



Rialtas na hÉireann
Government of Ireland

ABHAILE

FREE MORTGAGE ARREARS SUPPORT

ABHAILE

The National State-Funded Mortgage Arrears Resolution Service

Fourth Report
January – December
2020



Department of Justice Department of Social Protection August 2021

Note on Reporting Period and Data

Abhaile brings together a range of organisations, services and supports to assist borrowers resolve home mortgage arrears holistically.

Data produced in this report has been provided by the Insolvency Service of Ireland, the Money Advice and Budgeting Service, the Legal Aid Board and the Citizens Information Board. These bodies work together to provide and administer the range of Abhaile services to borrowers.

The period covered by this report is 12 months and represents the Abhaile operating period January – December 2020 (Abhaile Year 4).

Summary data provided in the report refers to the 4 and a half years of Abhaile’s existence. Where data relates to a different period, that period is specified.

The quotes referenced throughout the report are taken from Abhaile service provider case studies.

Total **Abhaile** Service Statistics July 2016-2020

17,295 **households** in long term mortgage arrears supported by Abhaile.

80% **the total percentage of households** still in their home while they engage with the experts available through Abhaile.

- **33% (6,845)** of the total **20,685** borrowers who engaged with Abhaile either have a solution in place or are trialling one.
- A further **47%** of borrowers who engaged with Abhaile financial advice (**9,751 borrowers**) remained in their homes while they engage with ongoing support from their Abhaile financial adviser. The adviser is working with the borrower to get a solution into place.
- **17%** no longer engaging with Abhaile services.
- **3%** voluntary surrender or repossession executed.

16,781 **court mentor** consultations were provided to borrowers.

8,899 **duty solicitor** consultations were provided to borrowers.

2,294 **borrowers** received additional specific legal advice from an Abhaile Consultation Solicitor.

2,284 **legal aid certificates** granted to borrowers for a personal insolvency arrangement review under section 115a of the Personal Insolvency Act 2012, as amended.

75% **estimated to be in mortgage arrears** of more than two years – the priority Abhaile target group.

2020 in Numbers



2,075

vouchers issued for financial advice and support from a PIP



79%

of borrowers who availed of financial advice from a PIP were in mortgage arrears over 2 years



1,733

new borrowers received financial advice and support from a DMA adviser



114

accountant vouchers issued for additional specific financial advice and support



562 legal aid certificates granted to apply for a personal insolvency arrangement review

(asking the Court to consider, approve and impose a personal insolvency arrangement on the creditors notwithstanding that they had rejected it)



674 consultation solicitor vouchers issued for specific legal advice and support

Court-Based Supports



1,707 unrepresented borrowers supported by **Court Mentors** at **175** possession hearings



924 unrepresented borrowers supported by a **Duty Solicitor** at **180** possession hearings

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Glossary of Terms

ARA – Alternative Repayment Arrangement, a private contract between the borrower and their mortgage lender, agreeing to a restructure of mortgage payments, as provided under the Central Bank of Ireland’s Code of Conduct on Mortgage Arrears.

Arrears Capitalisation – re-integration of any arrears into the principal sum for payment.

Borrower – a reference to the number of individual borrowers who receive help and support from Abhaile. Personal Insolvency Practitioners record each PIP voucher issued as a separate borrower against one PPR or household.

CBI – Central Bank of Ireland.

CCMA – Code of Conduct on Mortgage Arrears (revised version: 2013), which the Central Bank of Ireland requires all entities regulated by it to observe when dealing with borrowers concerning their mortgage arrears.

CIB – Citizens Information Board.

Consultation Solicitor – a solicitor from the Abhaile panel established by the Legal Aid Board, who is providing to a borrower the Abhaile Consultation Solicitor Service.

Court Mentor – A MABS adviser who attends the court premises providing support and information to borrowers in the course of possession hearings by the County Registrar.

COVID-19 – a mild to severe respiratory illness that is caused by a coronavirus.

DSP – Department of Social Protection.

Deep Dive – An extensive and detailed analysis of about 20% of total number of redeemed PIP vouchers. This is carried out annually in August by the Insolvency Service of Ireland (ISI).

DOJ – Department of Justice.

DMA Adviser – Dedicated Mortgage Arrears Adviser, a MABS adviser who provides financial advice and assistance to borrowers in mortgage arrears.

DSA – Debt Settlement Arrangement, a statutory debt restructure under the Personal Insolvency Acts, suitable for resolving unsecured, non-mortgage debt.

Duty Solicitor – a solicitor from the Abhaile panel established by Legal Aid Board, who is providing to a borrower the Abhaile Duty Solicitor Service.

Household – refer to an individual Principal Private Residence (PPR) and could include more than one borrower. The MABS case management system records a case file as a household.

ISI – Insolvency Service of Ireland.

LAB – Legal Aid Board.

MABS – Money Advice and Budgeting Service.

MARP – the Mortgage Arrears Resolution Process, a minimum process that the Central Bank of Ireland requires all regulated entities to observe, under the Code of Conduct on Mortgage Arrears when dealing with borrowers about their mortgage arrears.

Mortgage to Rent (MTR) – a government scheme that allows homeowners in mortgage difficulty to switch from owning their home to renting their home as a social housing tenant.

Personal Insolvency Acts – the Personal Insolvency Acts 2012-2020.

PDH – Principal Dwelling House. PDH is the identifier used in Central Bank mortgage arrears statistics for a mortgaged property which is the borrower’s primary residence.

PIA – Personal Insolvency Arrangement. A PIA is a statutory debt restructure under the Personal Insolvency Acts, designed for resolving secured debt (including mortgage arrears).

PIA Court Review – the independent review can be carried out by a court under section 115A in the Personal Insolvency Acts. Suppose creditors refuse a borrower’s proposal for a Personal Insolvency Arrangement,

including arrears on their home. In that case, the Court has the power to impose the rejected proposal on the creditors where it considers the proposal was fair and reasonable to all parties.

PIP – Personal Insolvency Practitioner, regulated by the ISI.

PPR – Principal Private Residence, defined by the Personal Insolvency Acts as the dwelling in which the borrower(s) ordinarily resides.

Protective Certificate (PC) – a court order, issued under the Personal Insolvency Acts, that prevents creditors from taking enforcement action against a borrower for a number of months, while a personal insolvency practitioner is working to restructure the borrower’s debts and return them to solvency (through a Personal Insolvency Arrangement or a Debt Settlement Arrangement).

RLEs – Reasonable Living Expenses. RLE is the recommended level of protected income to ensure that an insolvent borrower entering a debt restructure does not fall below a reasonable minimum standard of living. It is calculated using Guidelines published annually by the ISI under section 23 of the Personal Insolvency Acts.

PART A: Introduction and Background

1. Introduction

This is the fourth operational Report on Abhaile, the national State-Funded mortgage arrears resolution service. Access to the service is provided free of charge to borrowers at risk of losing their home. The service aims to assist insolvent mortgage holders identify and put in place sustainable solutions to their mortgage arrears and keep them, wherever possible, in their own homes.

This report provides an update on Abhaile activity for the year from January to December 2020 and key outcomes since the inception of the service. The report meets the Government's requirement in establishing Abhaile for an annual review of its operation, including in terms of its take-up, outcomes and budget adequacy.

Total Mortgage Arrears

The number of home mortgage accounts in arrears reached a peak in June 2013, when there were 142,892 home mortgage accounts in some level of arrears. This represents almost 19% of all Irish home mortgage accounts.

Abhaile came into operation in 2016. At the time of its establishment in Q2 of 2016, 82,882 home mortgage accounts were in some level of arrears.

As the economy began to recover, this trend reversed. The overall number of

home mortgage accounts in some level of arrears has continued to decline steadily in every quarter since. By the end of Q4 2020, the number of home mortgage accounts in some level of arrears had fallen to 54,986 accounts – a decrease of 61.5% since the peak. This reduction represents a year-on-year decrease of 5,610 accounts to the end of 2020.

Abhaile Long Term Mortgage Arrears (720+ days)

The main focus of Abhaile continues to be on borrowers in long-term mortgage arrears, equalling over 720 days. At the peak of the long term mortgage arrears crisis in June 2015, the number of mortgage accounts in arrears of more than 720 days was 38,043. It has dropped steadily in each subsequent quarter, and by the end of 2020, stood at 24,981 - a drop of 34.3% since the peak.

While the drop in the number of mortgage accounts in arrears is encouraging, there are still many borrowers in long-term mortgage arrears.

In 2020 the Irish economy experienced an unprecedented shock, COVID-19. In response to the pandemic the Irish Government took swift and decisive action to slow the spread of the Coronavirus and to save lives. Ireland moved from containment to delay on March 12. This resulted in the first public

health restrictions in relation to mass gatherings and the closure of schools, colleges, childcare facilities, and cultural venues. This was followed on March 24 with the closure of non-essential outlets and service, the cancellation of all events, limits on hospitality and social gathering, and advice to work from home. The effect of these restrictions throughout 2020 is evident in the take-up the Abhaile services.

Although demand for Abhaile services in 2020 was somewhat subdued due to COVID-19, Abhaile continued to support borrowers in mortgage arrears by providing them with free, independent, and expert advice. Services include financial and legal analysis and advice, insolvency advice, accountancy support, identification and negotiation of mortgage debt solutions, and support at court (when required) if facing repossession proceedings.

Abhaile is jointly coordinated and funded by the Department of Justice and the Department of Social Protection. Abhaile supports are provided through the Citizens Information Board (which includes the Money Advice and Budgeting Service), the Insolvency Service of Ireland, the Legal Aid Board and the Courts Service.

Abhaile is overseen at a strategic level by a Joint Steering Board and at an operational level by a Joint Working Group. The membership of these Groups includes the Department of Social Protection, the Department of Justice, the Department of Housing, Local Government and Heritage, the Legal Aid Board, the Insolvency Service of Ireland, the Citizens Information Board and the Courts Service.

In 2019, taking account of continuing need for support for people in mortgage arrears, the Government approved a further three-year extension of Abhaile with earmarked funding until the end of 2022. It was also agreed, in addition to the normal periodic reporting requirements, to conduct a review of the operation of Abhaile in 2021. A further commitment has been made under the *Programme for Government* to continue to resource Abhaile.

In advance of the forthcoming comprehensive review, a Governance Review of Abhaile is also underway to ensure that the service has the most effective administrative and accountability systems in place in order to meet future demand.

2. Services Available under Abhaile and Eligibility Criteria

2.1. Services Available

MABS Advisory Services – The First Steps

The Money Advice and Budgeting Service (MABS), under the aegis of the Citizens Information Board (CIB), assists people who are over-indebted and need assistance and advice with debt problems, in particular, those on low incomes or living on social welfare payments. As part of its free services, MABS provides assistance and advice to those in mortgage arrears. MABS has over 60 offices nationwide.

However, due to public health restrictions, face-to-face consultations did not take place from March 2020 onwards. In order to ensure that services were still available and efficiently provided to those who needed them, MABS provided a dedicated helpline. This helpline is open Monday to Friday, 9am to 8pm. A new online chat facility, launched in April 2020 in response to COVID-19, is also available Monday to Friday, 9am to 5pm.

Awareness campaigns and promotion of the relevant services continued throughout 2020, letting people that the service was still available, and how to get in touch.

In the context of Abhaile, MABS is the Government's 'one-stop-shop' point of information and guidance for homeowners in mortgage arrears. It is the universal gateway for aid and advice under Abhaile.

When a borrower contacts MABS, an adviser assesses the borrower's financial situation. If the borrower meets the eligibility criteria, MABS will support them access the expert likely to be best placed to assist them.

Depending on the borrower's situation, this expert may be a MABS Dedicated Mortgage Arrears adviser (DMA), a Personal Insolvency Practitioner (PIP), a solicitor, or an accountant. A triage process determines the referral between MABS and the Insolvency Service of Ireland (ISI) regarding PIPs. MABS will provide the borrower with a voucher to access the relevant service(s). This will be provided at no cost to the borrower. Priority is given to first obtaining financial analysis and advice, supplemented by legal advice where that is required.

In summary, Abhaile can provide a range of different services to assist the borrower, depending on his or her needs, such as:

- The Dedicated Mortgage Arrears (DMA) Service
- The Personal Insolvency Practitioner (PIP) Service

- The Accountant Service
- The Consultation Solicitor Service
- The Duty Solicitor Service
- The Personal Insolvency Court Review Service
- The Court Mentor Service

Advice under Abhaile can cover all options for resolving the borrower’s home mortgage arrears. Depending on the borrower’s circumstances, these options may include restructuring the repayment arrangement, personal insolvency, bankruptcy, sale, or surrender of the home—the decision on what option to take remains with the borrower. The professional services available to the borrower under Abhaile aim to ensure that the borrower can decide with the benefit of independent expert advice.

The Dedicated Mortgage Arrears (DMA) Adviser Service

The DMA service launched in July 2015, 12 months ahead of the other Abhaile services. It is available across the MABS network to assist people specifically with home mortgage arrears to assess the options available to them, and where required, to negotiate with lenders on their behalf.

A DMA adviser will often be the first point of contact with Abhaile for the borrower. DMA advisers are qualified to give financial advice and, working with

the borrower, to negotiate a suitable Alternative Repayment Arrangement (ARA) from the lender, where a personal insolvency arrangement is not suitable.

