



ABHAILE

Aid and Advice for Borrowers
in Home Mortgage
Arrears

Second Annual Report



Rialtas na hÉireann
Government of Ireland

**Department of Justice and Equality
Department of Employment Affairs and Social Protection**

November 2018

Note on Data and Reporting Period

Abhaile brings together, and develops, a range of services to help borrowers to resolve their home mortgage arrears. Data for this report have been provided by the Insolvency Service of Ireland, Money Advice and Budgeting Service, the Legal Aid Board, and the Citizens' Information Board: all these bodies work together to provide the range of Abhaile services to borrowers.

The core period covered by this Report is the operating year 1 July 2017 – 30 June 2018 (Abhaile Year Two). The previous Abhaile Report (covering Abhaile Year One, 1 July 2016 – 30 June 2017) is available on the website of both Departments.

Data provided thus generally refers to 'Year Two'. Where the available data refers to a different period, that period is specified.

Note that while most Abhaile services started operation in July – September 2016, the services provided by MABS DMA Advisers started in September 2015, and those provided by Accountants started in October 2017. See Appendix A for details.

Key Successes in its First Two Years



Consultation Solicitors helped more than **1,200** people at risk of losing their home



Duty Solicitors helped over **4,800** people facing repossession hearings



Mabs Court Mentors helped almost **7,200** borrowers and signposted them to appropriate service(s)

Over **3,300** Solutions in Place



Helping to **keep people in their homes**

95% of Personal Insolvency Arrangements

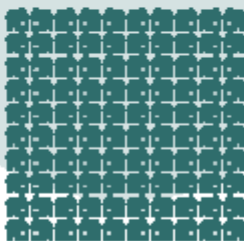
and

86% of Solutions achieved by DMAs

enable borrowers to remain in their homes



10,000 Households received free financial advice from **PIPs or DMAs**



Personal Insolvency Practitioners (PIPs) helped almost

7,500

people in home mortgage arrears



64% of Personal Insolvency Reviews in Year 2 decided in borrower's favour

Dedicated Mortgage Arrears Advisers (DMAs)

helped more than

5,000

people from 51 offices around Ireland



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Glossary of Terms

ARA – Alternative Repayment Arrangement, a private contract 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

CB – the Central Bank of Ireland

CCMA – the 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 in relation to their mortgage arrears

CIB – the 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 as outlined in Appendix A.

Court Mentor – A MABS adviser who attends outside court when the County Registrar is dealing with repossession cases, to provide support and information to borrowers

DEASP – the Department of Employment Affairs and Social Protection

DJE – the Department of Justice and Equality

DMA – Dedicated Mortgage Arrears Adviser, a MABS adviser who provides financial advice and assistance to borrowers in mortgage arrears (the Abhaile DMA Service, see Appendix A).

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 the Legal Aid Board, who is providing to a borrower the Abhaile Duty Solicitor Service as outlined in Appendix A.

ISI – the Insolvency Service of Ireland

LAB – the Legal Aid Board

MABS – the Money Advice and Budgeting Service

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

Personal Insolvency Acts – the Personal Insolvency Acts 2012-2015

PDH – Principal Dwelling House (the identifier used in Central Bank mortgage arrears statistics for a mortgaged property which is the borrower's main residence)

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

PIA Court Review – the independent review which can be carried out by a court under s. 115A Personal Insolvency Acts, if creditors refuse a borrower's proposal for a Personal Insolvency Arrangement which includes arrears on their home. The court has 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

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

Protective Certificate – 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 (by means of a Personal Insolvency Arrangement or a Debt Settlement Arrangement).

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

1. Executive Summary

1.1 Introduction

This is the second annual report on Abhaile - the national mortgage arrears resolution service, provided free of charge to the borrower. The aim of Abhaile is to:

- help insolvent mortgage holders who are at risk of losing their homes
- identify and put in place solutions to their mortgage arrears
- and keep them, wherever possible, in their own homes.

Abhaile seeks to get solutions into place for borrowers by providing them with free, independent, expert advice and support tailored to their individual circumstances. This includes financial and legal analysis and advice, identification and negotiation of solutions, and support at court if they are facing repossession proceedings. The unique element of Abhaile is that it brings together, for the first time, in a coordinated way, a range of supports and services for borrowers in home mortgage arrears.

Abhaile is jointly coordinated and funded by the Department of Justice and Equality and the Department of Employment Affairs and Social Protection. The Money Advice and Budgeting Service, the Insolvency Service of Ireland, the Legal Aid Board and the Citizens Information Board are working together to provide the Abhaile services.

The Government Decision establishing Abhaile provides for annual review of Abhaile for take-up, outcomes and budget adequacy, with the results of such review to be reported to Government.

This report sets out the findings of the review for the period 1 July 2017 – 30 June 2018 (Abhaile Year Two).

1.2 Services available under Abhaile

MABS provides a 'universal gateway' for borrowers to access Abhaile – either by calling to a MABS office or by phoning the Helpline. Under Abhaile, these trained staff assess the borrower's situation, and direct him or her to the Abhaile adviser best placed to help them. Depending on the borrower's situation, this may be one or more of the Abhaile services listed below, which respond to the different needs of borrowers at risk of losing their homes due to mortgage arrears:

- Financial advice and help from a MABS Dedicated Mortgage Arrears Adviser (“DMA”)
- Financial advice and help from a Personal Insolvency Practitioner (“PIP”)
- Financial advice and help from an Accountant
- Legal advice and help from a consultation solicitor
- Support and information at repossession court proceedings, from a Court Mentor
- Legal support and information at repossession court proceedings, from a duty solicitor
- Legal aid for a court review under the Personal Insolvency Acts, where creditors refuse a reasonable proposal that includes the borrower’s home mortgage arrears.

All Abhaile services are provided free to the borrower. The range of services available is detailed in Appendix A and eligibility criteria are set out in Appendix B. Financial advice and help from a PIP or an Accountant, and legal advice and help from a consultation solicitor are accessed by the borrower using a “voucher” provided by MABS (see Appendix C).

Abhaile also includes a national communications and information campaign, which aims to reach borrowers in serious home mortgage arrears, and to inform them how to access the available services.

1.3 Key Successes of Abhaile in its first two years.

The following are key successes of Abhaile over its first two years of operation (1 July 2016 – 30 June 2018) ¹:

Take-up

- Over 10,000 households in mortgage arrears (11,695 individual borrowers) have received Abhaile financial advice and negotiation support aimed at getting a solution in place from a PIP, a DMA, or both.
- Over 7,100 borrowers facing repossession proceedings have received advice and support under Abhaile from a Court Mentor.
- Almost 4,800 borrowers facing repossession proceedings have received legal assistance at court from an Abhaile Duty Solicitor

¹ References to DMAs in this section cover the longer period from September 2015, when the DMA service was first established within MABS, to 30 June 2018. The DMA and Court Mentor services were subsequently designated as part of Abhaile with effect from July 2016.

- Over 70% of borrowers who received PIP financial advice under Abhaile to date were in mortgage arrears of more than 720 days. This is the priority Abhaile target group

Outcomes

- Over 3,300 solutions are now in place, or on trial, for insolvent borrower(s) who were at risk of losing their home due to mortgage arrears, and in many cases facing repossession,
- As of July 2018, over 30% of the 11,695 borrowers who engaged with Abhaile financial advice either have a solution in place or on trial, or will have within one year of taking up advice.
- A further 53% of borrowers who engaged with Abhaile financial advice (6,148 borrowers) are still in their homes, and are receiving ongoing support from their Abhaile financial adviser who is working with the borrower to get a solution into place
- 95% of Personal Insolvency Arrangements negotiated by PIPs under Abhaile are keeping borrowers in their homes
- 86% of the solutions achieved by DMA Advisers enable borrowers to remain in their homes.

1.4 Overview – Abhaile Successes in reaching the target group

1.4.1 Demand for Abhaile services from borrowers in home mortgage arrears has significantly exceeded initial expectations

The projected take-up for Abhaile (July 2016) was 9,400 households in total over the 3 years 2017 – 2019, with 47% of take-up (equivalent to 4,418 households in arrears) during 2017. The take-up target took account of the difficulties of reaching out to, and finding solutions for, borrowers in serious mortgage arrears. These difficulties are widely acknowledged – particularly for borrowers in arrears of more than 720 days.

By the end of Abhaile Year Two, this projection has been exceeded. The following headline statistics illustrate the high overall demand for Abhaile services: they cover the period from the beginning of Abhaile services to end June 2018:

- 9,421 borrowers received vouchers for free financial advice and help from a PIP
- 10,114 households in mortgage arrears received financial advice and negotiation support either from a Personal Insolvency Practitioner (5154 households), or a Dedicated Mortgage Arrears Adviser, (4960 households).

This represents 11,695 individual borrowers receiving such advice and support.

- 2,584 borrowers received vouchers to allow them consult a solicitor and obtain written legal advice.
- 7,191 borrowers facing repossession proceedings received advice and support at the court from a Court Mentor.
- 4,788 borrowers facing repossession proceedings received legal assistance at court from an Abhaile Duty Solicitor
- 809 borrowers were granted legal aid under Abhaile for personal insolvency review cases.

1.4.2 Abhaile is reaching its key target group, of distressed borrowers in more than 720 days mortgage arrears

- ISI analysis of all 6735 borrowers who received financial advice from a PIP under Abhaile up to the end of June 2018 indicates that 67% in Year One, and 74% in Year Two, were in mortgage arrears of more than 720 days, the priority Abhaile target group².
- While MABS data collection system does not facilitate the recording of the length of mortgage arrears of borrowers who receive advice and assistance from the DMA service, the view of the DMA advisers is that the period of mortgage arrears of such borrowers is generally, more than 720 days.

² Just before the establishment of the Abhaile service (end Q2/2016), the number of home mortgage accounts in Ireland which were in arrears equivalent to over 720 days repayments stood at 34,980. By end Q2 / 2018, this category had reduced to 28,237 accounts, or by almost 20%. See Appendix F for background statistics and trends on home mortgage arrears and repossessions.

1.4.3. Abhaile is helping to keep people in their homes

Due to Abhaile, over 3,300 solutions are now in place, or on trial, for insolvent borrower(s) who were at risk of losing their home due to mortgage arrears, and in many cases facing repossession.

As of July 2018, over 30% of borrowers who engaged with Abhaile financial advice either have a solution in place or on trial, or will have within one year of taking up advice.

A further 53% of borrowers who received Abhaile financial advice do not yet have a solution in place. They are still in their homes and are being advised and supported by an Abhaile financial adviser (PIP or DMA) who is working with the borrower to get a solution in place for them.

Included in this group are cases:

- where the borrower is gathering required documents,
- where a PIA court review is awaiting hearing,
- where the PIP/borrower is preparing to apply or currently applying for a Protective Certificate (the first step in seeking a PIA)
- where the PIP/DMA is in ongoing negotiations with the lender for an informal restructure, or exploring Mortgage to Rent with the lender (these cases are mainly in the initial stages)
- (a very small number) in process of applying for bankruptcy.

1.4.4 Assistance for borrowers at risk of repossession when attending at court

- The Court Mentor service provided by MABS, and the Duty Solicitor service provided by LAB, at all repossession court hearings before the County Registrar continued to provide much needed support and advice to distressed borrowers facing court proceedings.
- During the period 1 July 2016 to 30 June 2018, 7,191 borrowers facing repossession proceedings received advice and support at court from a Court Mentor.
- 4,788 borrowers facing repossession proceedings received legal assistance at court from an Abhaile Duty Solicitor during the period 1 July 2016 to 30 June 2018.

