

Review of RLEs Public Consultation July 2021

Question 1

Pending further research, do you agree that the secondary school child allowance, including the amount of the Child Benefit payment, should be used as the default allowable expense for a college-going child in the RLEs? Please feel free to provide a rationale for your response.

IMHO:

In the absence of costs specific to college-going child/children the rate used for secondary school child/children allowance without deduction of child benefit payment is a good interim step. Increased cost of accommodation for college-going child/children needs to be considered, the current high costs due to the lack of available student accommodation adds additional strain to household budgets. Where the college-going child/children have an income and grant payments an agreed maximum level should be set and only income exceeding this level should be netted off the amount allowed.

Question 2

Do you agree with the approach proposed regarding capturing the actual costs of car, home, and mortgage protection insurance under special circumstances in the RLEs? Please feel free to elaborate on your response.

IMHO:

To provide a relevant average cost on the RLE's for car, house and mortgage protection is difficult, everyone's circumstance is different, as are the costs they incur. Including accurate specific costs per person is more relevant when deciding their RLE's. I agree with the proposed change to include actual costs.

As Mortgage Protection and Car Insurance are legal requirements then they need to be captured within the RLE's as does home insurance which is a requirement of the lenders.

Question 3

Do you agree that a holiday allowance be included in the RLEs? Please feel free to provide a rationale for your response.

IMHO:

Yes, we agree with the inclusion of a holiday allowance as a minimum essential standard of living. It is important to the individual's wellbeing and ability to stay the course of the arrangement.

It is also important to include savings to deal with emergencies and contingencies.

Question 4

Do you agree that the cost of private health insurance, where deemed appropriate, should continue to be captured under special circumstances in the RLEs? Please feel free to provide a rationale for your response.

IMHO:

In the absence of medical cards for these individuals, yes, cost of private health insurance in appropriate circumstances needs to be included under special circumstances. Forcing people to cease payments to their private health insurance may lead to them being unfairly disadvantaged when they return to solvency or require treatment during their arrangement.

Question 5

In respect of practical implementation of changes to RLEs, do you agree that the revised RLE figures should apply only to new cases at application stage? Do you have an alternative approach to suggest? Please feel free to provide a rationale for your response.

IMHO:

Yes, we agree that implementation of changes to RLE's should apply to new cases. There should be an exception for already agreed informal arrangements with regular review periods built in, such as split mortgages which could be reviewed under new RLEs for future reviews. In cases where RLE's show no sustainability but actual household expenditure shows a sustainable arrangement is affordable, common sense should prevail.

RLEs for older people should be re-examined as they tend to have medical issues which require extra expense. Also, lenders should publish RLE guidelines which they use on their websites so that borrowers and their advisers can be enabled to make proposals likely to be accepted and sustainable. This more cooperative approach would make the negotiation process more productive and less stressful for borrowers.

Additional comments:

We have always thought that the RLE's were too low, they were set as a floor you shouldn't fall below, and it's not a soft landing in our opinion. I understand that anyone availing of a PIA will eventually go on to get a debt write down, but 5 years is a long time.

Actual insurance costs should be included, we see a lot of people giving up insurance to save money, and this has been disastrous in some cases, i.e., people have given up life insurance, creditors would probably benefit in the long run if insurance was in place.

We think a holiday should be seen as something that supports wellbeing and inclusion, if you don't have free travel, visiting family and friends can be expensive in Ireland.

We think Health Insurance should be allowed, unless a person has access to a medical card, then only on assessment.

New standards should apply to new cases in the first instance, but should also be applied if the PIA is reviewed for any reason, including if the person going through insolvency requests a review, due to inability to adhere to the schedule etc.

Social inclusion is important especially for people going through insolvency/debt services, there should be allowances made for keeping up membership to sports facilities and clubs. This can be particularly important for children and for people living on their own.