The Personal Insolvency Practitioner (PIP) Service

If the borrower wishes to explore their options under personal insolvency, MABS can give them a voucher for free advice from a member of the Abhaile PIP panel. The voucher entitles the borrower to a face-to-face consultation with a PIP. The PIP will carry out a full assessment of the borrower’s financial situation and prepare the Prescribed Financial Statement (PFS) required under the Personal Insolvency Acts. The PIP will explain to them all available options and the best option to deal with their mortgage arrears, confirming that advice to the borrower in writing.

If the PIP advises that the borrower’s best option is a statutory debt solution, they will assist them in taking the next steps. If the PIP advises that the borrower’s best option is bankruptcy, they will provide the borrower - under the voucher - with the letter required by the bankruptcy court. This confirms that the borrower has first been advised regarding their options under personal insolvency.

The Accountant Service

If the borrower’s case involves more complicated financial issues but is not

suited to personal insolvency, then MABS may direct the borrower for financial advice to an accountant, who is a member of the Abhaile Accountants' panel. The borrower will need to first work with a MABS Adviser to complete the Standard Financial Statement (SFS) required by lenders under the Mortgage Arrears Resolution Service (MARP). The accountant will need a copy of the SFS to give them financial advice. The borrower will have a face-to-face consultation with the panel accountant. The accountant will advise them on any financial issues relating to resolving their mortgage arrears and on possible solutions, confirming that advice to them in writing.

The Consultation Solicitor Service

After the borrower has completed their financial statement (Standard Financial Statement or Prescribed Financial Statement- see above) and received financial advice, their financial adviser (PIP, MABS adviser or accountant) may recommend that they consult a solicitor for legal advice, where this is likely to be of benefit.

The financial adviser can then apply to MABS for a legal advice voucher for the borrower. The legal advice voucher will entitle the borrower to a face-to-face consultation with a solicitor from the Legal Aid Board's Abhaile solicitor panel. The solicitor will assess and explain their legal position and advise them on any

repossession proceedings or legal issues arising for resolving their mortgage arrears.

If the lender has already issued repossession proceedings, the consultation solicitor may, in certain circumstances, be able to negotiate on the borrower's behalf to settle the proceedings out of court.

The Duty Solicitor Service

If the borrower is facing Circuit Court repossession proceedings against their home due to mortgage arrears, they may be able to receive assistance at Court from the Duty Solicitor. The Duty Solicitor is a solicitor from the Abhaile solicitor panels, who will typically be on duty at a Circuit Court (on the date the County Registrar is due to deal with repossession cases).

The Duty Solicitor Service is a limited service to provide advice and assistance to unrepresented borrowers in court. The Duty Solicitor may speak for the borrower in Court to explain what steps they are taking to deal with their mortgage arrears. The Duty Solicitor may be able to apply for the court proceedings to be adjourned if the borrower is trying to put a solution in place. They can also explain to the borrower what is happening in the proceedings.

The Duty Solicitor cannot act as the borrower's legal aid solicitor or defend

the repossession proceedings on their behalf. Abhaile does not cover legal aid for defending repossession proceedings. If a borrower has a valid legal defence to the repossession and wants to apply for legal aid, then s/he will need to apply to the Legal Aid Board separately. The Consultation Solicitor will explain to them how to do this.

The Personal Insolvency Court Review Service

The PIA Court Review Service is available where the borrower has worked with a PIP and proposed a Personal Insolvency Arrangement ('PIA') to their creditors. In this case, the creditors have refused that proposal, although the borrower's PIP considers it fair and reasonable to all concerned. Under section 115A of the Personal Insolvency Acts, the PIP in this situation can ask the Courts, on behalf of the borrower, to review the PIA proposal. If the Court is satisfied that the matters set out in section 115A(9) of the Personal Insolvency Act 2012, including that the proposal is overall fair and equitable, it has the power to impose the proposal on the creditors.

Under the Personal Insolvency Court Review Service, the Legal Aid Board can provide the borrower with legal representation by a solicitor and barrister. They can make the Court review application subject to the case meeting the criteria set out in the Civil Legal Aid Act.

“And... we got to breathe again, to live as a family again. There's no shame in getting helped back up on your feet.”

For this service, the borrower's PIP applies on their behalf to the Legal Aid Board. The PIP must certify to the Legal Aid Board 'that the borrower has reasonable grounds for seeking the court review and satisfies the other conditions for review laid down by the 'Personal Insolvency Act'. If the Legal Aid Board is satisfied that the application meets the criteria under the Civil Legal Aid Act 1995, it can grant a Legal Aid Certificate to the borrower.

The Court Mentor Service

A national network of Court Mentors has been established to provide support to distressed borrowers. MABS staff attend 'Court Mentors' at all Circuit Court repossession list hearings before the County Registrar. The Court Mentor provides a visible and accessible source of free and independent support to borrowers at Court. For example, the Court Mentor lets the borrower know where they are on the list of cases and provides guidance on the proceedings and how best to address the County Registrar. The Court Mentor provides an access point to the supports provided by MABS and Abhaile. Therefore, acting as

an important entry point to the Abhaile supports at the repossession stage.

2.2. Eligibility Criteria for Abhaile

To qualify for advice and assistance from Abhaile, a person must:

- a. be **insolvent** (as defined under the Personal Insolvency Acts: ‘unable to pay their debts in full as they fall due’),
- b. be **in mortgage arrears on the home in which they normally reside** (their principal private residence), and
- c. be **at risk of losing their home** (for example, they may have received from their mortgage lender repossession proceedings, a letter indicating that such proceedings will issue, a letter indicating that they are deemed non-cooperating, or an invitation to consider the sale, surrender or other loss of all or part of the home).

A person will *not* be eligible for Abhaile if the above conditions are satisfied, but the home is disproportionate to the reasonable living accommodation needs of the borrower and his or her dependents taking account of the criteria set out in section 104 of the Personal Insolvency Acts.

Abhaile is focused on supporting people to deal with arrears related to their principal home or main property and is not designed to support mortgage

arrears for investments or buy-to-let properties. However, a person in mortgage arrears on their home, who *also* owns a buy-to-let, will still be eligible if he or she satisfies the conditions above.

“They listened. They didn’t judge. They gave us hope. The relief was enormous.”

2.3. Impact of COVID-19 on Abhaile services

COVID-19 has had a significant impact on the delivery of the Abhaile service. Many of the services delivered through MABS, PIPs, the Legal Aid Board, and Court Services were restricted because of national and regional public health measures.

For example, possession hearings in the County Registrar’s Courts were cancelled for most of the year, resulting in a 60% reduction in the number of sittings. This resulted in curtailing possession hearing activity that would typically be considered an external encouragement for borrowers to take action. It also meant the suspension of the Court Mentor and Duty Solicitors services, reducing the opportunity for Abhaile representatives to engage with

borrowers in serious mortgage arrears. The courts can be the first interaction a borrower has with the Abhaile service and is deemed an essential point of access to the supports. As a result, consultations provided by Court Mentors and Duty Solicitors to borrowers decreased by 66.5% and 61.7% respectively.

Notwithstanding the impact of COVID-19, the service providers continued wherever possible to provide a complete service to the public.

MABS staff were deemed essential under the Government's response to COVID-19. In-person face-to-face consultations were suspended in restriction level 3 and above. Consultations were offered on an emergency appointment only for level 1 and 2. MABS continued to provide services by phone, video, and email. Online chat, launched in April 2020, provided an additional channel in response to the pandemic and the move to working from home.

During the period covering the first round of public health restrictions, new DMA cases reduced to 27% of typical expected activity. However, over the summer months as the country reopened following the restrictions due to public health measures, activity levels returned to around 60% of pre-COVID-19 levels.

Similar to MABS, PIPs were deemed essential workers. The ISI implemented

emergency administrative measures to service delivery protocols, which were supported by the Civil Law and Criminal Law (Miscellaneous Provisions) Act 2020. Considering the public health restrictions, the ISI agreed to an administrative change whereby consultations could occur through video call in place of in-person meetings. As a result, in 2020 the number of PIP vouchers redeemed was 82% of those redeemed in 2019 – a decrease of 18%.

The largest decrease coincided with the onset of COVID-19 and the first level-5 public health restrictions. This trend, with respect to volume redeemed, continued throughout Q3 2020. A further drop occurred in Q4, specifically in December. This can be attributed to the six weeks of public health restrictions that began in November 2020.

Demand for Abhaile services typically falls in December each year. However, public health restrictions resulted in a more significant than usual drop in demand compared to previous years.

Further impacts attributed to COVID-19 can be seen from the ISI Deep Dive 2020, in areas such as borrower engagement and the number of formal solutions being implemented.

- It was noted that there was an increase in borrowers disengaging after the consultation with a PIP of roughly 16%. In previous years,

between 12-13% of borrowers did not proceed with their PIP after the initial consultation, but for 2020 this figure was 29%.

- Court sittings were affected by closures because of public health restrictions in 2020. This resulted in delays in the court formally approving solutions in some cases. At the time the August 2020 Deep Dive was carried out, 11 of the 536 borrowers cases were awaiting a sitting to approve a PIA. If approved, these cases could have increased the level of formal solutions in place from 26% to 28% had court sittings been proceeding as normal.

The average number of vouchers redeemed in January and February 2021, while more than December 2020, was only 71% (81 vouchers) of the monthly average since the initial public health restrictions in Q2 2020 (114 vouchers on average per month). An increase in voucher redemption is anticipated as the country reopens from the public health

restrictions. At the time of publication, the Government had extended the current Pandemic Unemployment Payment until September 2021, and enhanced illness benefit remains open. The ISI anticipate this will lead to reduced demand for the rest of 2021.

Abhaile vouchers are typically valid for 3 months. However, in response to public health restrictions and to provide flexibility and further support to borrowers, the validity period was extended to 6 months.

In contrast to subdued demand for other service, demand for the PIA Review Legal Aid Service (S115a) increased slightly in 2020, by 13 certificates compared to 2019. The LAB granted a total of 562 legal aid certificates in 2020.

“Talk to Abhaile, there’s no shame in getting helped back up on your feet. Most importantly, we got to keep our home.”

3. Report Highlights

3.1. 2020 Achievements

During the reporting period January to December 2020, Abhaile continued to deliver the following cost-free services to borrowers at risk of losing their homes:

- 3,048 individual borrowers, representing 2,673 households, received financial advice from Abhaile.
- 2,075 borrowers were issued with a voucher for financial advice and assistance from a PIP. Of these, 1,653 (80%) redeemed the voucher and consulted with a PIP.
- 1,733 new borrowers received financial advice and assistance from a DMA adviser.
- DMA advisers referred 338 existing borrowers to PIPs for further financial advice and assistance under Abhaile.
- 114 vouchers were issued for borrowers to receive financial advice and assistance from an accountant. Of these, 32 (28%) borrowers redeemed the voucher.
- 674 vouchers were issued for borrowers to receive legal advice from a consultation solicitor. Of these, 346 (51.3%) borrowers redeemed the voucher.
- 562 borrowers were granted legal aid to apply for a personal insolvency review (S115a - asking the Court to consider, approve and impose a personal insolvency arrangement on the creditors, notwithstanding that they had rejected it).
- Duty Solicitors attended 180 repossession court lists before Registrars across the country and provided 924 consultations to unrepresented borrowers.
- Court Mentors attended 175 repossession court lists before County Registrars across the country and provided 1,707 consultations to borrowers, referring them to further assistance from other Abhaile services.
- An estimated 79% of those who availed of financial advice from a PIP under Abhaile over the period January to December 2020 were in mortgage arrears of over 2 years, the main target group for Abhaile.

The impact of COVID-19 on the delivery of the Abhaile service is highlighted in section 2.3.

Source: Data provided by MABS, Legal Aid Board and ISI

4. Take-up of Abhaile Services

The following sections provide more detail on the take-up of the various Abhaile services during the period January to December 2020, and since the establishment of Abhaile in July 2016 to December 2020.

4.1. Take-Up of the DMA Service

Between January and December 2020, DMA Advisers provided financial advice and assistance to 1,733 new borrowers under Abhaile.

The DMA service referred 338 of these clients to a PIP for further financial advice. This brings the total number of borrowers referred by DMA Advisers to a PIP to 1,284 between July 2016 and December 2020.

Between July 2015 and December 2020, the DMA service had provided financial advice and assistance to a total of 10,246 borrowers (including 1,284 who were referred to PIPs.)

The DMA service launched in July 2015, a year before the vouchered services of Abhaile.

4.2. Take-Up of the PIP Service

Between January and December 2020, the MABS voucher desk issued 2,075 Abhaile vouchers for financial advice and

assistance from a PIP. Of these a total of 1,653 or 80% were redeemed.

Between July 2016 and December 2020, the number of PIP vouchers issued was 16,096. Of this a total of 11,723 or 73% had been redeemed.

4.3. Take-Up of the Consultation Solicitor Service

Between January and December 2020, the MABS voucher desk issued 674 vouchers for borrowers to consult an Abhaile Consultation Solicitor. Of these, 346 or 51.3% had been redeemed.

Between July 2016 and December 2020, the number of Consultation Solicitor legal vouchers issued was 4,715. Of these, 2,294 or 49% had been redeemed.

4.4. Take-Up of the Duty Solicitor Service

Between January and December 2020, Duty Solicitors were present at 180 court possessions hearings across the country. Duty Solicitors provided at least 924 consultations to unrepresented borrowers.