1.4.5 Abhaile is also assisting arrears resolution more widely, by supporting Court review cases to clarify reasonable and sustainable options for resolving home mortgage arrears.

- During the period 1 July 2016 to 30 June 2018, the Legal Aid Board granted legal aid under Abhaile to a total of 809 borrowers to seek a personal insolvency court review.
- In Year Two there was a significant increase over Year One – from 282 to 523 - in the number of Abhaile borrowers who were granted legal aid for personal insolvency court review cases.
- In 64% of the Court review cases submitted to the Legal Aid Board for payment in Year Two, the solicitors indicated that the Court had decided the case in favour of the borrower. This means that the borrower’s proposal for a Personal Insolvency Arrangement (designed to keep the borrower in their home, resolve the mortgage arrears and return them to solvency) had been refused by their creditors, but the Court evaluated the proposal as fair and reasonable to all parties and imposed the proposed arrangement on the creditors, allowing the borrower to stay in their home.(See further details in Section 3.5 of this Report)

1.4.6. Successful outcomes - Case Studies

Three cases studies are included at Appendix 5, which illustrate the positive impacts of engagement with Abhaile on borrowers and their families:

- The first shows the sustainable solution achieved in a case where a separated parent whose former partner was no longer contributing to the mortgage repayments. The borrower availed of a free consultation with a PIP who proposed a personal insolvency arrangement (PIA) to her creditor. The requisite proportion of her creditors did not support the PIA so the PIP applied for a Court review on her behalf. A PIA review involves the court evaluating the fairness of the proposal to all.

In this case the Court approved the PIA which resulted in a write down of over €80,000 on the borrower’s mortgage arrears and her other debts were dealt with under the arrangement. The borrower and her children were able to stay in their home.

- The second case illustrates a successful outcome for a borrower, aged 62, who had been forced to put his family home on the market, as a result of mortgage arrears. He approached the DMA MABS service in a distressed state, due to impending homelessness.

Following successful negotiation of an alternative proposal by the DMA, the bank agreed to his taking the house off the market, agreed to an interest – only arrangement for 5 years, which it would then consider extending the arrangement to lifetime tenure. The borrower remained in his home and described the DMA intervention with the bank as “possibly saving my life”

- The final case concerns a borrower aged 63 and her husband aged 69, where a possession order had been granted to the bank against the family home. The DMA Adviser who had been present at the Court undertook to engage with the relevant local authority to explore the possibility of access to a social housing scheme for older persons.

With the assistance of the DMA Adviser, the borrower and her husband made successful application and are now housed in appropriate accommodation in their local area.

1.4.7 Continued Promotion of Abhaile

The national communications and information campaign managed by the Citizens Information Board (CIB) continued throughout Year Two with the aim of reaching those in mortgage arrears, to inform them of the help available, and encourage them to avail of Abhaile services.

During Year Two, the campaign utilised a broad range of traditional media channels and digital platforms to promote awareness of the free services available and how to access them

The main call to action of the Abhaile campaign is to ‘Call MABS’. Statistics indicate that calls to the MABS Helpline increased by 12.5% in year two. Since the launch of the Abhaile campaign in February 2017, calls to the Helpline are up 16.2% by over 5,000 calls.

1.5 Budget Adequacy

An indicative 3-year budget of €15 million was allocated to Abhaile for the period January 2017 to December 2019 (Appendix G).

As the service is demand-led, funding provision has been closely monitored and reviewed each year as part of each Department's Estimates process, based on take up and outcomes achieved. Provision of €5.9 million was made in the Departments'

2018 budgets (€3.5m in DEASP allocation, for Abhaile financial advice, communications campaign and associated staffing resources, and €2.4m in DJE allocation for Abhaile legal aid and advice services). In addition, both Departments were given approval to carry over committed but unspent funds to 2018.

Based on throughput in 2018, to date, it is considered that the funding available will meet demand in 2018: see comments in Chapter 4.

Revised provision has been made for 2019, of €3.5 million in DEASP Estimates and €2.4 million in DJE Estimates.

1.6 Conclusion

At the end of Abhaile Year Two (end June 2018) the indications are that Abhaile is achieving its objectives. Take up and outcomes are positive and budget is adequate for 2018 and 2019.

Work is proceeding on the recommendations identified in the Abhaile Year One Report:

- Both Departments, and the Abhaile implementing bodies, have carried out extensive work in 2017- 2018 to further develop the range and quality of data collection across the different Abhaile bodies. This has allowed for more thorough, comprehensive and comparable data sets, elimination of data overlaps, and better identification of outcomes, as this Report demonstrates. It will also allow for more comprehensive tracking of cases.
- The DMA and Court Mentor services were extended to end 2018, and a proposal to extend them to end 2019, in line with the Abhaile timeline, is being progressed.
- A proposal is being finalised on possible provision of a supplementary State-supported PIP service: this proposal will then be examined by the Abhaile Steering Board.

The Abhaile Steering Board is now engaging in a strategic review of Abhaile's operation, objectives and future, in the light of all Abhaile's experience to date and the end of the current funding term in 2019. It is intended that the outcome of this strategic review and recommendations will be submitted to Government early in 2019.

2. Take-up of Abhaile services

In summary, during Abhaile Year Two (1 July 2017- 30 June 2018), Abhaile , in addition to its ongoing work for borrowers who had received advice during Year One, provided the following range of free services to borrowers at risk of losing their homes: –

- 3,774 vouchers were issued for additional borrowers to receive financial advice and help from a PIP
- 2,794 of those borrowers (74%) took up that assistance and consulted with the PIP
- 1,265 new borrowers received financial advice and help from a DMA adviser
- DMA advisers referred 128 existing borrowers to PIPs for further financial advice and help under Abhaile
- 39 vouchers were issued for borrowers to receive financial advice and help from an accountant (the small numbers reflect that this additional Abhaile service began in Q4 / 2017).
- 992 vouchers were issued for borrowers to receive legal advice from a consultation solicitor
- 523 borrowers were granted legal aid to apply for a personal insolvency review (asking the Court to scrutinise, approve and impose a personal insolvency proposal refused by the borrower's creditors)
- Duty solicitors attended 519 repossession court lists before County Registrars across the country, and assisted 2,946 unrepresented borrowers.
- Court Mentors attended 461 repossession court lists before County Registrars across the country, and offered support to 4,843 borrowers, referring them to further help from other Abhaile services.
- Over 70% of those who availed of financial advice from a PIP under Abhaile over the period 1 July 2016 – 30 June 2018 were in mortgage arrears of over two years, the main target group for Abhaile.

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

2.1 Take-Up of the Dedicated Mortgage Adviser Service

During Year Two, DMA Advisers provided financial advice and help to 1,265 new borrower households under Abhaile.

By the end of Year Two, DMAs had provided financial advice and help under Abhaile to a total of 5,478 borrower households in home mortgage arrears, over the period 1 July 2015 to 30 June 2018.

During Year Two DMAs referred 128 of these clients to a PIP for further financial advice and help, by requesting the MABS Helpdesk to issue an Abhaile financial advice voucher to the borrower. Combined with borrowers referred by DMA Advisers to PIPs during Abhaile Year One, this brings the total number of borrowers referred by DMAs to PIPs for further financial advice under Abhaile to 518.

2.2 Take-Up of the Personal Insolvency Practitioner Service (the ‘PIP Service’)

During Year Two, MABS issued 3,774 Abhaile vouchers for financial advice and help from a PIP. These vouchers enable a borrower to receive the Abhaile PIP Service (see Appendix A) from a PIP who participates in the Abhaile PIP panel set up by the ISI.

This brought the **total number of individual borrowers who were issued Abhaile PIP vouchers during Abhaile Year One and Year Two to 9,421.** (MABS indicates that these vouchers referred, in total, to 5,154 households).

The borrower then chooses a PIP from the Abhaile PIP panel and presents the voucher to the PIP. The PIP receives payment on foot of the voucher from Abhaile on proof that he or she has completed and provided to the borrower, the PIP Service specified in Appendix A.³

Quarterly tracking of the vouchers by ISI indicates that over Abhaile Year One and Year Two (1 July 2016 – 30 June 2018), a total of 6,735 financial advice vouchers were presented by PIPs to Abhaile for payment.

³ The Abhaile PIP Service includes a face-to-face consultation with the PIP, who makes a full assessment of the borrower's financial situation and prepares a detailed Prescribed Financial Statement of their financial position in accordance with the requirements of the Personal Insolvency Acts. The PIP then analyses all the options and the best option available to the borrower to resolve their arrears, and explains these to the borrower, confirming that advice in writing. (See Appendix A for further details.)

This indicates that over Year One and Year Two, at least ⁴ 6,735 borrowers (71.5%) who received a PIP voucher, used it, engaged with a PIP, and received PIP financial advice and help.

2.3 Take-Up of the Consultation Solicitor Service

During Year Two, **MABS issued 992 vouchers for borrowers to consult an Abhaile solicitor**. The legal advice voucher entitles 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 the borrower's legal position
- advise them on any repossession proceedings and on any legal issues arising for resolving their mortgage arrears,
- and confirm that advice to the borrower in writing.

Normally the Abhaile financial adviser will request a legal advice voucher, where appropriate, for the borrower. Of the vouchers issued in Year Two, 46% were issued at the request of PIPs, 23% at the request of DMA advisers, and 31% at the request of MABS money advisers.

The number of legal advice vouchers issued has dropped significantly (from 1,592 during Year One, to 992 during Year Two), and MABS confirms that this results from lower demand.

LAB indicates that as of 30 June 2018, 1,205 legal advice vouchers (47% of those issued since the beginning of Abhaile) had been redeemed.

Issuing a voucher which is not redeemed does not result in extra costs for Abhaile: see information on voucher fees and payment in Appendix C. However, the intention of these vouchers is to ensure that free, independent legal advice is available to Abhaile borrowers, so the lower rates of issue and redemption of consultation solicitor vouchers are being analysed. The preliminary indications are that these appear to be due to borrowers focusing primarily on taking up financial advice, with a view to putting a solution in place.

⁴ Abhaile advice vouchers can be redeemed (presented by the PIP to Abhaile for payment) for up to three months after the date of issue.

2.4 Take-Up of the Duty Solicitor Service

Duty solicitors are present at County Registrar courts for repossession lists, providing “on the day” advice and explanations to unrepresented borrowers in relation to repossession proceedings against their homes. The duty solicitor can provide advice and assistance in relation to the nature of the proceedings and how they are likely to be conducted. In certain cases the duty solicitor may be able to speak on the borrower’s behalf (See Appendix A for details).

During Year Two, duty solicitors were present around the country at 519 Court repossession lists before County Registrars, and assisted at least 2,946 unrepresented borrowers.

2.5 Take-Up of the Personal Insolvency Court Review Service

Legal aid is available under Abhaile for a borrower to apply under Section 115A of the Personal Insolvency Acts, for the Court to review and approve the borrower’s proposal for a personal insolvency arrangement if it has not been accepted by their creditors.

If the Court considers the proposal is overall fair and reasonable to all parties, it has power to impose it on the creditors as a legally binding arrangement.

In Year Two, the number of legal aid certificates granted by the LAB for personal insolvency reviews increased significantly - from 282 (in Year One), to 523.

