions.

Examples of some of the short-term options that may be offered include:

- **Interest only** - you pay the interest only on your mortgage for an agreed time.
- **Reduced payment** - you pay less than the full amount for an agreed period.

Examples of some of the long-term options that may be available include:

- **Capitalisation of Arrears** - if your mortgage was in arrears before you availed of a COVID-19 payment break, you may now have the option to spread the full amount owed, including any arrears that have built up, over the remaining term of the mortgage.
- **Term extension** - you pay your mortgage over a longer period which would reduce the monthly repayments.

Q. If my financial circumstances improve later can I change my repayment plan?

If your circumstances change, including for the better, it is important that you contact your lender and talk through your changed circumstances. For example, improved circumstances may allow you to shorten the term of your mortgage/increase repayments. The full range of options should be discussed with your lender.

Q. Should I prepare a budget?

In advance of the end of your payment break, you should look at your financial situation by preparing a budget. Having a better idea of your financial situation now will help you if you find you need to talk to your lender about revised repayments and are asked to complete a Standard Financial Statement.

To prepare a household budget, you need to calculate your income to include wages, benefits or other income. You also need to calculate your costs to include any mortgage or loan repayments and the essential weekly or monthly costs you usually have (such as groceries, childcare costs, mobile phone costs, TV and broadband costs, costs associated with running a car, health insurance etc.).

All of this information will go into your budget to help you understand how much money you have to meet your costs and how much you may have left over each week or month to spend on non-essential items. It is important that you ensure you have enough money to pay for essential items. You should work out what you consider to be essential for you and your household and ensure that is included in your budget.

Tools to help you work out your budget are available on the internet. Websites like www.mabs.ie and www.ccpc.ie have useful templates for budgeting. These budgeting tools capture a lot of the possible expenditure items you need to include. The websites also have useful information on how to budget.

There are also a range of mobile phone applications available for download to your phone via Google Play Store or the App Store on your Apple device that can help you track, analyse and manage your finances.

It is important that you prioritise certain expenditure when preparing your household budget. One of the most important expenses in a household is the mortgage repayment. A mortgage is considered a priority debt and this repayment should be made before any others to ensure you do not miss or fall behind on your mortgage repayments.

Q. Will my credit record be impacted?

Not making full repayments on your mortgage will mean that your credit record will be impacted - lenders are required by law to report all outstanding loans to the Central Credit Register (CCR). Some lenders also report outstanding loans to the Irish Credit Bureau (ICB). A poor record on either register may impact your ability to get approval for credit in the future.

As confirmed by the Central Bank of Ireland, there will be no impact to the Central Credit Register (CCR) credit records of customers who availed of a payment break as a result of being financially impacted by COVID-19.

However, it is important to know that if you do agree an Alternative Repayment Arrangement (ARA) under the MARP with your lender, this will be reflected on your credit record(s) as your lender is required to report any restructure to the original terms of your loan.

The information that a lender submits to the CCR builds up your credit history over time and is used to create your credit report. The information shown on the credit report that you receive will show up to 5 years of information.

In the case of a loan still being repaid, a lender will see the most recent 2 years of repayments on the report that the lender receives. For a loan that is closed or paid off, a lender will see the final 2 years of information. The information on a closed loan will no longer be on the report 5 years after the last repayment was made.

More information is available on the CCR website at <https://www.centralcreditregister.ie/>

Key Advice to Remember

- **You are not alone – pick up the phone to a lender or trusted adviser**
- **Lenders have expert staff who specialise in this area**
- **Talk to your lender as often as you need to**
- **There are many different options available**
- **Do not be afraid to ask questions**
- **There are lots of useful websites – it is worth taking time to read**
- **There are lots of good online budgeting tools to help you**

Explainer: Common Terms Used

Arrears - an account is considered to be in arrears when a borrower has not made a full repayment on the loan by the date the repayment was due

Arrears Support Unit (ASU) - a dedicated section within a lender to deal with arrears cases

Alternative Repayment Arrangement (ARA) - a repayment arrangement that is different to the one you originally agreed with your lender when you took out a loan

Credit Record - a borrower's track record in meeting the repayments on any loans he/she may have

Forbearance - when your lender revises your original loan repayments to make them more affordable to you

Pre Arrears - pre arrears arise when a borrower notifies the lender or when the lender can see from looking at the borrower's account that he/she is at risk of not being able to make a full repayment on his/her loan

Standard Financial Statement (SFS) - a form that is used by a lender to understand your financial situation



Contact your Lender



Please contact your lender to discuss your options. The numbers for the various Arrears Support Units in each lender is set out below. When you contact your lender, your lender will discuss and explain what options are available to you and what the impact will be on your repayments.

Lender	Phone Number	Opening Hours / Website
AIB	1890 252 008	Monday – Friday: 09:00 – 17:00 Saturday: 09:00 – 13:00 https://aib.ie/worried-about-payments
EBS	1850 33 00 44	Monday – Thursday: 09:00 – 20:00 Friday: 09:00 – 18:00 Saturday: 09:00 – 13:00 https://www.ebs.ie/mortgages/asu
Haven	1850 654 329	Monday – Friday: 09:00 – 17:00 https://www.havenmortgages.ie/mortgage-centre/help-managing-your-mortgage
Bank of Ireland	1800 946 067	Monday – Friday: 09:00 – 18:00 https://personalbanking.bankofireland.com/borrow/mortgages/articles/arrears-assistance/
Finance Ireland	1890 995 998	Monday – Friday: 09:00 – 17:00 https://www.financeireland.ie/products/residential-mortgages/repayment-difficulties/
KBC	1850 930 235	Monday – Friday: 08:30 – 19:00 https://www.kbc.ie/help/mortgage-support/managing-your-debt

Lender	Phone Number	Opening Hours / Website
Lapithus	0818 555 390	Monday – Thursday: 09:00 – 20:00 Friday: 09:00 – 17:00 https://www.lapithus.com/locations/ireland/difficulty.html
Link Asset Services	1800 415 161	Monday – Friday: 09:00 – 17:30 https://ww2.linkassetsservices.com/financial-difficulties/
Pepper	1890 551 504	Monday – Friday: 09:00 – 17:00 https://www.peppergroup.ie/loans/consumer-loans/understanding-your-finances
permanent tsb	1800 855 010 <i>or</i> 021 601 3800	Monday – Friday: 09:00 – 20:00 (excluding bank holidays) and Saturday: 09:00 – 13:00 https://www.permanenttsb.ie/help-and-support/help-with-banking/repayment-difficulties/home-loan-mortgage-repayments/
Start Mortgages	1850 818 000 <i>or</i> 01 209 6300	Monday - Thursday: 09:00 - 17:30 (excluding bank holidays) and Friday: 09:00 - 17:00 https://www.start.ie/ArrearsHelp.aspx
Ulster Bank	1800 435 763	Monday – Thursday: 09:00 – 19:30 Friday: 09:00 – 18:00 Saturday: 09:00 – 13:00 https://digital.ulsterbank.ie/personal/help-and-support/struggling-financially.html



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