Between July 2016 and December 2020, the Duty Solicitor service had provided consultations to a total of 8,899 borrowers at 1,931 possession hearings before a County Registrar.

4.5. Take-Up of the Personal Insolvency Court Review Service

Between January and December 2020, the number of legal aid certificates granted for PIA reviews was 562.

PIA reviews increased slightly in 2020 when compared to 2019. Although other services were subject to restrictions and closures, the Insolvency Court successfully adapted to online proceedings with limited impact on service delivery.

Between July 2016 and December 2020, LAB had granted 2,284 legal aid certificates for personal insolvency reviews.

4.6. Take-Up of the Court Mentor Service

Between January and December 2020, MABS Court Mentors were present at 175 court possession hearings across the country. MABS Court Mentors provided at least 1,707 consultations to unrepresented borrowers.

It should be noted that possession hearings were subject to extensive closure because of the COVID-19 public health restrictions.

Between July 2016 and December 2020, the Court Mentor service had provided support to a total of 16,781 consultations to unrepresented borrowers at 1,895 possession hearings before a County Registrar.

4.7. Take-Up of the Accountant Service

Between January and December 2020, MABS voucher desk issued 114 vouchers for borrowers to seek financial advice from an Accountant. Of these, 32 or 28% had been redeemed.

Between January 2018 and December 2020, the number of financial vouchers issued to seek accountancy advice was 363. Of these, 65 or 18% had been redeemed.

Note: In the case of all voucher-based services, the issuing of a voucher, which is not subsequently presented for payment, does not incur any additional charge on the Abhaile budget.

5. Outcomes of Abhaile since establishment in 2016

This chapter focuses on outcomes for borrowers who have received financial advice and assistance from DMA Advisers and PIPs. These are the primary Abhaile services for putting solutions in place for borrowers in mortgage arrears.

Section 5.1 provides an overview of these outcomes.

Section 5.2 looks at outcomes and progression for borrowers advised by DMAs.

Section 5.3 looks at outcomes and progressions for borrowers advised by PIPs.

Section 5.4 looks at the primary outcomes of the other Abhaile services, which make a valuable contribution to achieving the solutions put in place for borrowers.

5.1. Outcomes of financial advice and assistance from DMAs and PIPs (See Outcomes Table below on page 25)

5.1.1. number of solutions in place for insolvent borrowers.

By December 2020, **33% of insolvent borrowers (6,845)** who were at risk of losing their homes due to mortgage arrears or repossession proceedings had received financial advice and assistance

under Abhaile and had a solution either in place or on trial.

Solutions in place or on trial comprised 2,851 Personal Insolvency Arrangements (PIAs), 3,040 informal solutions (Alternative Repayment Arrangements (ARAs) between the borrower and their mortgage lender, agreeing a restructure of mortgage payments, as provided under the Central Bank's Code of Conduct on Mortgage Arrears, participating in the Mortgage to Rent scheme) and 219 Bankruptcies.

Further detail on the solutions achieved for borrowers is contained in Sections 5.2 and 5.3.

“They were patient, empathetic and non-judgemental with us. Everything was simplified.”

5.1.2. Borrower cases being progressed to solution.

A further **47% of borrowers (9,751 who were at risk of losing their homes) were in progress to a solution** and remain in their homes. These borrowers were receiving ongoing support and advice from their PIP or DMA, working with the borrower to get a solution in place.

PIPs and DMA advisers work closely with the borrower to explore all possible

solutions, with the aim of keeping the borrower in their home, wherever possible. A solution for a borrower in significant arrears tends to take at least 8 months and longer in some circumstances.

Mortgage to Rent (MTR) for Abhaile borrowers may take an average of 724 days (up to 2 years) from the start date to the outcome. MTR involves a complex set of legal and financial arrangements, all of which must be signed off before property transfer can occur.

Securing an ARA can take a similar period, as it can involve several trials and ongoing negotiation with a borrower's lender to achieve a permanent outcome.

Where the creditors approve a borrower's proposal for a PIA, the process takes 207 days (almost 7 months), from the beginning of the PIA process to court approval of the accepted proposal. A PIA can take considerably longer if creditors refuse the borrower's proposal, and a court review is sought under Section 115A of the Personal Insolvency Act. Further detail on the solutions achieved for borrowers is contained in Sections 5.2 and 5.3.

5.1.3. Other outcomes for borrowers who have engaged with Abhaile

The remaining 20% (4,089 borrowers) are accounted for either by those who disengaged with their financial adviser after receiving financial advice at 17% (3,546 borrowers) or 3% (543 borrowers) who surrendered their home or had it repossessed.

A borrower's disengagement with the Abhaile service can occur for several reasons, including illness, family difficulties including separation or divorce, a loss of employment or other significant reduction in income. More recently, service providers are reporting an increase in borrower disengagement since the beginning of the COVID-19 pandemic.

Table 5.1 summarises the outcomes in place or in progress at the end of December 2020 for borrowers who received financial advice under Abhaile.

TABLE 5.1:

Summary of cumulative totals of outcomes in place/in progress since July 2016 to the end of December 2020 – borrowers who received Abhaile financial advice from a DMA or PIP.

Outcomes	Received DMA advice	Received PIP advice	Total at December 2020	Total at December 2019	Change 2020 v 2019
	8,962 borrower households	11,723 est. borrowers <small>*(see overleaf)</small>	20,685 borrowers	17,640 borrowers	3,045
Solution in place:					
- Personal Insolvency (PIA)	N/A	2,851	2,851	2,357	494
- Informal solution (ARA, MTR)	1,860	1,180	3,040	2,981	59
- Bankruptcy	N/A	219	219	236	-17
Trial solution in place	735	N/A	735	567	168
Total solutions/trial solutions in place	2,595 (29%)	4,250 (36%)	6,845 (33%)	6,141 (35%)	704
In progress to formal solution	N/A	2,696	2,696	2,015	681
In progress to informal solution	4,945	2,110	7,055	6,302	753
Total in progress to solution	4,945 (55%)	4,806 (41%)	9,751 (47%)	8,317 (47%)	1,434
Surrender/repossession	309 (3%)	234 (2%)	543 (3%)	450 (2%)	93
Not engaging after financial advice	1,113 (13%)	2,433 (21%)	3,546 (17%)	2,732 (16%)	814
Total	8,962 (100%)	11,723 (100%)	20,685 (100%)	17,640 (100%)	3,045

Note to Table on Outcomes Data

The data used in this chapter and table on outcomes of Abhaile financial advice is based on an extensive, in-depth analysis by MABS and ISI.

**Due to the large to the large numbers of borrowers involved and different data collection possibilities, the ISI outcome data used here for borrowers who took up PIP advice over the whole period July 1 2016 – December 31, 2020, is a projection.*

This projection is based on outcome and progression trends identified in 4 extensive and detailed sample surveys undertaken by ISI. After further statistical analysis and cross-checks with other related data, ISI is satisfied that the results of these samples are highly comparable and that they appear to be representative of the intervening quarters and a likely predictor of the following quarters.

Further detail on ISI’s Deep Dive Analysis is contained in Appendix B.

**“After our first
phonecall, where our
options were explained
properly to us, we came
out feeling hopeful.”**

5.2. Outcomes achieved by the DMA service Jul 2015 - Dec 2020

Since the DMA service was established (July 2015) up to the end of 2020, DMA Advisers have provided financial advice and assistance to 9,831 borrowers overall. Of these, 1,210 were referred on to a PIP under Abhaile. For the 8,962 borrowers who continued to work with their DMA advisers, the outcomes achieved are presented below.

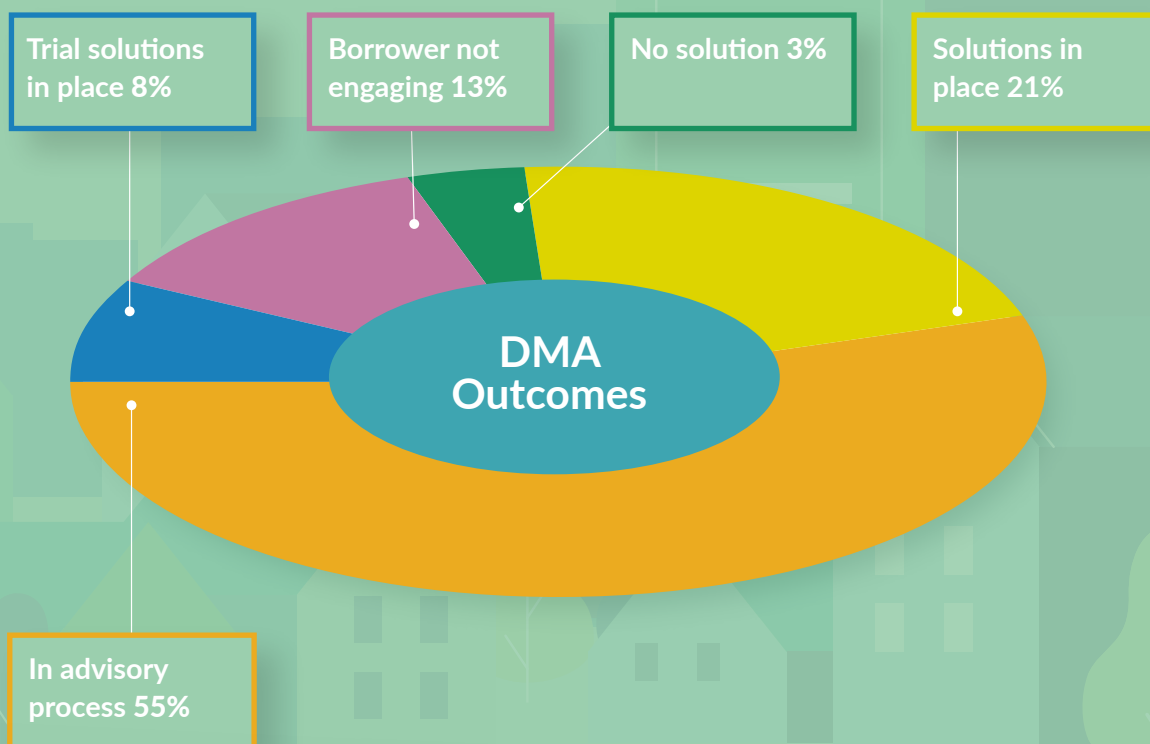
The DMA service provides advice and assistance to Abhaile borrowers on the different types of solutions suited to the borrower’s financial circumstances.

These are typically referred to as ‘informal’ solutions, such as Mortgage to Rent (MTR) or an ARA. In such cases, a DMA may advise and negotiate directly with the creditors on behalf of the borrower.

Over 85% of the solutions achieved by DMA Advisers enable borrowers to remain in their homes.

By the end of December 2020, the outcomes achieved for the 8,962 total cumulative borrowers who engaged with the DMA service are outlined below.

Figure 5.2:
Cumulative DMA Outcomes Between July 2015 and December 2020 as a % of Total Borrowers (8,962) Supported by a DMA



- 21% (1,860 borrowers) have long term solutions in place:** This means a solution to the borrower’s mortgage arrears is now in place, such as an arrears capitalisation, term extensions, split mortgage, or write downs.
- 55% (4,945 borrowers) are in advisory process, in progress to solution:** These borrowers are supported and advised by DMA’s in exploring all options and negotiating solutions.
- 8% (735 borrowers) have trial solutions in place:** Many lenders require a borrower to complete a test period in a proposed restructure arrangement before it is agreed. A trial period can be from 6 to 12 months or longer in some instances. A DMA adviser works closely with the borrower to assist them in managing the arrangement.
- 3% (309 borrowers) have no solution:** This means that the borrower

consented to an order for possession. The possession order was granted, or the DMA adviser considers the arrangement unsustainable in the long term.

- 13% (1,113 borrowers) are not engaging:** These borrowers have stopped actively engaging with the DMA Adviser. Non-engagement can be for several reasons, for example, a change in personal circumstances or an ARA not sustainable in the long term. The DMA Adviser will reach out to such borrowers periodically, offering support and encouragement to re-engage with their lender.

The 1,860 solutions concluded by DMA Advisers include many types of ARAs, such as interest rate reductions, entry into the MTR scheme, voluntary sale or surrender of the home, or a lump sum settlement for less than the outstanding balance on the mortgage.