2.6 Take-Up of the Court Mentor Service

During Year Two, MABS Court Mentors attended 461 Court repossession lists heard before County Registrars around the country, to offer support and assistance to unrepresented borrowers attending for repossession cases against their homes.

The Court Mentors offered support and assistance to a total of 4,843 borrowers at these Court sittings.

2.7 Comparison between Year 1 and Year 2 take-up of Abhaile

The indicative Abhaile 3-year budget, attached to the Government Decision of July 2016, targeted a take-up of 9,400 households over 3 years, with roughly 50% take-

up (about 4,700 households) in the first year, and 50% spread over the following 2 years (about 2,350 households per year).

The Decision noted that Abhaile is a demand-led scheme, and that funding provision would be examined by Government, based on take-up and outcomes achieved by Abhaile.

As indicated in section 1.4.1 of this Report, take-up of Abhaile financial advice to end of Year Two has already exceeded the target of 9,400 households for 2017-2019: without considering all the other services provided. By end June 2018, 10,114 households had already received Abhaile financial advice and assistance – 5,154 from a PIP and 4,960 from a DMA Adviser.)

Take-up of some Abhaile services - including the core financial advice services - moderated in Year Two, compared with Year One. While this moderation was significant – a reduction in take-up of 14% to 33% - - the new take-up of financial advice in Year Two, at an estimated 2,674 households⁵, remains higher than the 2,350 households projected for 2018 by the indicative budget, . It is also relevant to underline that the overall number of financial advice cases in hand is much larger, and continued to increase in Year Two, both for DMAs and for PIPs, as many of these long arrears cases take a significant period of time to resolve (see chapter 3).

Conversely, take-up of other elements of Abhaile continues to increase - notably the duty solicitor, court mentor and personal insolvency court review services.

⁵ 1,137 new cases for DMAs, plus 2,794 PIP vouchers redeemed, equivalent to 1537 new households. (MABS indicates that overall, 9,421 PIP advice vouchers redeemed over Abhaile Year One and Year Two referred to 5,154 households, giving a ratio of households = 55% of number of individual borrower vouchers. See section 2.2.)

Figure 2.7.1 (below) compares take-up to end Year Two for all the Abhaile services.

Figure 2.7.1 Take-up of Abhaile services to date

	Total	2015-2016	Year One	Year Two	Comparison Y2 with Y1
PIP financial advice <i>- Vouchers issued</i>	9,421	N/A	5,647	3,774	Reduction, 33%
<i>- Vouchers redeemed</i>	6,735	N/A	3,941	2,794	Reduction, 29%
DMA financial advice provided (households)	4960 (plus 518 referred to a PIP)	2505* (*As the PIP service did not commence until July 2016,no referrals to a PIP in this period)	1,318 (plus 390 referred to a PIP)	1,137 (plus 128 referred to a PIP)	Reduction, 14%
Consultation solicitor <i>- vouchers issued</i>	2,584	N/A	1,592	992	Reduction, 38%
<i>- vouchers redeemed</i>	1,205	N/A	615	590	Reduction, 4%
Borrowers helped by duty solicitor	4,788	N/A	1,842	2,946	Increase, 62%
Borrowers helped by court mentors	Estim. 7,191	See Y1	2,348 (estim. total Y1 plus 2015-2016)	4,843	Increase, 48% (compared with total of 2 prev.years)
Personal insolvency court review – legal aid granted (cert issued)	805	N/A	282	523	Increase, 54%
Accountant service <i>- vouchers issued</i>	39	N/A	N/A	39	N/A

Source: Data provided by MABS, ISI and LAB

3. Outcomes of Abhaile

This chapter focuses particularly on the outcomes of financial advice and assistance from DMA Advisers and Personal Insolvency Practitioners, as these are the primary Abhaile services for getting mortgage arrears solutions into place for borrowers.

Section 3.1 provides an overview of these outcomes; while section 3.2 looks at outcomes and progression for borrowers advised by DMAs, and section 3.3. looks at outcomes and progression for borrowers advised by PIPs.

Sections 3.4 to 3.7 look at the main outcomes of legal and court-based advice and assistance under Abhaile – the services provided by court mentors, consultation solicitors and duty solicitors, and the personal insolvency court review. These also make a major contribution to achieving the solutions put in place for borrowers under financial advice.

3.1 Key points: outcomes of financial advice and assistance from DMAs and PIPs

3.1.1 Number of solutions in place

- By July 2018, **Abhaile financial advice and assistance had put in place over 3,300 solutions** for insolvent borrower(s) - who were at risk of losing their home due to mortgage arrears, and in many cases facing repossession proceedings. (See Figure 3.1).
- As of July 2018, **31% of the 11,695 borrowers who engaged with Abhaile financial advice either have a solution in place or on trial**, or will have within one year of taking up advice (See Figure 3.2).

3.1.2 Progression into solutions for other borrowers

- **A further 53% of the 11,695 borrowers** who engaged with Abhaile financial advice (6,148 borrowers) **are in progress to a solution and are still in their homes**. They are receiving ongoing support from their Abhaile financial adviser (PIP or DMA) who is working with the borrower to get a solution into place. (See Figure 3.2)

It can take time to get solutions into place for Abhaile borrowers, as most are in significant arrears, equivalent to 2 years' repayments or more ('720 days plus'). This is similar to the experience gained in Year One⁶.

A solution for a borrower in significant arrears tends to take at least 8 months. It can take longer in some circumstances. For example:

- MABS points out that securing an ARA or Mortgage to Rent for Abhaile borrowers takes an average of 294 days (about 10 months) from start date to outcome,
- ISI indicates that on average for all borrowers, even where the creditors approve a borrower's proposal for a PIA, the process takes 220 days (7-8 months), from the beginning of the PIA process to court approval of the accepted proposal.
- A PIA takes considerably longer than 220 days, if creditors refuse the borrower's proposal and a court review is sought under Section 115A of the Personal Insolvency Act. A series of procedural challenges to the court review were resolved by the High Court during Year Two, but they generated significant delays for a large number of Abhaile-supported cases: see section 3.4.

It is important, however, that during this period the borrower remains in their home and is supported by their Abhaile financial adviser and, if facing repossession proceedings, is also supported by Abhaile legal and court-based advice and assistance. Also, borrowers who have applied for a personal insolvency solution, or a court review, and are working to get a solution into place, can be expressly protected against repossession or other creditor enforcement, under a 'Protective Certificate' issued by the courts to the borrower's PIP, under the Personal Insolvency Acts.

'In progress to a solution' includes cases where, for example:

- the borrower is gathering required documents,
- a PIA court review is awaiting hearing,
- the borrower's PIP is preparing to apply or currently applying for a Protective Certificate,

⁶ See Abhaile - First Annual Report : Chapter 5

- the PIP/DMA is in ongoing negotiations with the lender for an informal restructure, or exploring Mortgage to Rent with the lender (these cases are mainly in the initial stages)
- (a very small number) the borrower is in the process of applying for bankruptcy.

3.1.3 Keeping borrowers in their homes

- 95% of Personal Insolvency Arrangements negotiated by PIPs under Abhaile are keeping borrowers in their homes. (See section 3.3.3).
- 86% of the solutions achieved by DMA Advisers enable borrowers to remain in their homes. (See section 3.2.2).

3.1.4 Data note and Figures 3.1 and 3.2

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

DMA outcome data used in this chapter reflect the current status of the borrower's case on the MABS system.

However, due 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 1 July 2016 – 30 June 2018 is a *projection*, based on outcome and progression trends identified in two large 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. The overall ISI outcome and progression figures for this two-year period therefore use a projection based on the patterns and trends identified in the large sample surveys. (See Appendix G for details.)

Figure 3.1 summarises the number and type of outcomes in place *at July 2018* for all 11,695 Abhaile borrowers who took up financial advice from a DMA (4960 borrowers⁷) or a PIP (6735 borrowers)⁸ up to 30 June 2018. These overall outcomes are as follows:

⁷ Note that MABS counts borrowers by households (a borrower household), while PIPs count individual borrowers (a cohabiting couple - both insolvent with non-identical debts - being two borrowers) due to statutory requirements.

⁸ The PIP data refers to cases where the PIP had provided advice to the borrower, and submitted the borrower's PIP voucher for redemption (payment) by Abhaile, by 30 June 2018: as relevant outcome data is submitted with the payment request.

- Solutions in place or on trial for 3,311 borrowers
- These comprise 1149 Personal Insolvency Arrangements, 1638 informal solutions (ARAs, mortgage restructure agreements, Mortgage to Rent) and 144 bankruptcies

Figure 3.1 also shows borrower progression: another 6,148 borrowers (half of this working with a DMA or a PIP towards a formal solution (2460 borrowers) or an informal solution (3688 borrowers.)

A further 16% (1,868 borrowers) who received financial advice were not currently engaging – possible reasons are considered in sections 3.2.1 and 3.3.1. (No information is available on outcomes for borrowers who are disengaging).

A very small number (3%) of borrowers who are engaging with financial advice have surrendered their homes to lenders: depending on the circumstances, this can be a positive outcome for the borrower (for example, if borrower wishes to trade down to a smaller home or move to a different area). An even smaller number (fewer than 0.5% overall) have had their homes repossessed – see details in sections 3.2 and 3.3.

Figure 3.2 takes essentially the same approach as Figure 3.1, but looks at the expected outcomes and progression, for PIP cases, over a slightly longer timeframe: outcomes already in place at July 2018 or projected within at least 9 months of voucher redemption.

This is useful because solutions take some months to conclude, and the available data systems can capture some types of solutions less frequently than others. Consequently, measuring solutions in place in July 2018 for advice vouchers redeemed over eight previous quarters (as in Figure 3.1) will not count data consistently across time: since all outcomes of earlier quarters will be in place, but outcomes for later quarters may not be in place, or may not yet be captured by data systems. See Appendix G.

Figure 3.1

Summary of outcomes in place/in progress at July 2018 – all borrowers who received Abhaile financial advice (See also Appendix G).

Outcomes	Received DMA advice (4960 borrower households)	Received PIP advice (6735 borrowers) (Projection based on sample data – see Figure G.5.2.)	Total at July 2018 (11,695 borrowers)
Solution in place:			
- <i>Personal Insolvency (PIA)</i>	N/A	1149	1149
- <i>Informal solution (ARA, MtR)</i>	1,150	488	1638
- <i>Bankruptcy</i>	N/A	144	144
Trial solution in place	380	N/A	380
Total solutions/trial solutions in place	1,530 (31%)	1781 (26%)	3,311 (28%)
In progress to formal solution	N/A	2460	2,460
In progress to informal solution	2,477	1211	3,688
Total in progress to solution	2,477 (50%)	3671 (55%)	6,148 (53%)
Surrender/repossession	196 (4%)	172 (2%)	368 (3%)
Not engaging after financial advice	757 (15%)	1111 (17%)	1,868 (16%)
Total	4,960 (100%)	6735 (100%)	11,695 (100%)

Figure 3.2

Summary of outcomes in place/in progress at July 2018 or 12 months after taking up advice – borrowers who received Abhaile financial advice up to 30 June 2018 (See also Appendix G).