Informal solutions achieved by Abhaile DMA advisers	
An ARA in place with the lender	1,017
Mortgage to Rent	250
Were able to resume making mortgage repayments	149
Had repossessions proceedings on their home struck out	176
Surrender/sale of the home, including trading down	268
Total	1,860

5.3. Outcomes achieved by the Personal Insolvency Practitioner (PIP) service to end December 2020

Depending on the borrower’s financial circumstances, PIPs can provide assistance and advice on a range of insolvency solutions designed to meet a range of financial circumstances:

- **‘formal’ or statutory solutions** (under the Personal Insolvency Acts or the Bankruptcy Acts) - most commonly a PIA or, in a small number of cases, bankruptcy; or

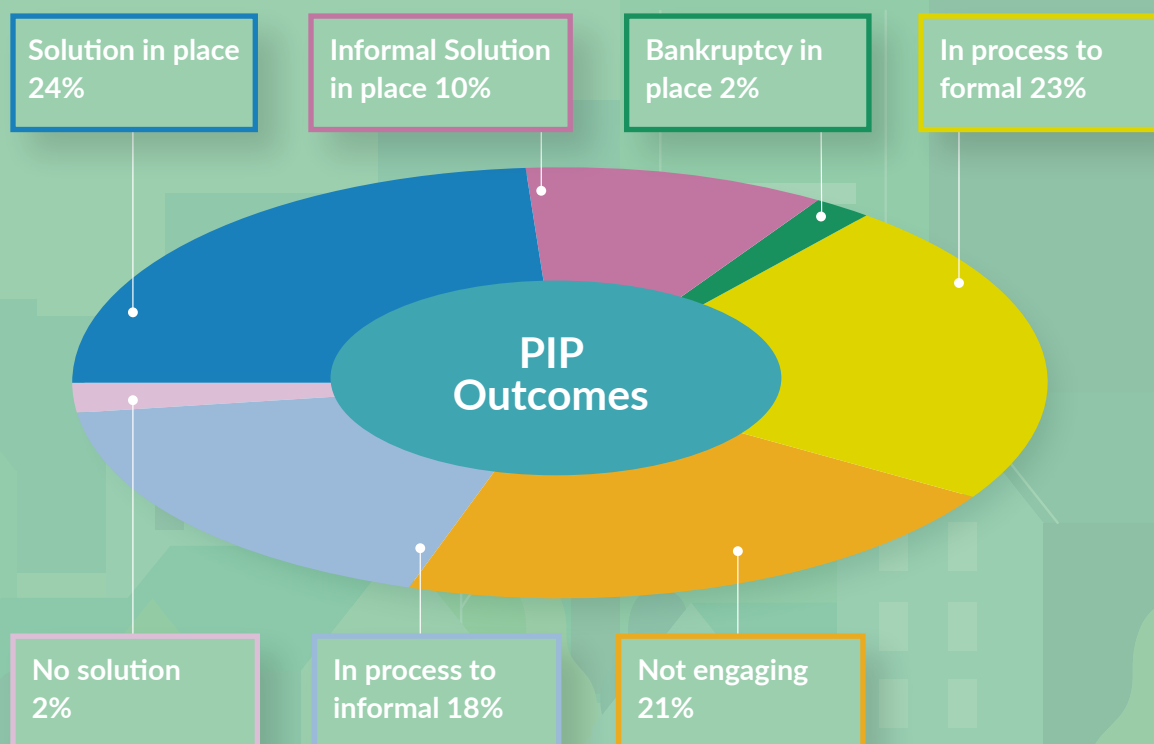
- **‘informal’ solutions** such as MTR or an ARA. This is where a PIP may advise and negotiate directly on behalf of the borrower or may work together with a DMA to assist the borrower.

Solutions and restructures concluded by PIPs

The most common type of solution achieved by borrowers, who availed of a PIP voucher, is a Personal Insolvency Arrangement (PIA).

Figure 5.3:

Cumulative PIP Outcomes between July 2016 and December 2020 as a % of Total Borrowers (11,723) Supported by a PIP



Data note: The outcome data for the 11,723 borrowers who received PIP advice is estimated in this report – using a projection based on results of 4 large data samples undertaken by the ISI

By the end of December 2020, the outcomes achieved for the 11,723 borrowers who engaged with the PIP service are as follows:

- **36% of this cohort of borrowers (estimated 4,250 borrowers) have solutions in place.**
- **23% (estimated 2,696 borrowers) are in progress to a formal solution** (e.g. in the PIA court review process, considering or applying for a personal insolvency arrangement, or (a very small group) considering bankruptcy).
- **18% (estimated 2,110 borrowers) are in progress to an informal solution** (e.g. working with a PIP to conclude an informal mortgage restructure arrangement with the lender or working with a PIP to take up MTR. A small number of cases are referred back to MABS under Abhaile if the DMA seems better placed to assist the borrower.
- **21% (estimated 2,433 borrowers) are not engaging** with the PIP after receiving financial advice.
- **2% (estimated 234 borrowers) have surrendered their homes** to their lender or have had their homes repossessed by the lender.

Of the formal solutions achieved, 95% of these will allow borrowers to remain in their homes.

Further analysis of outcomes achieved by Personal Insolvency Practitioners is set out in Appendix C.

5.4. Outcomes of legal and court-based Abhaile services

5.4.1. Court Mentor and Duty Solicitor Services

In 2020, the legal and court-based Abhaile services continued to provide support for borrowers to address their home mortgage arrears.

However, the level of support was curtailed as a result of public health restrictions put in place in response to the COVID-19 pandemic.

The services include the Personal Insolvency Court Review, the Consultation Solicitor, the Duty Solicitor and the Court Mentor Service.

Court Mentors can refer borrowers to the Abhaile Duty Solicitor at the court. The Duty Solicitor can provide legal explanations and clarification. They also may be able to speak for the borrower in court. The Duty Solicitor can refer the borrower, via MABS, to further advice from a Consultation Solicitor.

The numbers availing of the Court Mentor service show a significant decrease in year 2020 compared to the first 3 and a half years of operation. This is due to the suspension of possessions hearings because of COVID-19 and public health restrictions. The number of borrowers who availed of the Duty Solicitor service reduced also in line with the significant drop in court proceedings.

5.4.2. Consultation Solicitor Service

As expected, the number of borrowers requesting the services of the Consultation Solicitor service under Abhaile decreased in year 4. However, of those who did, the average voucher redemption percentage increased by 22.5%.

The service supports the borrower by providing legal advice concerning options that the borrower may be considering. The main topics on which borrowers sought legal advice under the Consultation Solicitor service were personal insolvency, the MTR scheme and alternative payment arrangements. By the end of December 2020, 2,294 borrowers had benefitted from the service of a Consultation Solicitor. This legal advice is an important support to borrowers in ensuring that they are aware of the consequences of the avenue chosen.

“One meeting and I felt something I hadn’t felt in a long, long time - hope.”

5.4.3. Outcomes of Personal Insolvency Court Reviews

The number of Legal Aid Board certificates granted for personal insolvency court reviews increased slightly (2.4%), the only service in the Abhaile to register an increase in 2020.

By December 2020, 2,284 such certificates had been granted. Our indications show that 40% of the court review cases decided by the court were in favour of the borrower. This figure does not include court review cases settled by agreement between the borrower and the creditors in favour of the borrower.

This means that their creditors had refused the borrower’s proposal for a PIA. The court evaluated the proposal as fair and reasonable to all parties and imposed the proposed arrangement on the creditors. This allowed the borrower to stay in their home.

There have been several important judgments to date in Abhaile. These cases have helped to clarify the type of arrangements that the courts may consider fair and reasonable and may impose under section 115A of the Personal Insolvency Acts. These cases have had significant implications for many pending cases and have helped to clarify the courts view on the range of options available to borrowers and lenders. For example:

- **re Lowe & Personal Insolvency Acts [2020] IEHC 104** clarified that a personal insolvency arrangement where a debt for equity swap is proposed that purports to reduce the outstanding mortgage debt below the market value of the property could not proceed without the consent of the secured creditor
- **re Forde-Egan & Personal Insolvency Acts [2020] IEHC 102** clarified the position regarding costs in an appeal which is brought by an objecting creditor, and which is subsequently decided in favour of the debtor.

It should be noted that a borrower remains protected under the Personal Insolvency Acts against repossession while awaiting the outcome of a PIA S115a court review.

5.5. Public Awareness and Accessibility

The Citizens Information Board manage the awareness-raising and public information campaigns of the Abhaile services on behalf of the Government. The campaigns are targeted at borrowers in long term mortgage arrears, providing information about Abhaile and how to access the services available.

These targeted public information campaigns use a range of traditional mediums, such as radio, outdoor advertising, and TV advertising. The campaigns are supported with social media and digital distribution platforms to increase reach, providing a message of support and hope, encouraging those at risk of losing their homes due to long term mortgage arrears to take action.

“It was through Abhaile that we met a Personal Insolvency Practitioner. He listened, didn’t judge, empathised & reviewed our financial situation to figure out a plan. He gave us hope. The relief was enormous.”

The communications strategy delivered in support of Abhaile during the period of this report was implemented in line with this broad framework:

- Year 1 (2017) – Launch Abhaile and raise awareness of the services available and how they could be accessed.
- Year 2 (2018) – Build on the awareness and continue to provide timely and transparent information to the target population. The message for borrowers was that Abhaile was there to assist and to encourage those in home mortgage arrears to avail of Abhaile services.
- Year 3 (2019) – Use of tailored messaging to target further those in the long-term home mortgage arrears category. The campaign built on the trust achieved over the previous years, reminding borrowers that Abhaile could assist them to keep their home.
- Year 4 (2020) – Building on brand awareness achieved over the previous years, the development of the “Abhaile World” graphical look will support a consistent identifier for the service. This will be used across a variety of traditional and digital channels. The consistent and regular placement of this unique brand visual will assist Abhaile achieve cut through.

The primary call to action for the awareness campaigns is to call the MABS Helpline. The Abhaile queue - referring to the MABS Helpline call management system - registered over 2,300 calls in 2020, representing 10% of the overall calls to the Helpline. This section of the website achieved over 88,000 views.

The organic (non-paid) impressions across Abhaile social media channels reached over 440,000 in 2020, while sponsored content or paid content reached 13.5 million impressions.

Although the public health restrictions curtailed the delivery of face-to-face services, the measures presented an opportunity to capture the attention of our audience during a period of increased social media use.

The statistics on the take up of Abhaile services are a positive indicator that the communications strategy is serving its purpose. Although public health measures dominated the national conversation for much of 2020, the communications strategy continued to encourage those in long-term home mortgage arrears to engage with the supports available.

6. Budget

An initial Government Decision provided for the allocation of a 3-year (indicative) budget, total €15 million, to finance specific elements of Abhaile for the operating period January 2017 - December 2019. This was based on an expected take-up by 9,400 households over the lifetime of the service and the principle that Abhaile is demand-led. As such, the funding provision would be examined by Government on an annual

basis, based on take-up and outcomes achieved by Abhaile and reported annually.

In September 2019, the Government renewed its commitment to resource Abhaile for a further 3 years until the end of 2022. A further commitment to continue to resource Abhaile has been made under the *Programme for Government*. Expenditure in the period January 2017 to December 2020 is set out in the table below.

Expenditure on Abhaile	2017	2018	2019	2020	Total over 4 years 2017 - 2020
Financial advice , provided through ISI (DSP-funded)	€ 3.0m	€ 1.5m	€ 1.2m	€ 1.01m	€ 6.71m
Communications led by CIB (DSP-funded)	€ 0.5m	€ 1.5m	€ 1.1m	€ 0.45m	€ 3.55m
CIB Resources to support the new National Service (DSP-funded)	€ 0.2m	€ 0.1m	€ 0.1m	€ 0.16m	€ 0.56m
MABS Dedicated Mortgage Arrears Service	€ 2.4m	€ 1.8m	€ 1.8m	€ 2.18m	€ 8.18m
Subtotal: Department of Social Protection Vote (DSP-funded)	€ 6.1m	€ 4.9m	€ 4.2m	€ 3.8m	€ 19m
Legal advice, assistance and legal aid provided through the Legal Aid Board (DOJ-funded)	€ 1.1m	€ 2.3m	€ 3.4m	€ 2.97m	€ 9.77m
Subtotal: Department of Justice Vote	€ 1.1m	€ 2.3m	€ 3.4m	€ 2.97m	€ 9.77m
Total:	€ 7.2m	€ 7.2m	€ 7.6m	€ 6.77m	€ 28.77m

Estimated allocation over the years covering 2021 – 2022 are set out as follows:

Estimated Allocation for Abhaile	2021	2022	Total over 2 years 2021-2022
Financial advice , provided through ISI (DSP-funded)	€ 1.85m	€ 0.37m	€ 2.22m
Communications led by CIB (DSP-funded)	€ 0.45m	N/A	€ 0.45m
CIB Resources to support the new National Service (DSP-funded)	€ 0.2m	€ 0.2m	€ 0.4m
MABS Dedicated Mortgage Arrears service	€ 2.5m	€ 2.5m	€ 5.0m
Subtotal: Department of Social Protection Vote	€ 5.0m	€ 3.07m	€ 8.07m
Legal advice, assistance and legal aid provided through the Legal Aid Board (DOJ-funded)	€ 2.4m	€ 2.4m	€ 4.8m
Provision for accruals - legal aid (DOJ-funded)	€ 1.5m	€ 1.5m	€ 3.0m
Subtotal: Department of Justice Vote	€ 3.9m	€ 3.9m	€ 7.8m
Total:	€ 8.9m	€ 6.97m	€ 15.87m

The Abhaile budget is closely monitored and reviewed each year as part of each contributing Departments' Annual Estimates and public accountability procedures.

7. Conclusions

As a result of COVID-19, demand for Abhaile was reduced in 2020 when compared to the previous periods.

The first round of public health measures had the most significant impact, while service providers adapted to the changing environment. Subsequent public health measures and restrictions continued this trend.

While restrictions meant that many of the services that rely on face-to-face consultations had to stop temporarily, many of the services adapted and implemented new and innovative ways to continue to provide services to those who needed them. This meant that those who needed the support of the Abhaile service could continue to access them.

“Once the PIP started to deal with the bank on my behalf, it was a tremendous relief and I could finally see progress being made.”

Research carried out by MABS in June 2020² found that people tend to “freeze in time of a crisis”, leading to a reduced internal motivation to take action. The sense of ‘we are in this together’ coupled

with mortgage payments moratoria, and the mitigating financial supports introduced by the Government early in the pandemic, may have reduced some external nudges encouraging people to take action. The research found that just 43% had taken any action in response to the financial impact of the pandemic.

However, demand for the Abhaile service, although suppressed, continued throughout 2020. Since inception to December 2020, the number of households supported increased by 18.3% to 17,295. The following headline statistics illustrate the overall continued demand.

Abhaile is reaching its target group.

The priority target group for Abhaile is borrowers who are in home mortgage arrears of more than 720 days. The ISI Q4 2020 Abhaile report states that, of the PIP vouchers redeemed between July 2016 and December 2020, almost three quarters (74.7%) of borrowers have been in mortgage arrears for 2 or more years. This represents an increase of 1.5% over the period covering to the end of 2019.

The MABS data collection system does not currently facilitate the recording of the length of mortgage arrears of borrowers who received advice and assistance from the DMA service.

² [MABS, 2020. Irish Attitudes to Debt and COVID-19](#)

Abhaile is helping to keep people in their homes. The main objective of Abhaile is to assist mortgage holders in arrears find the best solutions and keep them in their own homes. The following statistics illustrate successful solutions achieved or in progress to a solution where this is possible:

- As of the end of December 2020, 33% of the total 20,685 borrowers who engaged with Abhaile either had a solution in place or were trialling one.
- A further 47% of borrowers who engaged with Abhaile financial advice (9,751 borrowers) were still in their homes. They were receiving ongoing support from their Abhaile financial adviser, who worked with them to get a solution in place.
- Over 6,800 solutions are now in place, or on trial, for insolvent borrowers at risk of losing their home due to mortgage arrears.
- 17% of borrowers did not engage after receiving financial advice under Abhaile. Information on outcomes is not available for borrowers who have disengaged. Where possible, PIPs and MABS advisers seek to follow up with these borrowers and encourage them to reengage with available supports.
- 2% of borrowers who engaged with financial advice have surrendered

their home to lenders. Where this is the only viable option, MABS and PIPs work with and supports the borrower throughout the process.

- 95% of the Personal Insolvency Arrangements negotiated by PIPs under Abhaile are keeping borrowers in their homes.
- 85% of the solutions achieved by DMA Advisers enabled borrowers to remain in their homes.

“I felt a lot of stress easing away as MABS dealt directly with the bank on my behalf. It put an end to all the arrears letters dropping on my doormat.”

Personal Insolvency (Amendment) Act 2021

[The Personal Insolvency \(Amendment\) Act 2021](#)³ was introduced in Seanad Éireann on 16 December 2020 and completed all stages of the legislative process in May 2021. The Bill makes several urgent changes to the Personal Insolvency Act 2012. These changes will help people who are struggling to pay

³ <https://www.oireachtas.ie/en/bills/bill/2020/76/>

their debts achieve more effective access to the personal insolvency processes and solutions. Of particular significance to the operation of the Abhaile scheme, the Bill provides for:

- The removal of the cut-off date contained in section 115A of the Personal Insolvency Act 2012, which limits eligibility to apply under that section to insolvent persons whose proposal to resolve their debts includes a home mortgage in arrears on 1 January 2015 or arrears prior to this date where the debtor has entered into an Alternative Repayment Arrangement.
- The advisory meeting between a debtor and a PIP to take place remotely as an alternative to a meeting in person.
- A PIP to delegate the performance of functions under the Personal Insolvency Act 2012 to a person employed by him or her or working in the same firm and acting under his or her direction.
- The making of a confirmation of truth by a debtor, which does not require to be formally sworn or declared, as an alternative to the statutory declaration required as part of the debtor's application for a Personal Insolvency Arrangement.

The Minister of Justice, Heather Humphreys TD, has signed an Order commencing the main provisions of the Personal Insolvency (Amendment) Act 2021 with effect from 25 June 2021.

Abhaile in 2021

Unemployment numbers have not yet returned to the low levels they were before the pandemic. Government supports and initiatives continue to support individuals and businesses affected by national and regional public health restrictions. However, these cannot continue indefinitely. The long term impact of COVID-19 and the associated public health measures is yet to be fully clarified.

Enhancements in service delivery and the enactment of the Personal Insolvency (Amendment) Bill 2020 - which will remove the requirement for a relevant debt (PPR) to be in arrears before 1st January 2015 - will help to ensure that Abhaile is prepared to meet any future increase in demand.

PART C: Appendices

Appendix A – Profile of Abhaile Borrower

Both ISI and MABS collect data on the demographic profile of borrowers who have received advice and assistance under Abhaile since establishment. Additionally, ISI gathers data on the length of time borrowers have been in mortgage arrears. This information is presented below.

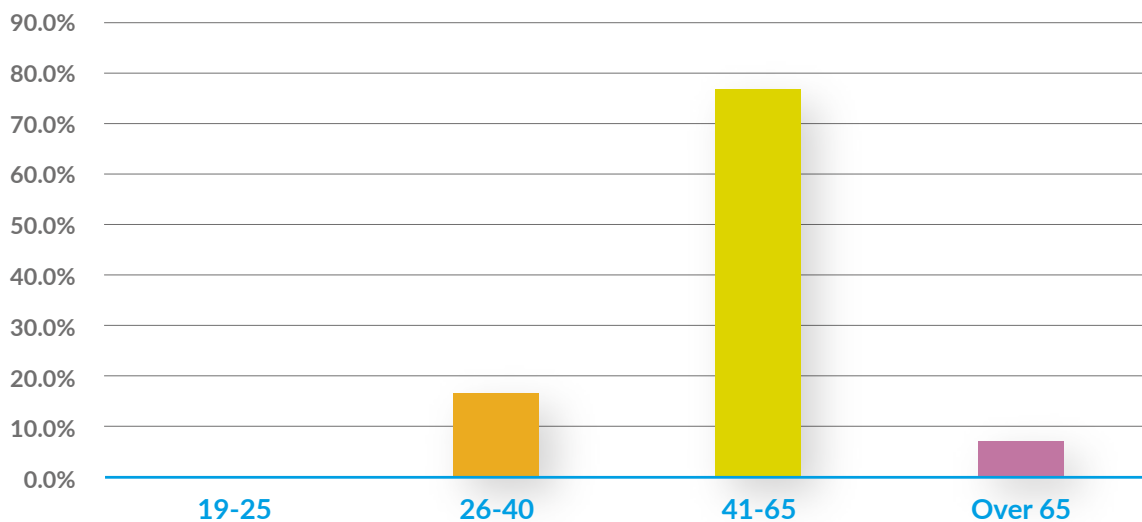
Demographic of Borrowers Engaging with Abhaile

Information gathered by DMA Advisers shows that most borrowers engaging with Abhaile, through the DMA service, were either in paid employment (46%) or self-employed (9%). This data suggests

that many borrowers in mortgage arrears struggle to pay their debts, despite being in employment. Other borrowers had a diverse range of primary income sources, including Job Seekers’ Allowance or Benefit (17%), Disability Allowance (6%) and others on various other social welfare supports. COVID-19 supports introduced in 2020, such as the Pandemic Unemployment Payment (C-PUP) and other wage subsidies, accounted for 4.5% of income sources in 2020. Indications are that this figure is much higher for 2021.

The age profile of borrowers receiving assistance under Abhaile is displayed below in the figures:

Figure A.1:
Age Profile of Borrowers supported by DMA service



Source: Data provided by MABS

Figure A.1 shows the age profile at which borrowers presented to DMA advisers. Many of the borrowers (76%) fell into the 41-65 age bracket, while a smaller number (16%) were younger, and much fewer (7%) were older.

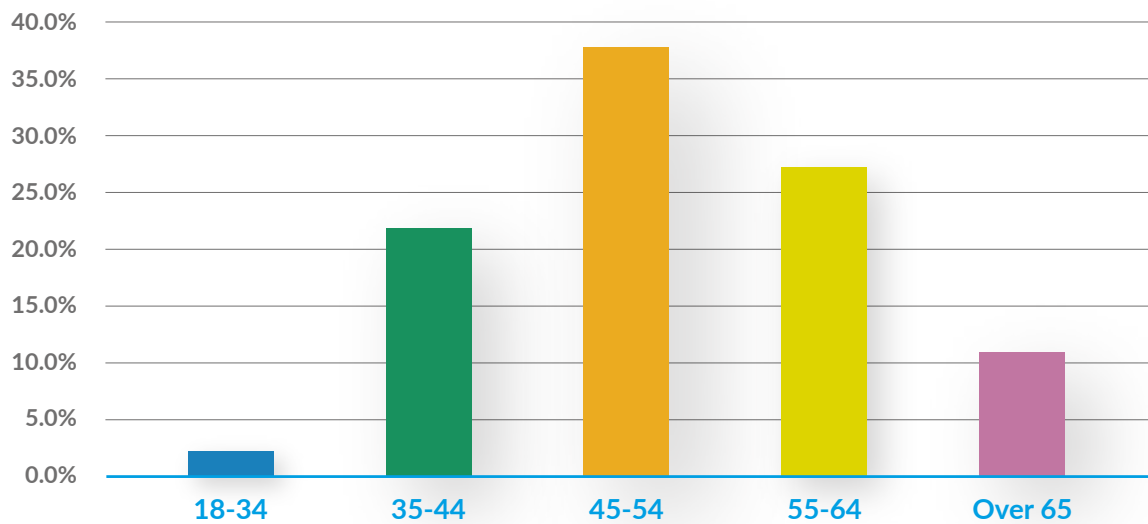
It should be noted that, overall, the demographic is getting older. The percentage of those falling into the 41-65

age bracket increased by 1 percentage point when compared to the previous report. Those in the 65+ age bracket, although a smaller sample, increased by just over 2 percentage points.

Demographic profile⁴ of borrowers who obtained financial advice and assistance from a PIP under Abhaile

Figure A.2:

Age Profile of the Borrowers who Obtained Financial Advice from a PIP under Abhaile



⁴ Percentages relating to age are projections based on ISI data analysis

Age profile:

Figure A.2 above shows the age profile of borrowers who obtained financial advice and assistance from a PIP under Abhaile. The majority of borrowers (88%) were in the 35 – 64 age bracket, while a number were younger (1%) and just over a tenth (11%) were older, up from 9% to the end of 2019.

Length of Mortgage Arrears (borrowers engaging with PIP)

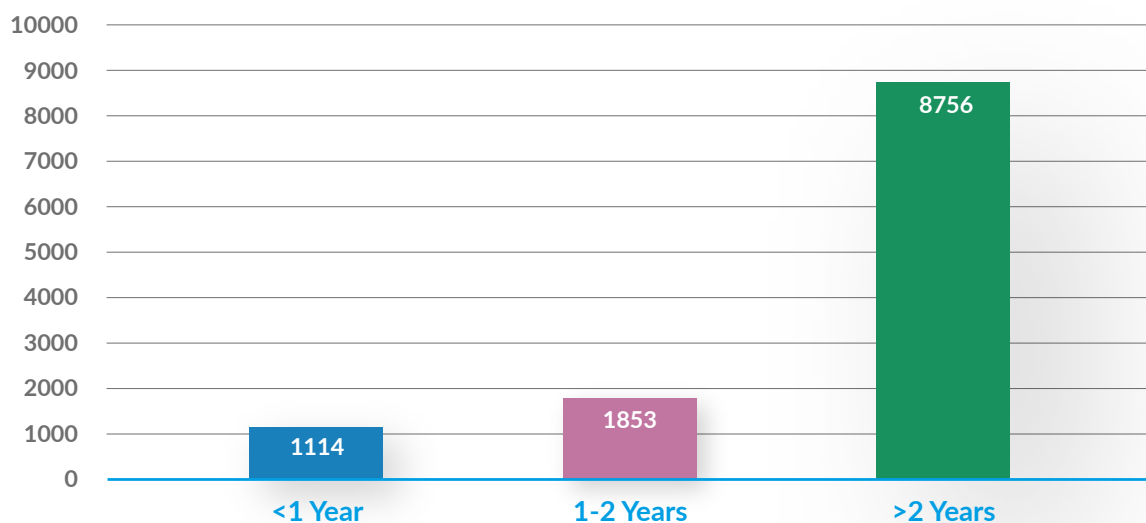
An examination of financial advice vouchers redeemed by PIPs to end 2020 shows that the take-up of Abhaile has been high amongst the cohort of borrowers in long-term arrears of over 720 days (Shown below in Figure A.3).

From figure A.3, it is clear to see that in the cohort of borrowers who have availed of the PIP Abhaile service, almost three quarters (74.7%) have been in mortgage arrears for 2 or more years. This cohort is the priority target for Abhaile, showing that the overall objective of Abhaile is still being met. In fact, the percentage of those in long term mortgage arrears asking for assistance from Abhaile increased by 1.2 percentage points by the end of 2020.

Reason for Borrower Engagement with PIP

Vouchers redeemed by PIPs in the period July 2016 – December 2020 show that borrowers consulted a PIP under Abhaile for various reasons. Figure A.4 illustrates this below.