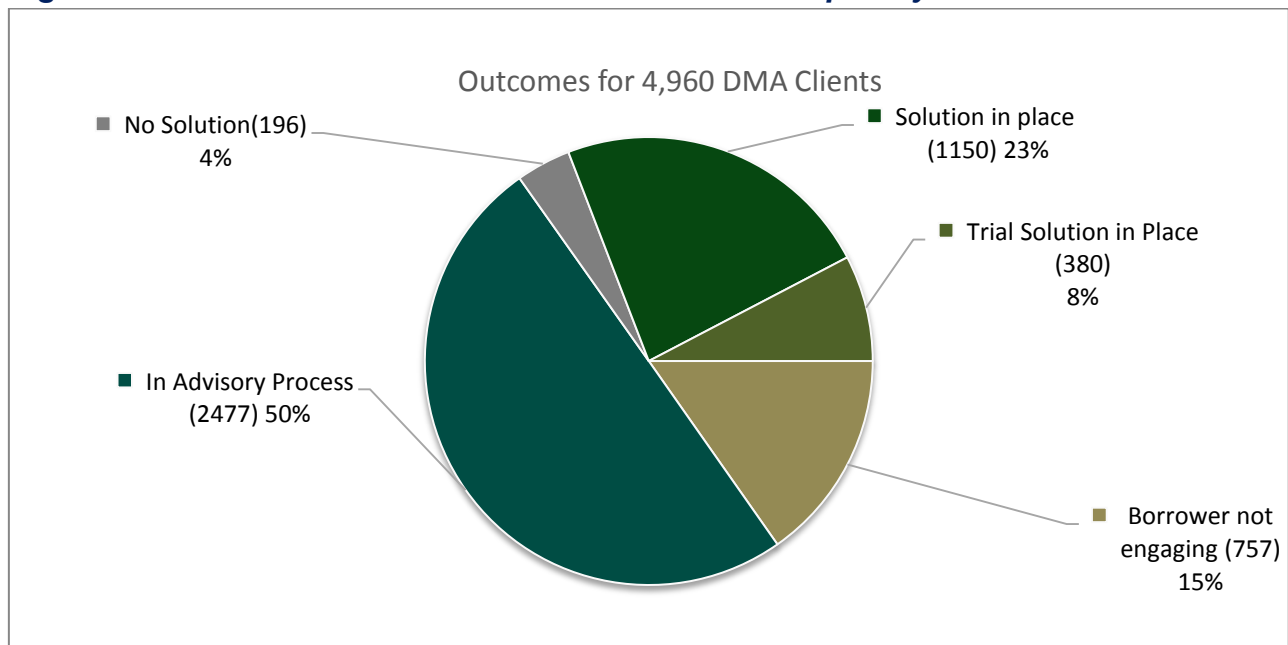
Outcomes	Received DMA advice <i>(4960 borrower households)</i>	Received PIP advice <i>(6735 borrowers)</i> <i>Projected outcomes at July 2018 or within 12 months of taking up advice (based on sample data – see Figure G.4.1)</i>	Total <i>(11,695 borrowers)</i>
Solution in place:			
- Personal Insolvency (PIA)	N/A	1347	1347
- Informal solution (ARA, MtR)	1,150	573	1723
- Bankruptcy	N/A	168	168
Trial solution in place	380	N/A	380
Total solutions/trial solutions in place	1,530 (31%)	2088 (31%)	3,618 (31%)
In progress to formal solution	N/A	2223	2,223
In progress to informal solution	2,477	1111	3,588
Total in progress to solution	2,477 (50%)	3,334 (50%)	5811 (50%)
Surrender/repossession	196 (4%)	202 (2%)	398 (3%)
Not engaging after financial advice	757 (15%)	1111 (17%)	1,868 (16%)
Total	4,960 (100%)	6735 (100%)	11,695 (100%)

3.2 Dedicated Mortgage Adviser (DMA) Outcomes and types of solution concluded

3.2.1 DMA Outcomes

Between September 2015, when the DMA service was established, and the end of Abhaile Year Two (30 June 2018), DMA Advisers **provided advice and assistance to 5,478 borrower households**. 518 of these borrowers were referred on to a Personal Insolvency Practitioner under Abhaile for further financial advice. The outcomes achieved for the 4,960 borrowers who worked with DMA advisers only, are presented below:

Figure 3.2.1 Status at 30th June 2018 of Borrowers Helped by DMAs



Source: Analysis derived from MABS Data

23% (1150) Solutions in Place: this means that a solution to the borrower's mortgage arrears is now in place: see details provided below.

8% (380) Trial solutions in place: many lenders require a borrower to complete a test period in a proposed restructure (ARA) before it is agreed. Many of these borrowers, often in deep arrears and with a troubled repayment history are being supported through this period, in many cases between 6 and 12 months by a DMA Adviser who works closely with the borrower to assist them in managing the arrangement.

50% (2477) in advisory process: this means that the borrower is gathering the documentation required by the DMA, is continuing to receive advice in relation to

his/her case, or the DMA is still negotiating a solution. While this can take time for heavily indebted borrowers, the borrower is supported by the DMA during this period. If the borrower is involved in repossession proceedings brought by their lender, he or she can also draw on the support and help of an Abhaile court mentor, duty solicitor or consultation solicitor, as appropriate. The experience is that a borrower's engagement with Abhaile is widely taken into account by the courts, which will normally adjourn proceedings to facilitate getting a solution into place.

4% (196) No solution: this means that the borrower consented to an order for possession, the possession order was granted, or the borrower is in an arrangement, which the DMA considers to be unsustainable.

15% (757) Borrower not engaging: the borrower has stopped actively engaging with the DMA Adviser – this can be for a number of reasons e.g. marital break-up, illness, ARA not sustainable in the long term. The DMA Adviser will outreach to such borrowers periodically, offering support and encouragement to re-engage with their lender.

3.2.2 Types of Solutions concluded by DMAs

The 1150 solutions concluded by DMAs include many types of Alternative Repayment Arrangements, interest rate reductions, entry into the Mortgage to Rent Scheme, voluntary sale or surrender of the home, or a lump sum settlement for less than the outstanding balance.

- 86% of these solutions will allow borrowers to remain in their homes.
- Of the 1150 solutions in place:
 - 731 borrowers obtained some form of ARA
 - 131 entered into the Mortgage to Rent Scheme
 - 87 were able to resume making their mortgage repayments
 - 33 had their repossession proceedings struck out, and
 - 168 surrender / sale of home, including trading down.

3.3 Personal Insolvency Practitioner Outcomes and Types of Solutions concluded

During the period 1 July 2016 – 30 June 2018 (Abhaile Year one and Year Two), Personal Insolvency Practitioners (PIPs) provided financial advice and assistance to get solutions into place, to 6,735 borrowers under Abhaile ⁹

⁹ This section is based on extensive data collected and analysed by ISI. It covers a wide range of themes including the level of debt, the length of mortgage arrears, reasons for borrower engagement, the recommendations made to borrowers to address their financial difficulties, and the outcomes secured.

(PIPs) can provide advice and help to Abhaile borrowers on different types of solutions, depending on the borrower's individual financial circumstances:

- **'formal' or statutory solutions** (under the Personal Insolvency Acts or the Bankruptcy Acts) - most commonly a Personal Insolvency Arrangement or, in a small number of cases, bankruptcy; or
- **'informal' solutions** such as Mortgage to Rent or an Alternative Repayment Arrangement with the lender: where a PIP may advise and negotiate directly on behalf of the borrower, or may work together with a DMA to help the borrower.

3.3.1 Measuring outcomes

This section presents the outcomes achieved for Abhaile borrowers who took up financial advice and help from PIPs during Year One and Year Two.

Because of the very large numbers involved in these 6,735 cases, overall progression and outcomes for these borrowers are estimated in this Report, using a projection based on the results of two large data samples undertaken by ISI. After further statistical analysis and cross-checks with other related data, ISI is satisfied that the results of these two samples are highly comparable, and that they appear to be representative of the intervening quarters in Year One, and a likely predictor of the remaining quarters in Year Two. (*See Appendix G for details.*)

This projection indicates that of the 6,735 borrowers whose PIP vouchers were redeemed during Year One or Year Two:

- ***31% of this cohort of borrowers (estimated 2088 borrowers) have solutions in place either by July 2018, or within one year after the voucher was redeemed,***
- ***33% (estimated 2,223 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).
- ***About 16% (estimated 1,111 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 Mortgage to Rent. A small number of cases are referred back to MABS under Abhaile, if the DMA seems better placed to help the borrower.)
- ***About 16% (about 1,111 borrowers) did not continue engaging*** with the PIP after receiving financial advice. As noted earlier for DMA advice, disengagement can arise from multiple stresses on the borrower, including

illness, family difficulties, couples separating, loss of employment or reduction in income. Abhaile is examining how best to reach out to such borrowers, and help them to re-engage with resolving their arrears, if possible.

- **3% (about 200 borrowers) have surrendered their homes** to their lender. This may, depending on the circumstances, be a favourable outcome. This group includes a very small proportion (less than 0.5%) whose homes have been repossessed by the lender.

3.3.2 Type of solutions and restructures concluded by PIPs

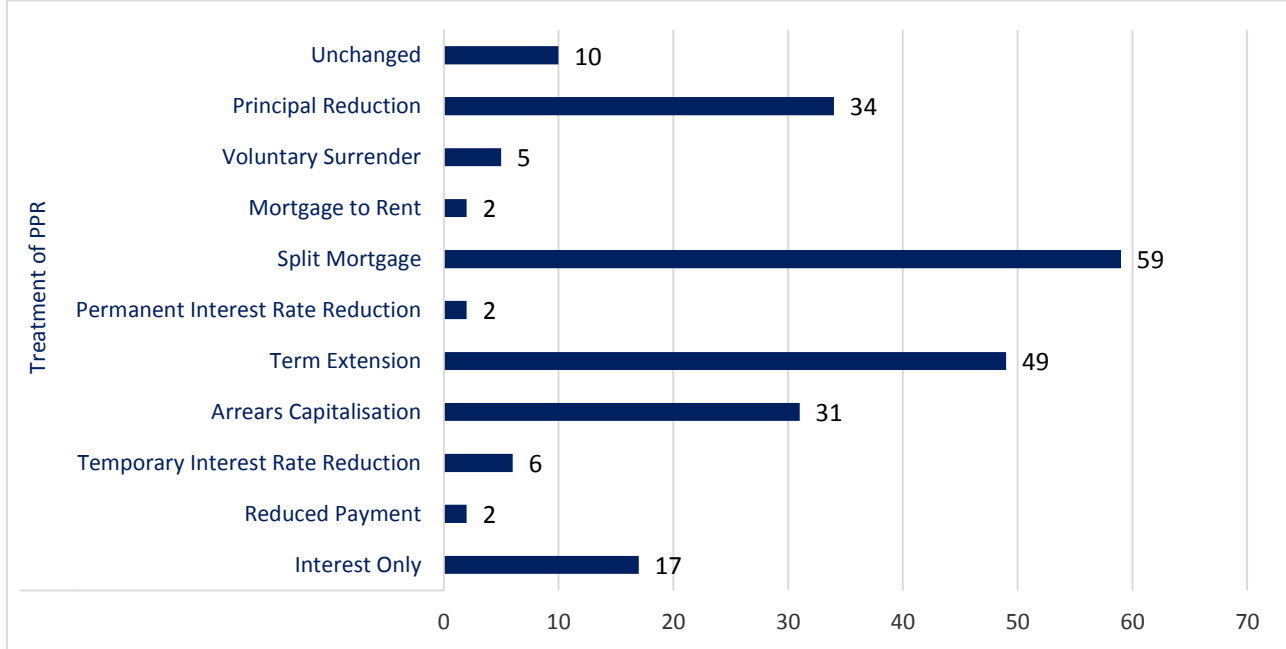
The most common type of solution achieved by borrowers who availed of PIP financial advice vouchers is a Personal Insolvency Arrangement (PIA).

ISI examined in detail data on outcomes obtained for 803 borrowers whose PIP advice vouchers under Abhaile were redeemed in Q3/2017 (Sample no 2, see Appendix G). The outcomes included 160 PIAs put in place. Detailed analysis was possible in 128 of these PIAs¹⁰ and is described below.

Figure 3.1 presents the different categories of restructure that were applied to the mortgage on the family home as part of the Personal Insolvency Arrangements. The average mortgage debt in these cases was €269,000.

¹⁰ Detailed analysis from the ISI's case management system was possible in 128 of the 160 cases which were redeemed in Quarter 3 2017 - owing to timing differences in notifications to the ISI.

Figure 3.3.2: Analysis of 128 PIAs: Restructured PPR Mortgage by Restructure Type



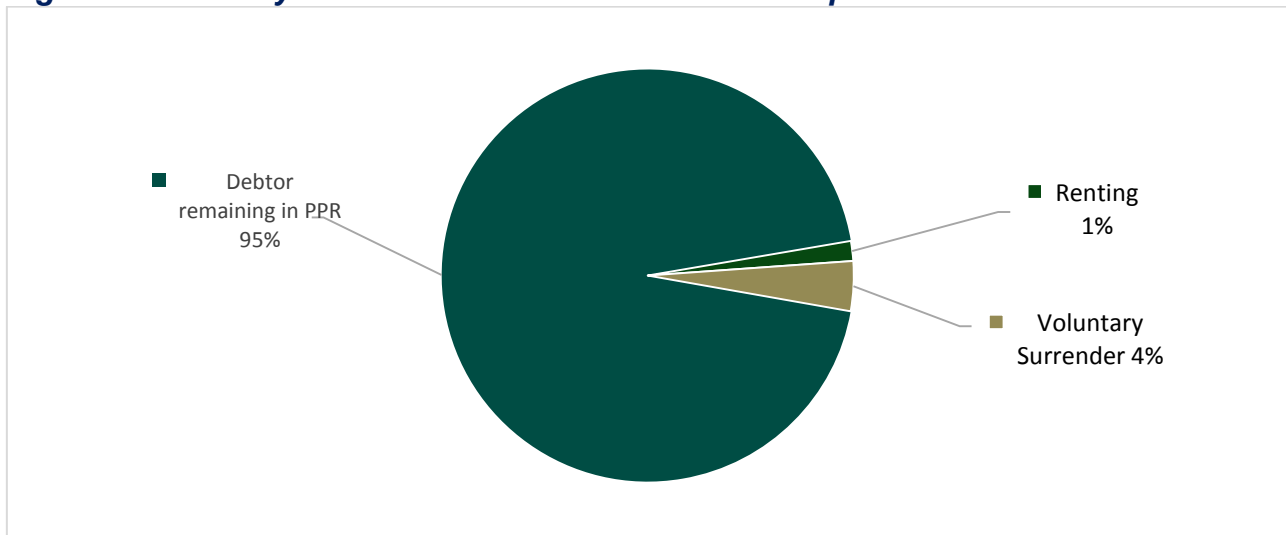
Source: Data provided by ISI

- ISI analysis shows that 25% of borrowers secured a reduction in the principal sum of their mortgage ('write-down') and the average principal reduction was €120,000.
- The number of restructure types is greater than the number of arrangements as some of the restructure types involve a hybrid e.g. arrears capitalisation and term extension.
- Split mortgage and term extension were the most used restructure types.

3.3.3 Treatment of the borrower's home in Personal Insolvency Arrangements

Figure 3.3.3 presents how the borrower's home was treated as part of these 128 PIAs.

Figure 3.3.3: Analysis of 128 PIAs: Treatment of Principal Private Residence



Source: Data provided by ISI

- ISI's sample analysis indicates that the vast majority of borrowers (95%) 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 (5 borrowers) voluntarily surrendered their homes.
- The renting category (2 borrowers) includes separation cases where one borrower of a couple has moved out of the family home and is currently renting accommodation from a third party, while the other remains in the home.

3.4 Outcomes of legal and court-based Abhaile services

The four legal and court-based Abhaile services – the Court Review, Consultation Solicitor, Duty Solicitor and Court Mentor services - are intended primarily to support the putting in place of solutions for borrowers to their mortgage arrears, via independent expert financial advice and assistance. The Court Mentor service is provided by MABS, while the other three services are provided by the Legal Aid Board.

All these services play a very important role in achieving the solutions put in place for borrowers under financial advice:

- The Court Mentor and Duty Solicitor Services provide much-needed information and help to Abhaile borrowers who are facing repossession proceedings while trying to get a solution into place,
- The Consultation Solicitor Service can provide free, independent legal advice to borrowers on any repossession proceedings, identify and advise on any legal problems for resolving their mortgage arrears, and explain the legal aspects and implications of any solutions proposed.
- The Court Review Service provides legal aid to borrowers applying for court review under the Personal Insolvency Acts where a personal insolvency proposal which is deemed fair and reasonable is refused by creditors.
- The Courts' judgments in Abhaile-supported Court Review cases include a number of important test cases and procedural challenges. They have put in place a significant number of arrangements which had not been approved by creditors at first instance. More widely, the judgments have resolved a number of important substantive issues and clarified – in the interests of both borrowers and creditors - what types of solutions to

resolve mortgage arrears may be approved and imposed by the courts as fair and reasonable to all parties, under the Personal Insolvency Acts.

3.5 Outcomes of Personal Insolvency Court Reviews

In Year Two there was a significant increase over Year One – from 282 to 523 - in the number of legal aid certificates granted by LAB under Abhaile for personal insolvency court review cases.

The Legal Aid Board indicates that in 64% of Court review cases submitted to it for payment in Year Two (71 of 111 cases) the solicitor reported a decision by the court 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 compares with 33% of cases submitted for payment in Year One (33% of 70 cases) – see Year One Report. The number of cases decided remains small, and it may take time for the success rate to stabilise.

This means that the borrower’s proposal for a Personal Insolvency Arrangement (designed to keep the borrower in their home, resolve the mortgage arrears and return them to solvency) had been refused by their creditors, but the Court evaluated the proposal as fair and reasonable to all parties and imposed the proposed arrangement on the creditors, allowing the borrower to stay in their home.

Important judgments to date in Abhaile –supported cases have clarified the type of arrangements that the courts may consider fair and reasonable and may impose under s. 115A of the Personal Insolvency Acts. These have important implications for a large number of pending cases, and clarify the range of options available to borrowers and lenders - both under the personal insolvency legislation, and in some cases, in mortgage arrears resolution more generally¹¹.

During Year Two, a significant procedural challenge was raised by creditors in a large number of cases to the rule under the Personal Insolvency Acts that personal insolvency review cases are to be brought by the personal insolvency practitioner on behalf of the debtor.

This procedural issue was resolved by the High Court - in test cases supported under Abhaile – in April 2018, in favour of the existing rule that personal insolvency review cases should be brought by the PIP on behalf of a debtor.¹²

¹¹ See for example *Re JD and the Personal Insolvency Acts*, High Court, Baker J, [2017] IEHC 119, which resolved objections that a lender could not conclude an arrangement to resolve home mortgage arrears with a separated borrower, if their ex-spouse was not engaging in that arrangement.

¹² Judgment in *Re Meeley & Personal Insolvency Acts*, High Court, Baker J, [2018] IEHC 38

However, these challenges led to significant delays for a large number of PIA review cases and a backlog of cases developed before the courts, which is still being worked through.

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

3.6 Court Mentor and Duty Solicitor Outcomes

The Court Mentor service provided by MABS is a visible and accessible source of free and independent support to borrowers within the Court building. The Court Mentor provides support and guidance to the borrower, who may be feeling vulnerable and stressed about their situation. Court Mentors provide practical assistance, for example, letting the borrower know where they are on the list of cases, and providing guidance on the proceedings and how to address the County Registrar. The Court Mentor also provides signposting to the other supports and services available under Abhaile, of which the distressed borrower may not have been aware.

Positive feedback on the service has been received from legal professionals operating in Court, Court staff (including Registrars), and borrowers themselves.

Court Mentors can refer borrowers to the Abhaile duty solicitor at the court. The Duty Solicitor can provide legal explanations and assistance, and may be able to speak for the borrower in court. The duty solicitor can also refer the borrower, via MABS, to further advice and help from a consultation solicitor, under Abhaile.

Specific outcomes are not counted for Court Mentors and Duty Solicitors, as their main task is to address the fear and stress experienced by many unrepresented borrowers, assist them on the day, and signpost them to further relevant help available under Abhaile. However, the extent of assistance provided at courts across the country up to 30 June 2018 is one indicator of the importance of these services - (with Duty Solicitors, since July 2016, assisting 4,788 borrowers facing repossession proceedings, and Court Mentors helping 7,191 such borrowers since September 2015 (see section 1.4.1).

3.7 Consultation Solicitor Outcomes

Consultation Solicitors have provided independent advice, confirmed in writing, under Abhaile to 1205 borrowers¹³ up to 30 June 2018. Legal Aid Board data includes, for more recent cases, a breakdown of the most important topic on which

¹³ 1205 is the number of consultation solicitor vouchers accepted for payment by the Legal Aid Board under Abhaile up to 30 June 2018. This process requires the solicitor to submit proof that he or she has provided the service to the borrower and has completed all the elements required, including conformation of their advice to the borrower in writing (see Appendix A).

advice was provided – this covers 464 borrowers. The primary topic may be one raised by the borrower themselves as their priority, may be identified by the consultation solicitor from the facts of the case, or may have been raised by the borrower or the financial adviser arising from the financial advice given to the borrower.

The primary topic of advice was identified as follows by the consultation solicitor:

Main topic of advice	Number of borrowers
Alternative repayment arrangement (ARA) / mortgage restructuring	216
Personal insolvency	75
Resolution of mortgage arrears where borrowers have separated	52
Bankruptcy	28
Contract /title issues	28
Repossession – the legal process	23
Correspondence to borrower from lender	10
Multiple issues (none identified as main topic)	9
Defences to repossession proceedings	8
Mortgage to Rent scheme	7
Voluntary surrender	5
Attending at court	1
PIA granted [presumably in court review]	1
Sale	1
Total	464

This sample illustrates the wide range of topics on which independent advice is provided.

4. Budget Adequacy

Government Decision S180/20/10/1270A 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, based on expected take-up by 9,400 households over the lifetime of the scheme.

The indicative Abhaile budget of €15 m ('the Abhaile budget') is contained in Appendix G. It was composed of:

- ***allocations to the DEASP Budget***, of €10.2 m in total over the 3 year period 2017-2019, to cover provision of financial advice by PIPs and by accountants (€5.8m in total), the Abhaile communications campaign (€3.5m in total), and a small staffing resource to support Abhaile (€0.9 m in total),
- ***allocations to the DJE Budget***, of €4.8 m in total over the 3 year period 2017-2019, to cover provision of legal advice and assistance (consultation solicitors and duty solicitors) and provision of legal aid for personal insolvency court reviews.

The indicative budget allocated about half the budget (€7.1m) to 2017, with the balance of €7.9 m to be divided between 2018 and 2019.