Figure A.3:
Length of Mortgage Arrears since Establishment in July 2016



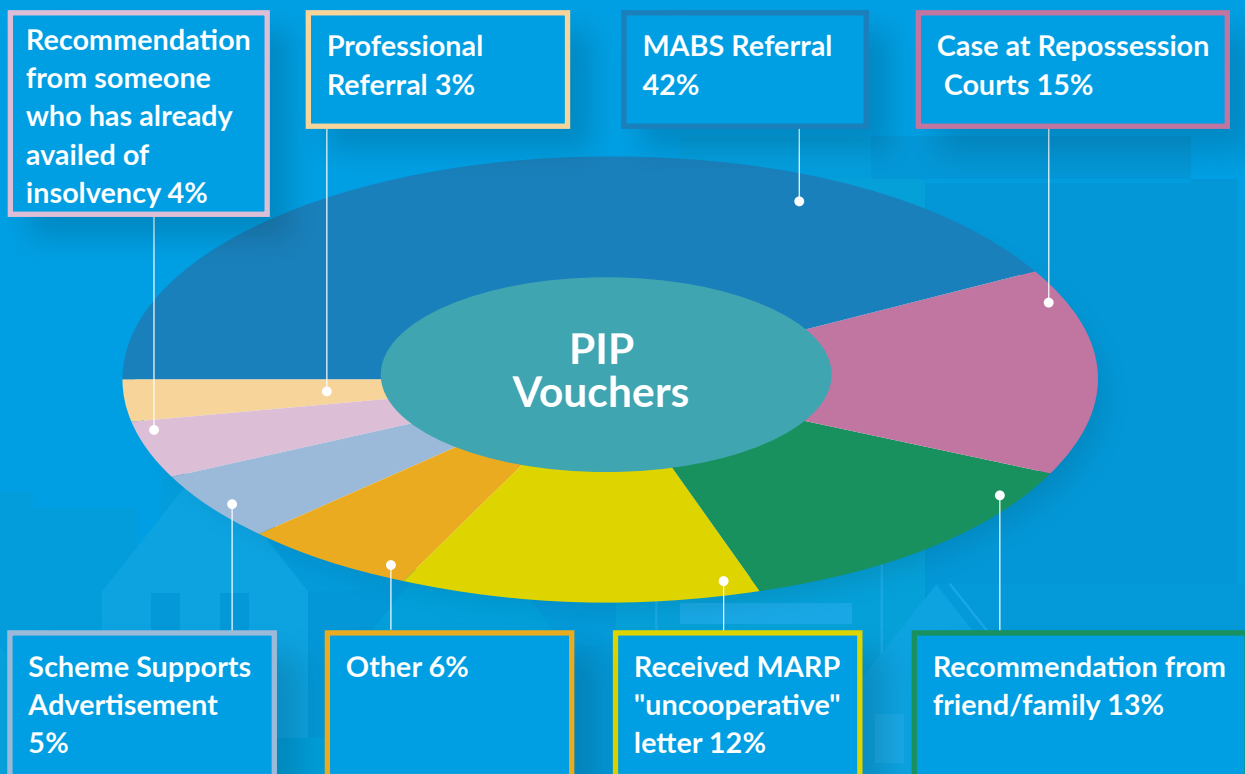
Source: Data provided by ISI

Almost 3 in 5 (57%) borrowers were before the Repossession Courts (15%) or had been referred from MABS (42%). 1 in 8 borrowers (12%) received a MARP “uncooperative” letter.

Please note that the category ‘Professional Referral’ was introduced with the revised terms and conditions on March 2 2020, on foot of a PIP request. This was due to the number of borrowers who avail of the service being referred from other professionals such as accountants and solicitors.

Figure A.4:

PIP Vouchers (redeemed): Reasons for Engagement from July 2016 to December 2020



Source: Data provided by ISI

Appendix B – Statistical note: calculation of outcomes by ISI

B.1 Overview

This section presents the outcomes achieved for Abhaile borrowers who received financial advice from PIPs since the launch of Abhaile. Due to the volume of vouchers that have been redeemed since July 2016 (11,723), the figures for overall progression and the outcomes for these cases have been estimated.

This has been done by using a projection based on 4 extensive and detailed data samples undertaken by ISI, representing roughly 20% of the total number of vouchers redeemed.

- **Sample 1** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2016 (the quarter in which the Abhaile PIP Service was launched), numbering 652.
- **Sample 2** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2017, totalling 803.
- **Sample 3** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2018, totalling 571.
- **Sample 4** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2019, totalling 536.

ISI examined progression and outcomes in detail for these samples, based on detailed information supplied by PIPs

as of August 2020. This latest data indicates the current status of all the borrowers in Sample 1, Sample 2, Sample 3 and Sample 4 (total 2,562 borrowers).

After further statistical analysis and cross-checks with other related data, the ISI is satisfied that the outcomes of the August 2020 results of these samples are highly comparable. They appear to be representative of the intervening quarters.

It is important to note that the outcomes identified here in December 2020 are only an interim set of outcomes, representing a snapshot of an evolving process. Given that over half of the cases were identified as ‘in progress to a solution’ at that point, outcomes continue to be concluded for borrowers who took up advice in all quarters since Q3/2016.

This Appendix:

- presents analyses of the August 2020 data on Sample 1, Sample 2, Sample 3, and Sample 4.
- identifies the overall trends and level of consistency between results from these samples sets out the projected outcomes of all Abhaile PIP advice where vouchers were redeemed up to the end of December 2020 (total 11,723 borrowers) based on percentages calculated by averaging the data collected for sample 1, 2, 3 and 4.

B.2 Outcomes for borrowers in Sample 1

Figure B.2.1 presents an analysis by ISI of the current status (in August 2020) of Sample 1 (the 652 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed in Q3/2016).

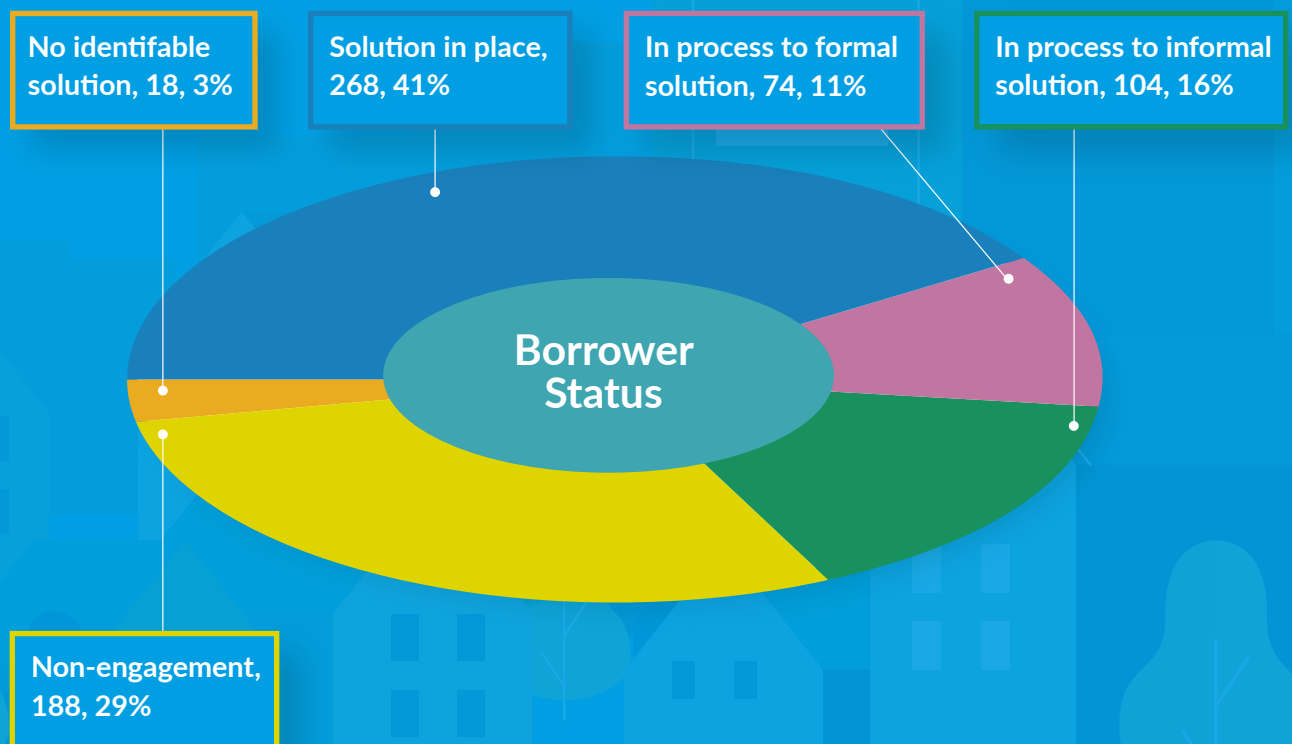
- Of the 268 borrowers who had solutions in place; 210 (32%) were formal, 186 PIAs and 24 adjudicated bankrupt, while 58 (9%) were informal and had Alternate Repayment Arrangements (ARAs) in place.
- Out of 74 in the process to a formal solution; 45 were in 115A review, 27

were considering a PIA and 2 were considering bankruptcy.

- Out of 104 in the process to an informal solution; 18 worked towards an ARA, 80 were pursuing Mortgage to Rent (MTR), and 6 were referred back to MABS.
- Out of 18 where no solution was identified, all were voluntary surrenders.
- The remaining 188 did not further engage with the PIP either after the recommendation was made or after a certain point in the process.

Figure B.2.1:

Cumulative Borrower status in Aug 2020: 652 borrowers

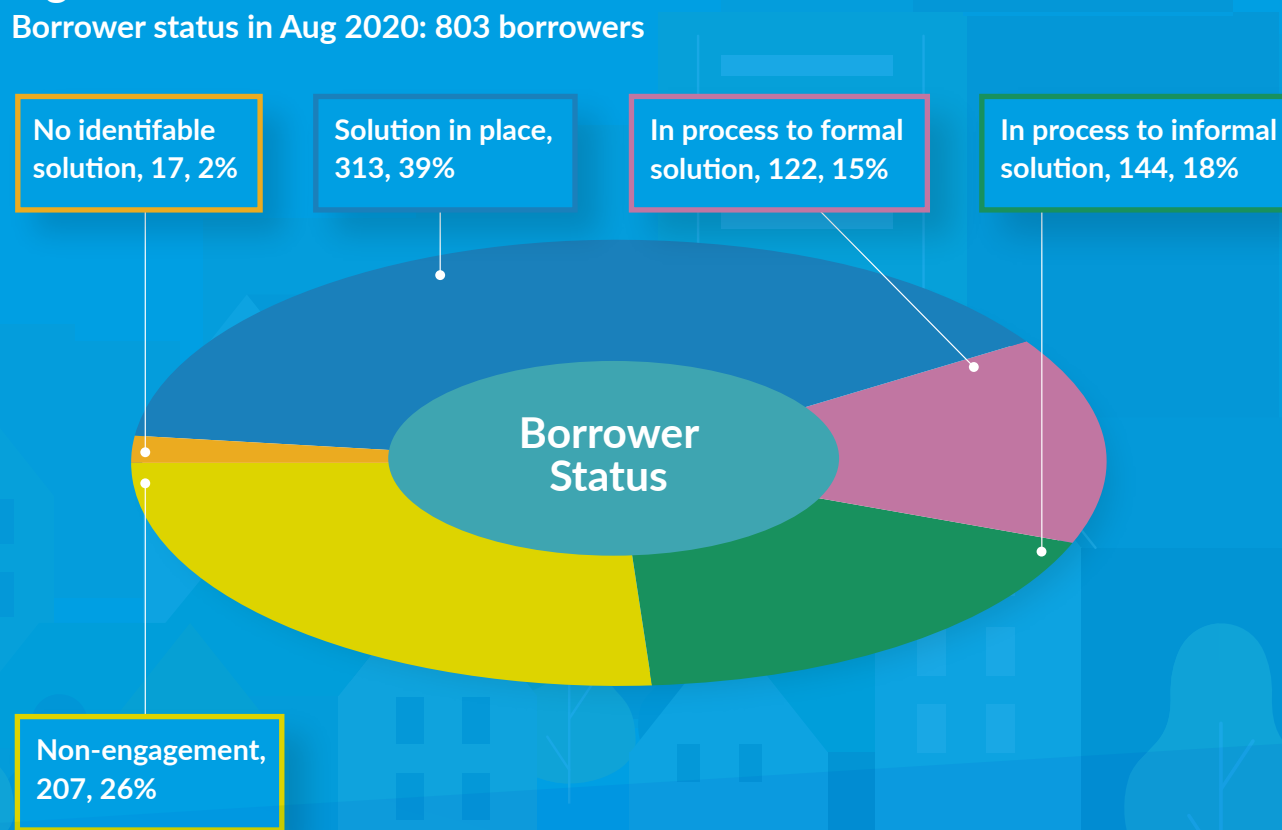


B.3 Outcomes for borrowers in Sample 2

Figure B.3.1 presents an analysis by ISI of the current status (in August 2020) of Sample 2 (the 803 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed during Quarter 3/ 2017).

- Of the 313 borrowers who had solutions in place; 216 (27%) were formal, 193 PIAs and 23 were adjudicated bankrupt, while 97 (12%) were informal and had Alternate Repayment Arrangements (ARAs) in place.
- Out of 132 in the process to a formal solution; 54 were in 115A review, 63 were considering a PIA and 15 were considering bankruptcy.
- Out of 145 in the process to an informal solution; 52 were working towards an ARA, 40 were pursuing MTR and 53 were referred back to MABS.
- Out of 17 where no solution was identified; 14 were voluntary surrenders, with 3 homes repossessed.
- The remaining 196 did not further engage with the PIP after the recommendation was made.