The Government Decision further noted that Abhaile is a demand-led scheme and that 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 to Government).

For the Abhaile initial budget for 2016 and budget in 2017, see the Abhaile Year One report.

Abhaile Budget for 2018

DEASP Abhaile budget

Based on estimated outturn for 2017, provision of €3.5m was made in CIB's 2018 budget to fund the DEASP elements of the Abhaile budget (provision of PIP or accountant financial advice, communications campaign and staffing resources).

In addition DPER sanctioned the reallocation to Abhaile for 2018 of savings (€360,000) made under a number of headings in CIB's 2017 budget, bringing the total available for these Abhaile components in 2018 (financial advice,

communications campaign and associated staffing resources in CIB) to €3.86 million.

As demand for financial advice under Abhaile has slowed compared to 2017, Abhaile budget provision for 2018 (DEASP elements) is currently considered to be adequate.

DJE Abhaile budget

In view of the continuing demand for legal aid and advice services under Abhaile in 2017, DJE allocated a sum of €2.4 m to the Legal Aid Board under this heading in 2018, and a further sum of €2.4 m for 2019.

In addition, approval was given for the Legal Aid Board to carry over €1.7m in funding committed, but not yet spent, into 2018. This responds to the fact that fees committed in respect of legal aid can take a considerable period of time to be presented for payment and hence LAB has significant accruals which will fall due for payment at a later date.

DJE considers that LAB will have sufficient funds to operate Abhaile during 2018 and 2019, based on current throughput rate. It is possible, however, that accruals may fall due for payment after 2019.

Abhaile Budget for 2019

Provision for 2019 was reviewed in light of take-up trends. Provision has been made for 2019 of €3.5 million in DEASP Estimates and €2.4m in DJE Estimates.

Additional Funding allocated to Abhaile services

It should be noted that as well as the specific elements of Abhaile which are funded under the July 2016 Abhaile budget in Appendix G, there are other elements of Abhaile which are funded separately.

These elements (MABS Dedicated Mortgage Arrears Advisers (DMAs), MABS Court Mentors and MABS Voucher Desk) are funded under a separate budget allocation provided to CIB by DEASP [originating in 2016]. They became part of the Abhaile suite of services under the July 2016 Government Decision [S180/20/10/1270A].

Appendix A – Range of Services available under Abhaile

MABS Advisory Services – The First Steps

The Money Advice and Budgeting Service (MABS), under the aegis of the Citizens' Information Board, assists people who are over-indebted and need help and advice in coping with debt problems, in particular those on low incomes or living on social welfare payments. As part of its free services, MABS provides help and advice to those in mortgage arrears. MABS has offices around the country, and also provides dedicated mortgage arrears Helpline; open Monday to Friday from 9am to 8pm.

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

When a borrower contacts the MABS helpline or approaches a MABS office, a MABS adviser assesses the borrower's financial situation. If the borrower meets the eligibility criteria, MABS will direct them to the expert likely to be best placed to help them.¹⁴ Depending on the borrower's situation, this expert may be a dedicated mortgage arrears adviser ('DMA') in MABS, or it may be a personal insolvency practitioner ('PIP'), a solicitor, or an accountant. If MABS directs the borrower to a professional adviser, the borrower will be provided with a voucher to access the relevant service(s), which will be provided at no cost to the borrower. Priority is given to first obtaining financial analysis and advice, as this is the most likely to identify a long-term financial solution which can help the borrower to get out of debt and get back on track.

In summary, Abhaile can provide **a range of different services to help the borrower, depending of his or her needs. These are described below. As well as the MABS services - the Helpline, the DMA advisers and the Court Mentor Service - Abhaile also offers five different fixed packages of professional financial or legal assistance**, all free of charge to the borrower. These are:

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

¹⁴ See Chapter 3 pp. 8-9 above.

MABS can refer a borrower to one or more of these services, depending on their needs. The intention is that a borrower in need can be routed as quickly as possible to the expert best placed to help them, and that expert advisers can work together to help the borrower to get the best available solution into place.

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

The Dedicated Mortgage Arrears (DMA) Adviser Service

The role of MABS in mortgage arrears was expanded in 2015, with the establishment from September 2015 of a Dedicated Mortgage Arrears MABS service (DMA MABS) across the MABS network, to help people specifically with home mortgage arrears. The service has since been incorporated into Abhaile.

There are now 32 specialist DMA advisers working across 27 locations countrywide, providing independent advice to borrowers, helping borrowers to assess the options available to them, and where required, negotiating with lenders on their behalf.

A DMA adviser will often be the first point of contact with Abhaile for the borrower in home mortgage arrears. 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 Service

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

If the panel PIP advises that the borrower's best option is personal insolvency, they will also help them in taking the next steps. If the PIP advises that the borrower's

best option is bankruptcy, they will also provide the borrower, under the voucher, with the certificate required by the bankruptcy court, confirming 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, MABS may direct the borrower for financial advice to an accountant

who is a member of the Abhaile accountants' panel. To get free advice from an accountant, the borrower will need to first work with a MABS Adviser to complete the Standard Financial Statement (SFS) required by lenders under the MARP (Mortgage Arrears Resolution Process). The accountant will need a copy of this, in order to give them financial advice. The voucher entitles the borrower to a face-to-face consultation with the panel accountant, who will advise them on any financial issues relating to resolution of

Their mortgage arrears and on possible solutions, and will confirm that advice to them in writing.

The Accountant Service is the latest addition to Abhaile services, with an Abhaile panel of accountants established in October 2017 and Abhaile vouchers available for financial advice from a panel accountant from October 2017 onwards.

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 also consult a solicitor if the case raises legal issues.

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, who will assess and explain their legal position, and advise them on any repossession proceedings and any legal issues arising for resolving their mortgage arrears.

If repossession proceedings have already been issued by the lender, 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 get some help at Court from the Duty Solicitor. The Duty Solicitor is a solicitor from the Abhaile solicitor panels, who will normally be on duty at a Circuit Court on the date where the County Registrar is due to deal with repossession cases.

The Duty Solicitor Service is a **limited service** to provide advice and help to unrepresented borrowers at court. The Duty Solicitor may be able to speak for the borrower in Court, to explain what steps they are taking to try and deal with their mortgage arrears, and may be able to apply for the court proceedings to be adjourned, if the borrower is trying to put a solution in place. The Duty Solicitor 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 should 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, but 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 agrees that the proposal is overall fair and reasonable, using the criteria set out in section 115A of the Personal Insolvency Acts, it has power to impose the proposal on the creditors.

The opportunity to review a PIA proposal was introduced in the Personal Insolvency (Amendment) Act 2015, and was designed to protect mortgage holders by ensuring that fair debt solutions can be upheld by the Courts.

Under the Personal Insolvency Court Review Service, the Legal Aid Board can provide the borrower with legal representation by a solicitor and barrister to make the Court review application, as part of their Civil Legal Aid service. 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 Acts'. If the Legal Aid Board is satisfied with the application, it can then issue a Legal Aid Certificate for the borrower.

Section 115A sets out the criteria that a borrower must meet before he or she can seek a court review, and the factors that the court must consider. The personal insolvency proposal rejected by creditors must include arrears on the borrower's home mortgage, and the borrower must either have been in arrears on 1 January 2015, or have been in arrears before that date and have since entered into an alternative repayment arrangement with their secured creditor which is not sustainable. When considering these cases, the court will look at whether the proposed PIA meets the requirements set out in the Act, would allow the borrower to resolve their debt and remain in their home, and would allow the creditor to recover as much of the debt as the circumstances of the debtor reasonably permit. The court must also consider factors such as whether the debtor is likely to be able to continue to fulfil the terms of the arrangement, the debtor's home is disproportionately large for their needs, and the proposal is fair and equitable to each class of creditors that has not approved it, and is not unfairly prejudicial to any interested party. These factors will inform the court in deciding whether to impose the PIA.

The Court Mentor Service

A national network of Court Mentors has been established to provide support to distressed borrowers. Since October 2015, MABS staff has been in attendance as '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 within the Court building. 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 to address the County Registrar. The Court Mentor also provides an access point to the supports provided by MABS and Abhaile, and therefore acts as an important entry point to the Abhaile supports at the repossession stage. Positive feedback on the service has been received from legal professionals operating in Court, Court staff (including Registrars), and borrowers themselves.

As well as helping borrowers at repossession hearings, the Court Mentors also provide a very valuable function in tracking the number of repossession cases, the number of borrowers present at court, and the level of legal representation they have.

Appendix B – Eligibility Criteria for Abhaile

To qualify for advice and assistance from Abhaile¹⁵, 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 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 at section 104 of the Personal Insolvency Acts.

Abhaile focuses on risks to the borrower’s home, and therefore does not cover a person whose mortgage arrears relate only to a buy-to-let property. 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.

¹⁵ To qualify for the Personal Insolvency Court Review Service, a person must satisfy conditions (a) and (b), and must have already made a proposal for a Personal Insolvency Arrangement which includes their home mortgage arrears, and which has been rejected by their creditors. In this case, the borrower’s PIP must also certify to the Legal Aid Board that the borrower satisfies the conditions required under s. 115A of the Personal Insolvency Acts for seeking Court review.

Appendix C – Advice and help provided under Abhaile vouchers

The following explains how Abhaile ‘vouchers’ work. The Personal Insolvency Practitioner Service, the Consultation Solicitor Service and the Accountant Service are ‘voucher’ services and MABS can issue a voucher to the borrower for the appropriate service. (Other Abhaile services are structured differently. No voucher is needed for accessing help from a DMA adviser, a Court Mentor or a duty solicitor; while legal aid under the Personal Insolvency Review Service is based on a legal aid certificate issued by the Legal Aid Board.)

The borrower chooses their adviser from the relevant panel (PIPs, consultation solicitors, accountants), presents the voucher to the adviser, and receives the services specified below from the adviser in return.

All professional advisers participating in the panels set up under Abhaile to provide ‘voucher’ advice and assistance to insolvent borrowers have agreed to do so on the basis of providing specified packages of services, without charge to the borrower, and at a reasonable fixed cost to the State. The adviser receives payment from Abhaile based on returning the voucher together with evidence that the adviser has completed providing the specified elements of the advice service to the borrower. If the borrower does not use the voucher, or the adviser does not complete providing the service, then no fee is paid and there is no cost to Abhaile.

The Abhaile PIP panel is established and supervised by the Insolvency Service of Ireland. A PIP providing financial advice and assistance under an Abhaile voucher has agreed to provide this service for a fixed fee of €500 (plus VAT if applicable). This service includes a personal consultation with the borrower, obtaining all the relevant information on their income, assets and liabilities, preparing a detailed Prescribed Financial Statement in accordance with s. 50 of the Personal Insolvency Acts, making a full assessment of the borrower's individual financial situation, advising the borrower in accordance with the detailed obligations under s. 52 of the Personal Insolvency Acts on the range of options available to resolve their financial difficulties and on the best options available in their individual circumstances with priority to keeping the borrower in their home, and confirming that advice to the borrower in writing.

The Abhaile solicitors’ panels are established and managed by the Legal Aid Board. A consultation solicitor providing legal advice and assistance under an Abhaile voucher has agreed to provide this service for a fixed fee of €250 (plus VAT if applicable). This service includes considering any financial analysis, advice and proposed solutions provided to the borrower under Abhaile; considering repossession proceedings affecting the borrower’s home; a personal consultation with the borrower; providing independent legal advice to the borrower on their legal

situation, and confirming that advice in writing. The advice covers any legal aspects of options identified to resolve their financial difficulties, resolving any related legal complications, and (where the borrower is facing repossession proceedings) advice on those proceedings.

An additional fixed fee of €200 (plus VAT if applicable) may be claimed in certain circumstances following a legal advice voucher, where the solicitor has sought and been granted authority from the LAB to conduct negotiations to settle legal proceedings which may be pending against the borrower.

The Abhaile accountants' panel is established and maintained by the Citizens Information Board. An accountant providing financial advice and assistance under an Abhaile voucher has agreed to provide this service for a fixed fee of €500 (plus VAT if applicable). This service includes a personal consultation for the borrower with the accountant, who will advise on any financial issues relating to resolution of the borrower's mortgage arrears, advise on possible solutions, and will confirm that advice to the borrower in writing.

Appendix D – Profile of Abhaile Borrowers

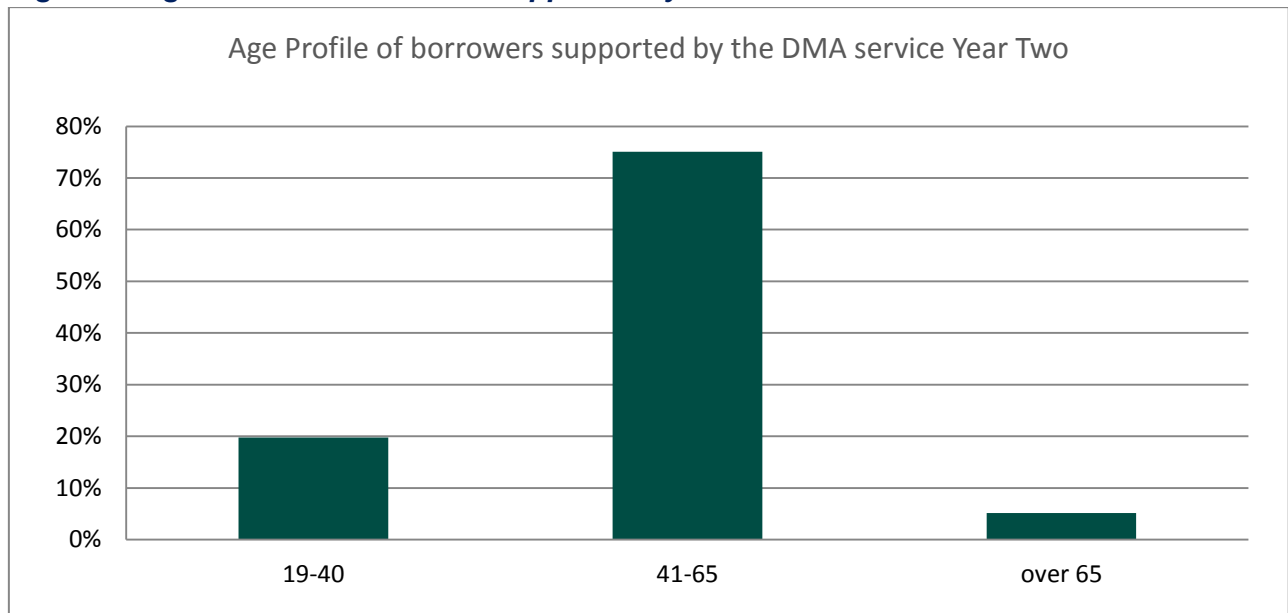
Both ISI and MABS collect data on the demographic profile of borrowers who have received advice and assistance under Abhaile. Additionally ISI collects data on the length of time borrowers have been in mortgage arrears as well as their reason for engagement with a PIP. This information is presented below

Demographic of Borrowers Engaging with Abhaile

Information gathered by DMA Advisers shows that the majority of borrowers engaging with Abhaile, through the DMA service were either in paid employment (44%) or self-employed (9%). This is similar to findings in the Abhaile Year One Report, which suggests that many borrowers in mortgage arrears are struggling to pay their debts, despite being economically active. 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.

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

Figure 1- Age Profile of Borrowers supported by the DMA service

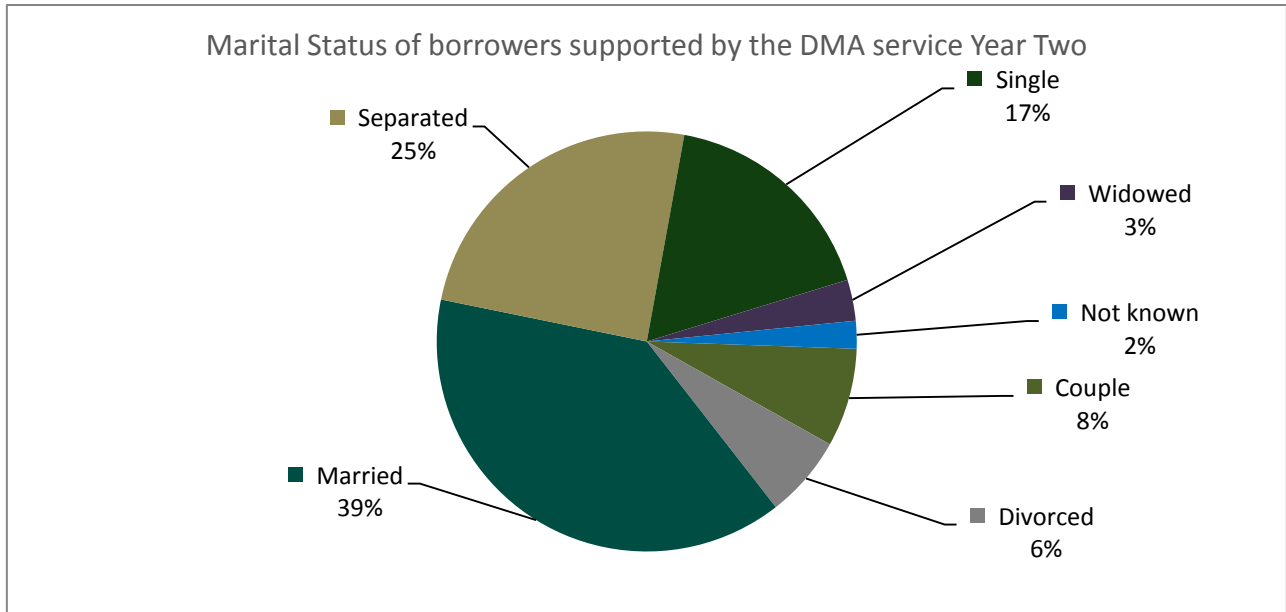


Source: Data provided by MABS

Figure 1 shows the age profile at which borrowers presented to DMA advisers. The majority of the borrowers (75%) fell into the 41-65 age bracket. A smaller number (20%) were younger, while very few (5%) were older.

Abhaile Borrowers by Household Type

Figure 2 – Marital Status of borrowers supported by Abhaile DMA service



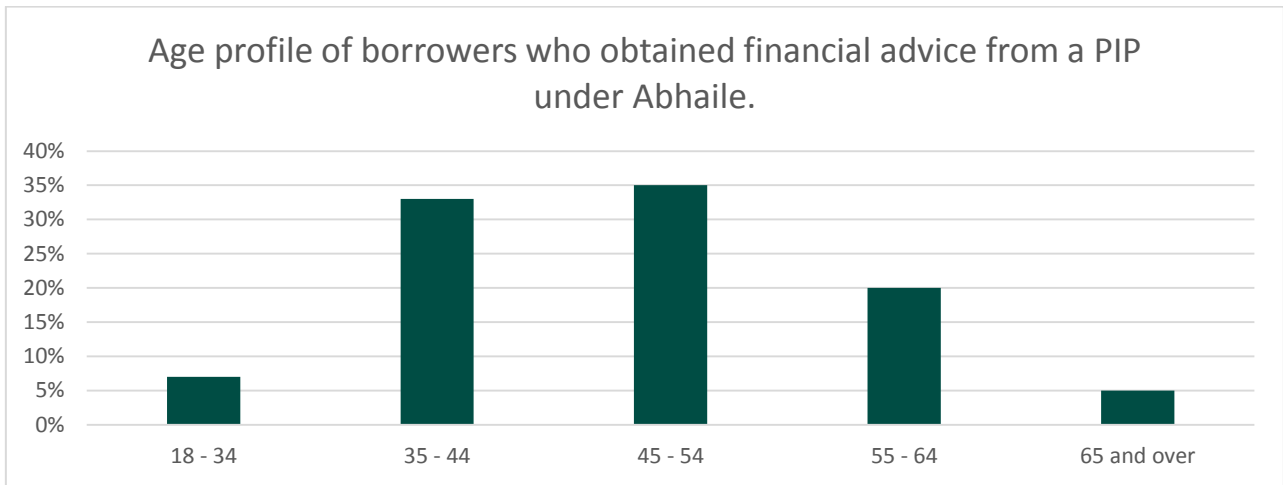
Source: Data provided by MABS

The marital status of borrowers supported by DMA advisers is provided above, with the largest proportion married (39%) and a significant proportion separated (25%). A total of 1265 children are living in the households being supported by DMA advisers at the end of Year 2.

Demographic profile of borrowers who obtained financial advice and help from a PIP under Abhaile

Age profile:

Figure 3 below shows the age profile of borrowers who obtained financial advice and help from a PIP under Abhaile. The majority of the borrowers (68%) were in the 35 – 64 age bracket. A small number were younger (7%) while a quarter (25%) was older.

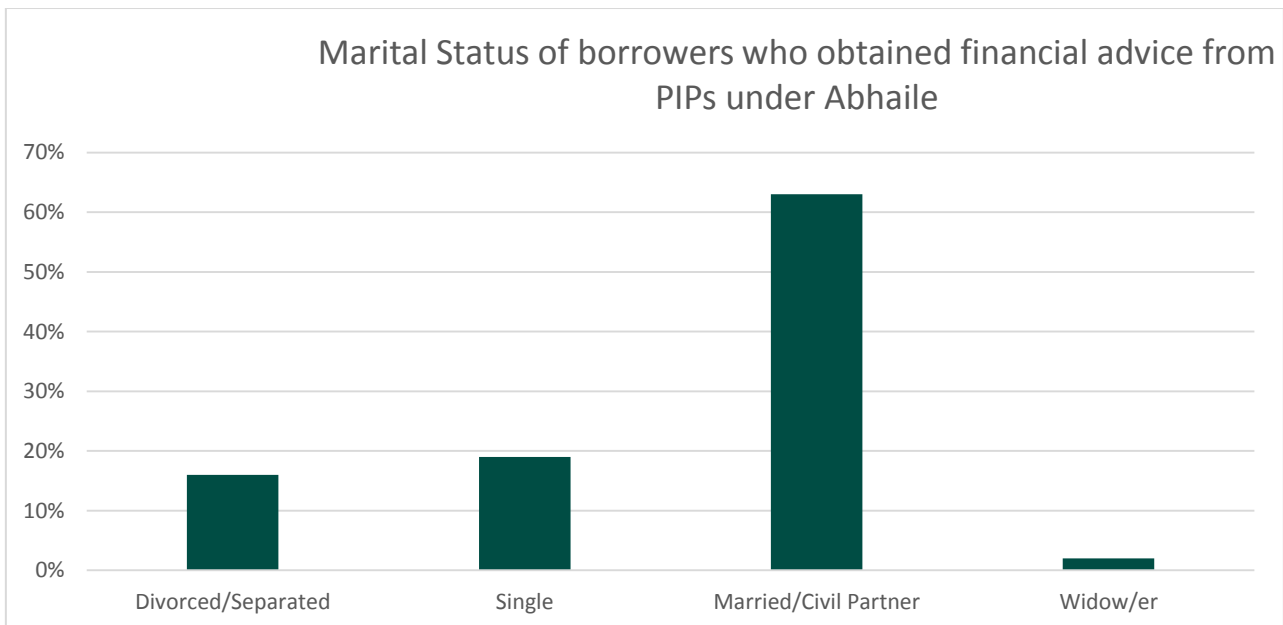


Source: Data provided by ISI

Marital Status:

The marital status of borrowers who obtained financial advice from a PIP under Abhaile is shown below. The largest proportion (63%) are married or in civil partnership. The proportion divorced or separated is 16% while those single or widowed represent 21%.