Figure B.3.1:
Borrower status in Aug 2020: 803 borrowers



B.4 Outcomes for borrowers in Sample 3

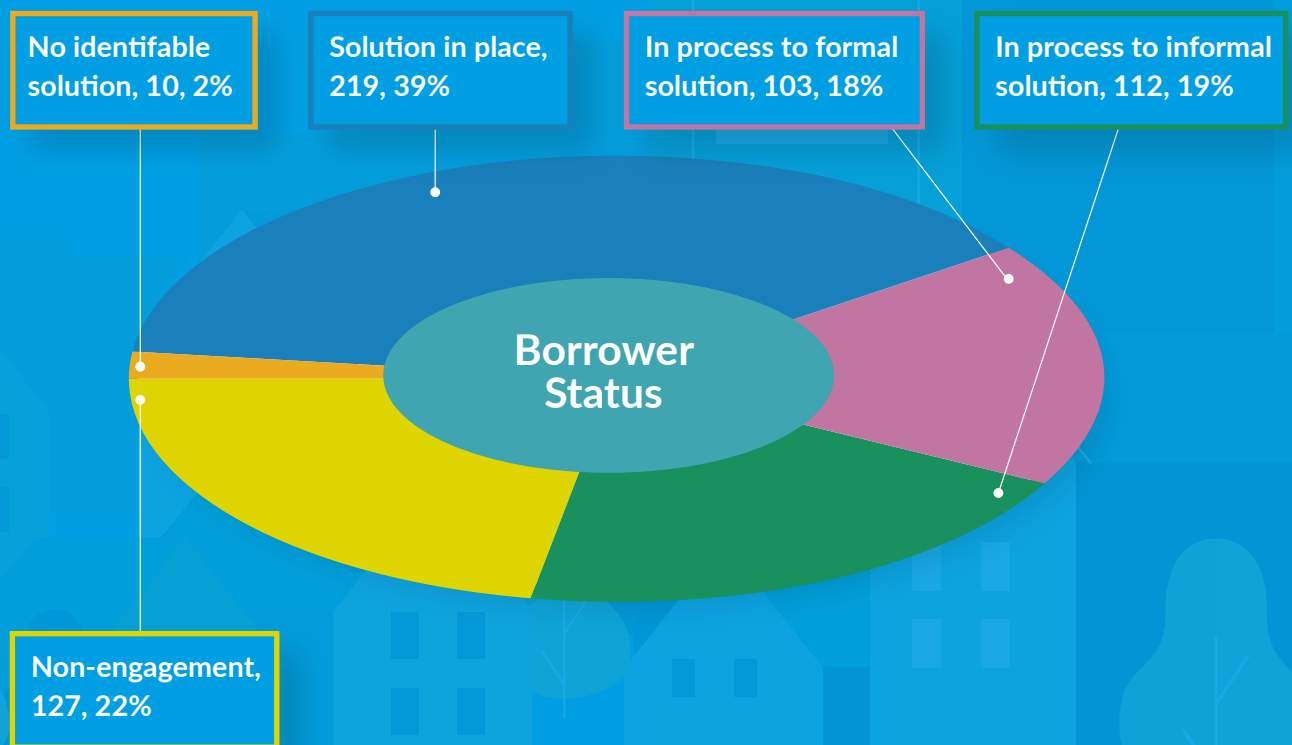
Figure B.4.1 presents an analysis by ISI of the current status (in August 2020) of Sample 3 (the 571 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed during Quarter 3/2018).

- Of the 219 borrowers who had solutions in place; 152 (27%) were formal, 145 PIAs and 7 adjudicated bankrupt, while 67 (11%) were informal and had Alternate Repayment Arrangements (ARAs) in place.
- Out of 103 in the process to a formal solution; 65 were in 115A review, 32

were considering a PIA and 6 were considering bankruptcy.

- Out of 112 in the process to an informal solution; 53 were working towards an ARA, 38 were pursuing MTR and 21 were referred back to MABS.
- Out of 10 where no solution was identified; 9 were voluntary surrenders, with 1 home repossessed.
- The remaining 127 did not further engage with the PIP after the recommendation was made or at a further point in the process (i.e. after PC etc.)

Figure B.4.1:
Borrower status in Aug 2020: 571 borrowers

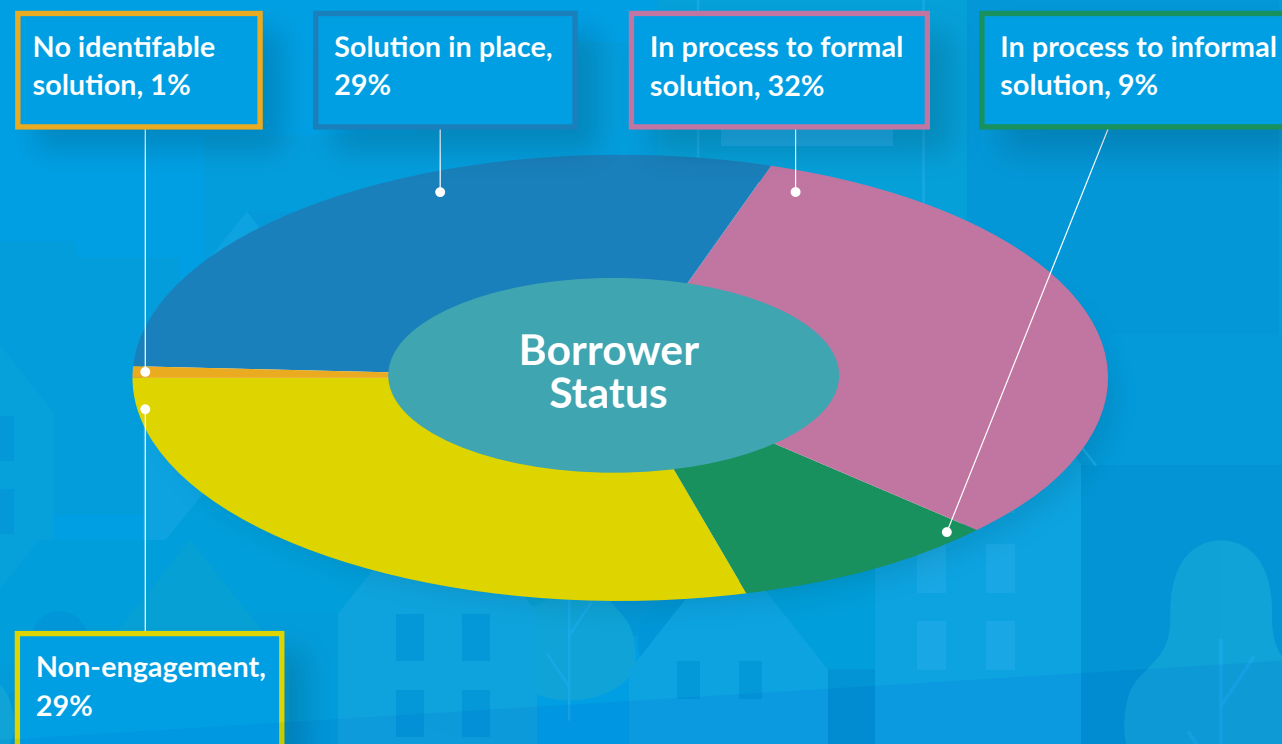


B.5 Outcomes for borrowers in Sample 4

Figure B.5.1 presents an analysis by ISI of the current status (in August 2020) of Sample 4 (the 536 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed during Quarter 3/ 2019).

- There are 153 (29%) borrowers that have solutions in place; both formal (26%) and informal (3%) – of these solutions, 136 are PIAs, 15 are informal solutions, and 2 are cases where the borrower has been adjudicated bankrupt.
- 171 borrowers (32%) are working with their PIP to find a formal solution – of these, 76 are in the section 115A review process, 82 are considering a formal solution, 11 are awaiting court approval after the creditors meeting, while a further 2 borrowers are considering petitioning for bankruptcy.
- 51 borrowers (9%) are in the process of seeking an informal solution – of these, 39 are working with their PIP on securing an informal arrangement, including 12 who are pursuing Mortgage to Rent as an option. In addition, 8 have been referred back

Figure B.5.1:
Borrower status in Aug 2020: 536 borrowers



to MABS for support, while the remaining 4 have been referred on to third parties to pursue informal arrangements.

- 154 borrowers (29%) did not engage further following receipt of the PIP's recommendation. Please note that PIPs continue to try and engage this cohort on an ongoing basis.
- 5 borrowers (1%) have voluntarily surrendered their homes. Please note that the voluntary surrender may be a favourable outcome for a borrower depending on their circumstances.
- 2 borrowers (0%) are classified as other. The PIP noted that the formal cases had been withdrawn but that no other category currently suited their situation.

The percentage of solutions in place has decreased 9 percentage points compared to the analysis carried out for the 2019 Deep Dive. This decrease may, in part, have been caused by the COVID-19 restrictions, which have been in place since March 2020 and have impacted, for example, on Court sittings. This may have also contributed to the increase of

9 percentage points in cases that are still in progress to formal solutions. There are 11 arrangements awaiting Court approval.

In addition, the percentage of borrowers not engaging has increased by 16 percentage points, and the rate of those where no solution can be identified has decreased by 1 percentage point (from 2% in the 2019 Deep Dive). There has also been a decrease of 15 percentage points in those considering an informal solution. Of interest to note is that the figures for formal solutions in place and progressing towards a formal solution are on par with the 2019 Deep Dive report. The decrease in figures for informal solutions, both in progress and in place, appears to be related to the increase in non-engagement. We can speculate that the onset of COVID-19 and the associated public health restrictions may have impacted these figures as prior to this year, the prevailing trends showed that the figures for non-engagement had been holding steady between 12-13% while the figures for in progress to solutions had been broadly the same for both formal and informal.

B.6 Comparison of Sample outcomes for borrowers

Figure B.6.1 analyses and compares the results to August 2020 for borrowers in sample 1, sample 2, sample 3, and sample 4. The analysis is then used to extrapolate the current status of all redeemed PIP vouchers up to the end of Q4 2020.

The sample surveys, carried out by ISI in August 2020, provide up-to-date data. They represent an extensive data-gathering exercise that cannot be carried

out more than once a year and only on samples of Abhaile borrowers.

The question was whether the trends identified in these samples might provide a sufficient basis for estimating the overall outcomes and progression of Abhaile borrowers advised by PIPs.

Of the 4 samples, 41% of borrowers in sample 1, 37% in sample 2, 38% in sample 3 and 29% in sample 4 had a solution in place. These proportions are very comparable.

Figure B.6.1:

Solution/ Arrangement Status	Sample 1 Q3/2016 = 652 borrowers	Sample 2 Q3/2017 = 803 borrowers	Sample 3 Q3/2018 = 571 borrowers	Sample 4 Q3/2019 = 536 borrowers	Projections Q3/2016 – Q4/2020 (Averages)
In progress to informal solution	104 (16%)	184 (23%)	135 (24%)	51 (9%)	2,110 (18%)
In progress to formal solution	109 (17%)	159 (20%)	135 (23%)	171 (32%)	2,697 (23%)
Solution in place	267 (41%)	301 (37%)	217 (38%)	153 (29%)	4,221 (36%)
No longer engaging	152 (23%)	142 (18%)	74 (13%)	154 (29%)	2,461 (21%)
No solution identified	20 (3%)	17 (2%)	10 (2%)	7 (1%)	234 (2%)
Total	652 (100%)	803 (100%)	571 (100%)	536 (100%)	11,723 (100%)

Regarding a borrower's journey towards a solution (outcomes), 33% of borrowers in sample 1, 43% in sample 2, 47% in sample 3 and 41% in sample 4 were in progress to a solution. Borrowers were continuing to work with their PIP or, in a small number of cases, referred back to DMAs within MABS. The breakdown between those in progress to a formal solution (in a PIA court review, working towards a PIA, or considering bankruptcy) was very similar between all samples.

The proportion not engaging with the PIP, after receiving financial advice, was 23% for borrowers in Sample 1, 18% for sample 2 and 13% for sample 3. This trend reversed in sample 4 at 29%. There is evidence in the sampling that COVID-19 had a considerable impact on the flow of borrowers through the insolvency solution. The ISI believes that borrower engagement has been impacted significantly by COVID-19.

The number of borrowers who had surrendered their homes (2% of borrowers on average over the 4 years) or had their homes repossessed by the lender (less than 0.5%) was highly comparable in all samples.

Overall, the analysis shows that the service continues to assist our target cohort. However, there have been unforeseen challenges due to the public health restrictions in response to the

COVID-19 pandemic.

Interestingly, all these proportions are highly comparable with the proportions for borrowers who received financial advice from DMA advisers. However, there are differences in the start date of that set of borrowers (September 2015, 10 months earlier) and the types of solutions that PIPs and DMAs can conclude.

ISI also performed further statistical analysis on the trends indicated by these samples and cross-checked them with the most up-to-date and comprehensive data set available in ISI (progression of PIAs and number of PIAs concluded).

On this basis, ISI is satisfied that the August 2020 sample results, with sample 1, sample 2 and sample 3, are highly comparable. They appear to be representative of outcomes for the intervening quarters.

Figure B.6.1 sets out a comparison of borrowers' outputs, outcomes, and status in the 4 samples at the end of August 2020. It averages those proportions which already correspond closely. It uses these to predict the outcomes and status of the total 11,723 borrowers whose Abhaile vouchers for PIP financial advice were redeemed up to the end of December 2020.

The conclusion is that the estimated summary results for these Abhaile borrowers, based on the results for sample quarters after voucher redemption, are as follows:

Solutions in place: 36% (total 4,250 borrowers), **In progress to a solution:** 41% (4,807 borrowers), **Not engaging (following financial advice):** 21% (2,433 borrowers) and **Surrender or repossession of home:** 2% (234 borrowers).

Noting: the sample outcomes identified represent a snapshot in time (August 2020). Given that just under half of the cases were classified as ‘in progress to a solution’, outcomes will continue to be concluded after December 2020 for borrowers whose vouchers were redeemed in the following quarters.



Appendix C – An analysis of the treatment of the PPR where a PIA has been put in place - ISI

The most common type of solution achieved by borrowers who availed of PIP financial advice vouchers is a PIA.

The ISI conducted a point in time exercise (August 2020) which examined in detail the data on outcomes obtained for 536 borrowers who had PIP advice vouchers redeemed vouchers in Q3 2019. The outcomes included 136 PIAs put in place.

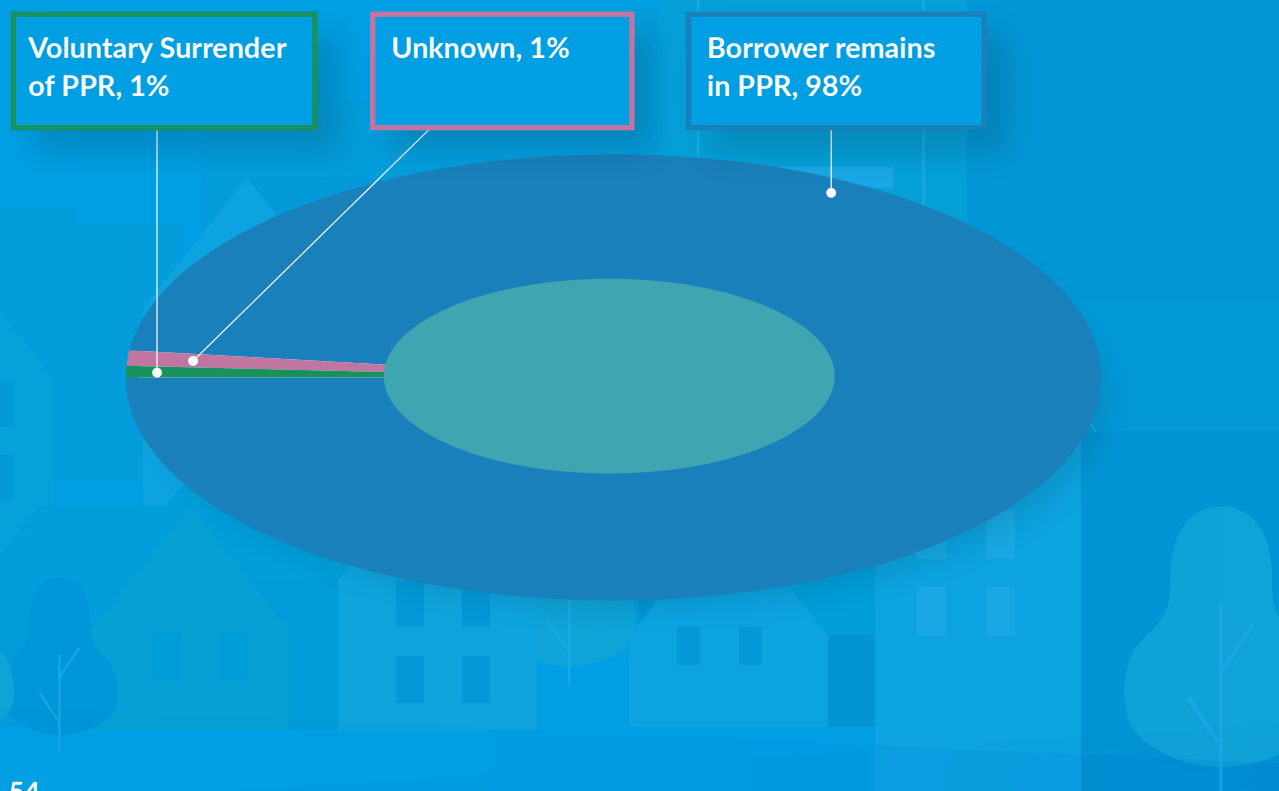
Treatment of the borrower’s home in Personal Insolvency Arrangements

The figure below presents how the

borrower’s home was treated as part of these 136 PIAs.

- ISI’s sample analysis indicates that most borrowers, or 98%, remained in their homes. Highlighting that Abhaile is achieving one of its main priorities, which is to keep borrowers in their homes.
- A small number (1% or 1 borrower) voluntarily surrendered their homes. Where this happens, the borrower’s financial adviser will work with them to achieve the best available outcome.
- Additionally, a small number (1% or 1 borrower) could not be accounted for due to non-engagement with the PIP.

Figure C.1:
Treatment of Principal Private Residence



Breakdown of Mortgage Restructures in Personal Insolvency Arrangements

The below sections set out the types of restructures which were used in the approved Personal Insolvency Arrangements. It provides a comparison between the types approved by the traditional versus non-traditional lenders.

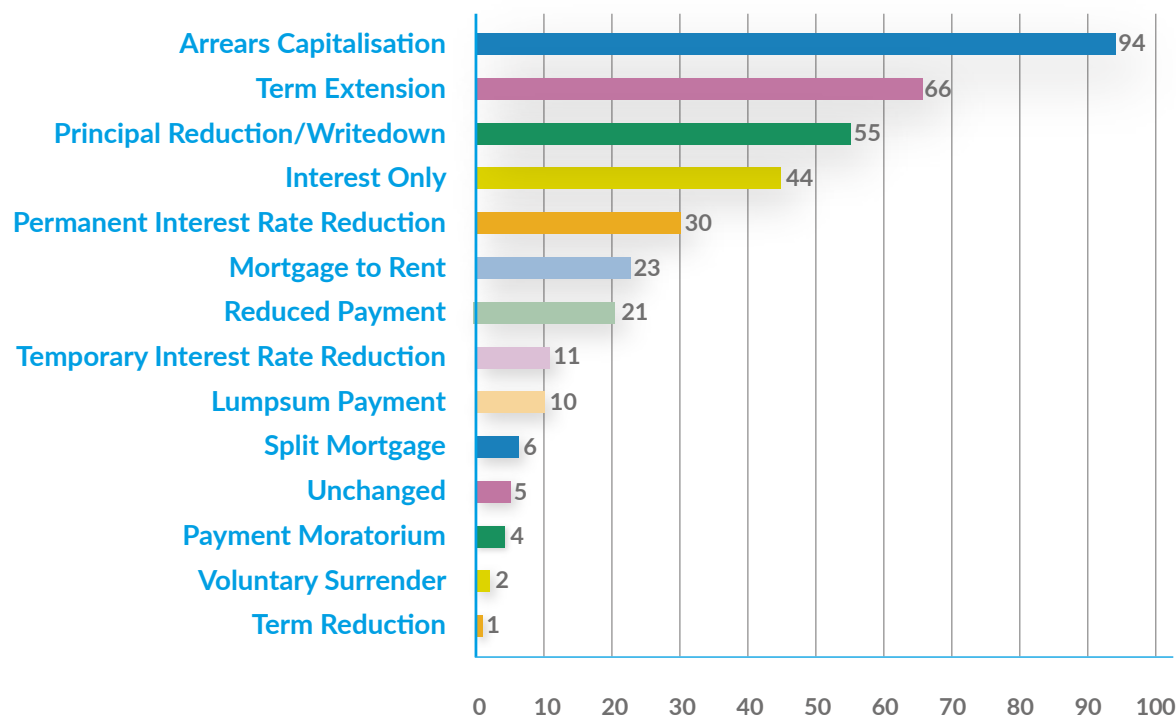
- The average mortgage debt across the 136 PIAs was €255,416.
- The analysis shows that 40% (55) of borrowers secured a reduction in

the principal sum of their mortgage ('write-down'), and the average principal reduction was €94,145.

- The number of restructure types is higher than the number of arrangements, as some of the restructure types involve a hybrid, for example, arrears capitalisation and term extension.
- Arrears capitalisation and term extension were the most used restructure types.

Figure C.2 -
A point in time analysis of 536 borrowers (Q3 2019)

Restructured PPR Mortgage by Restructure Type

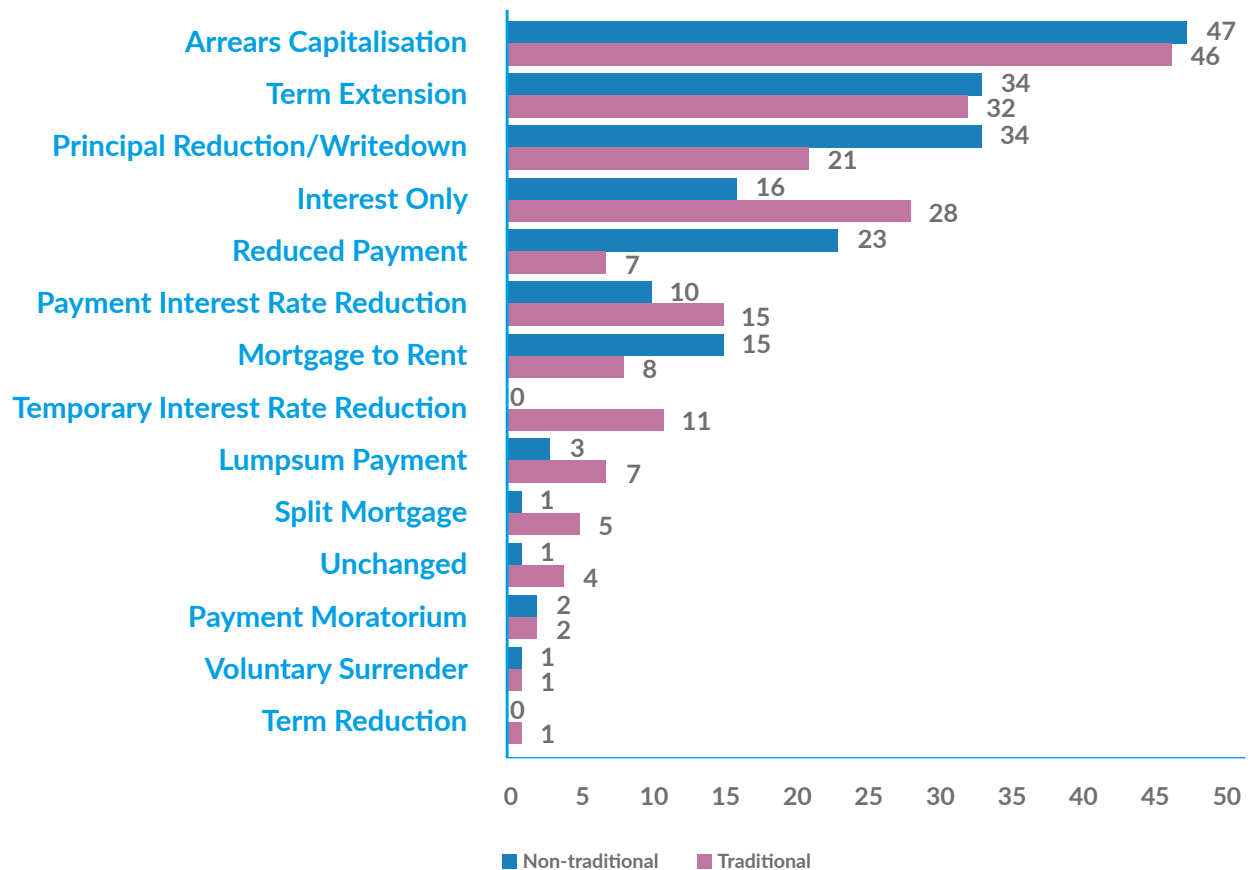


Mortgage restructure types have been further broken down by lender type for the 136 arrangements:

- Arrears capitalisation was the most prevalent restructure type found in arrangements.
- Traditional lenders had more split mortgages than non-traditional lenders.
- The top 2 restructure types are the same across lenders, but for the third most popular restructure type - Principal Reduction / write down, - Principal Reduction / write down,

Figure C.3 -
A point in time analysis of 536 borrowers (Q3 2019):
breakdown of restructure by lender type

PPR Restructure Type and Lender Type



which is more prevalent among non-traditional lenders. At the same time, Interest only during the arrangement has a higher incidence with the traditional lenders.

- Permanent Interest Rate Reduction, Reduced Payment and Mortgage to Rent are restructured types seen in more arrangements involving non-traditional lenders.

From this analysis, we can conclude a trend across all lenders for the top

2 restructure types. We can see an apparent trend in restructure types with a write off to reduce the borrowers' payments being more prevalent for non-traditional lenders. In contrast, the traditional lenders seem to favour temporary reductions or split mortgages. For the 3 least used restructure types, there is a broad variance between traditional and non-traditional lenders. It is interesting to note that these trends are continuing from the 2019 Deep Dive.

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