Figure 4 - Marital Status of borrowers who obtained financial advice from PIPs under Abhaile

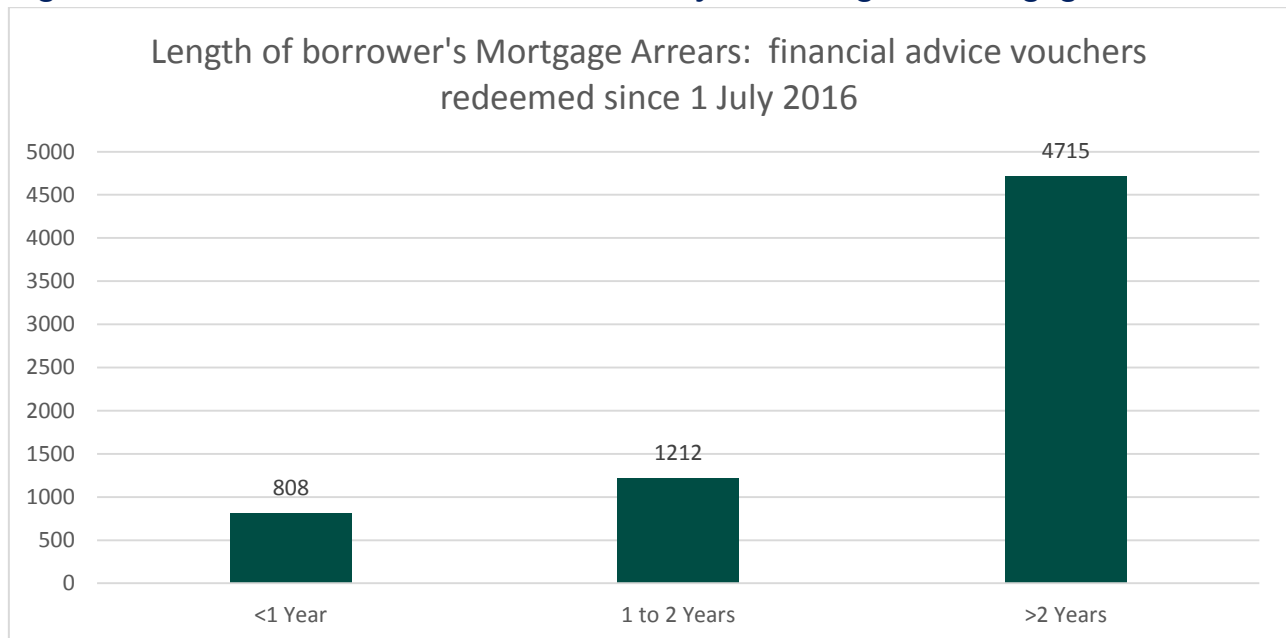


Source: Data provided by ISI

Length of Mortgage Arrears (borrowers engaging with PIP)

An examination of financial advice vouchers redeemed by PIPs during Abhaile Year One and Year Two shows that take-up of Abhaile has been high amongst the cohort of borrowers in long-term arrears of 720 days and over. As Figure 5 demonstrates, **over 70% of borrowers who obtained financial advice from PIPs under Abhaile during the period 1 July 2016-30 June 2018 were in mortgage arrears equivalent to 2 years' repayments or more.**

Figure 5: Vouchers redeemed in the first two years: Length of Mortgage Arrears



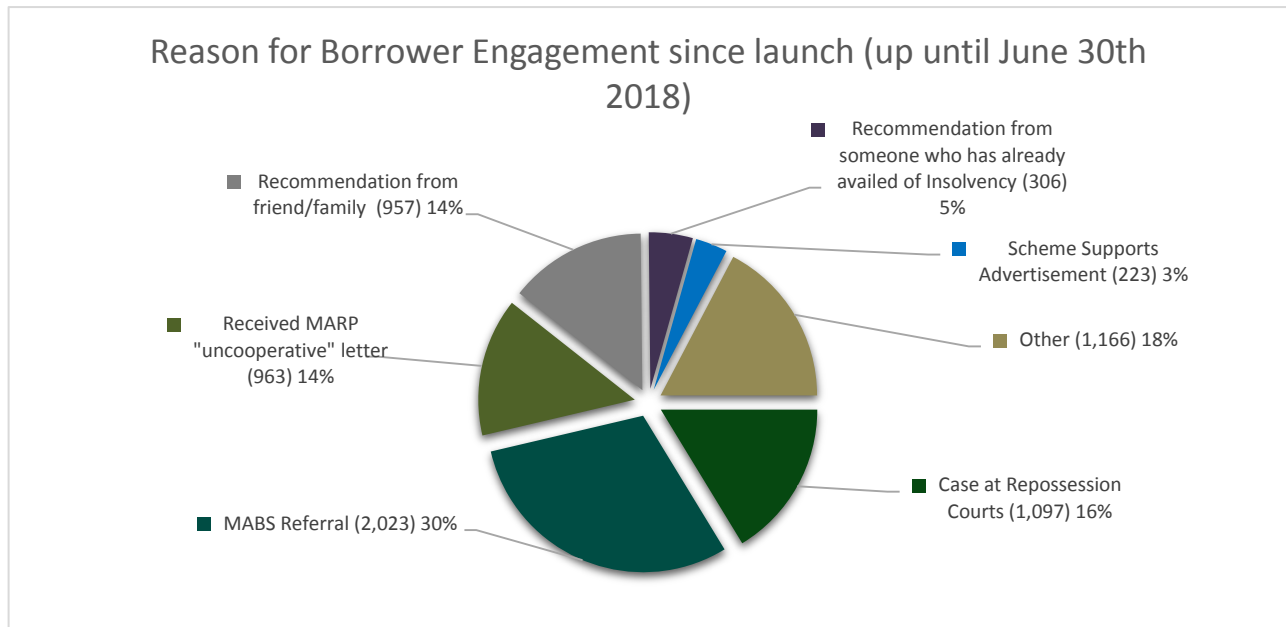
Source: Data provided by ISI

MABS data collection system does not facilitate the recording of the length of mortgage arrears of borrowers who received advice and assistance from the DMA service. However, the view of the advisers is that the period of arrears is generally, in excess of 720 days.

Reason for Borrower Engagement with PIP

Vouchers redeemed by PIPs in the period 1 July 2016 – 30 June 2018 show that borrowers consulted a PIP under Abhaile for a variety of different reasons: Figure 6 illustrates the reasons for borrower engagement with the scheme

Figure 6: Vouchers redeemed in the first two years: Reason for Borrower Engagement



Source: Data provided by ISI

- Nearly half of borrowers either were before the Repossession Courts (16%) or had been referred from MABS (30%).
- One in seven borrowers was in receipt of a MARP “uncooperative” letter.

Appendix E – Case Studies

Case Study 1 (*Note: names have been changed to protect identities*)

Rachel is a young divorced woman who resides with her three children under 12 years of age. Rachel has income from employment and is in receipt of child maintenance payments from her ex-spouse. As a result of a breakdown in her marriage and a loss on an investment property purchased with her ex-spouse, Rachel was unable to meet her mortgage repayments and arrears accrued. Following the breakdown of her marriage Rachel continued to reside in the family home with her children but received no contribution towards the mortgage repayments from her ex-spouse who was also jointly liable for the mortgage.

Rachel availed of a free consultation with a Personal Insolvency Practitioner (PIP) under Abhaile. She had a face-to-face meeting with the PIP, who assessed her situation and advised her that a PIA was the best solution for her. The requisite proportion of her creditors did not support the PIA so the PIP applied under Abhaile for a Court review on her behalf. A PIA review involves the Court evaluating the fairness of the proposal to all. In Rachel's case the PIA proposal was approved, and imposed on the creditors by the Court.

The solution resulted in a write-down of over €80,000 on her family home, and her other debts amounting of nearly €300,000 were dealt with under the arrangement. Rachel and her children were able to stay in their home.

Case Summary	
Mortgage balance incl arrears of €38,796:	€265,133
Current market value of property:	€135,000
Negative equity:	€130,133
ISI Reasonable Living Expenses: One-adult household with three children aged under 12 and a vehicle (including childcare)	€2,398
Solution	
Principal:	Write-down of €81,585.
Term:	Active mortgage €153,925 @ 3.74% for duration of mortgage. €30,785 of the mortgage to be deferred at 0% to end of mortgage.
Other key features:	Other debts of €293,975 also dealt with under the arrangement including residual debt of €257,000 on a BTL that was sold previously (1% dividend).

Case Study 2

James (62) living alone, having major mobility and health issues, and in receipt of a long term social welfare payment, approached the DMA service in a distressed and dismissive frame of mind.

James had been forced by the bank to put the house up for sale 18 months previously and was paying interest-only on his mortgage. Sale of the property would have cleared the mortgage in full, with €10k equity for the client. However, James was suffering from stress caused by concern about the possibility of being homeless in the future.

Banks had been reluctant to consider solutions which involved recovery of residual loan balances after the death of the borrower from his / her estate. The DMA, drawing on knowledge of clarification provided by the Central Bank to banks covered by the Mortgage Arrears Resolution Targets, regarding instances in which sustainable mortgage arrears solutions may extend into the borrower's retirement, decided to build a case and work with James and his bank with a view to achieving a solution to his mortgage arrears.

The DMA gathered all relevant details, and worked with James and his bank to develop a proposal for consideration by the bank. The proposal developed would see James staying in his home, paying interest only on his mortgage and the outstanding mortgage arrears being cleared from his estate, following his death. The bank involved agreed to consider this proposal.

Following negotiation, the bank agreed to give James a 5 year interest-only arrangement initially, taking the house off the market and agreed that at the end of that term, it would consider extending the arrangement with lifetime tenure. This solution would provide James with the reassurance of knowing he would not become homeless, and gave him certainty for 5 years, at least and with a commitment that the bank would give consideration to extending the arrangement with lifetime tenure at the end of the 5 years.

James found it hard to believe that the bank was agreeing to this and was delighted that he could take his home off the market. He was extremely thankful to the DMA service for what he said was "possibly saving my life".

Case Study 3

Mary, a borrower aged 63, fainted outside the court where a possession order had been granted to the bank against her and her husband's home, the couple's only asset. Mary and her husband, who was aged 79, both in receipt of social welfare, had decided that they were not going to oppose the possession order any further.

The DMA Adviser who had been present at the Court undertook to engage with the relevant local authority to explore the possibility of their being considered for access to a social housing scheme for older persons. The DMA worked closely with the couple and the local authority over a period of 7 months to explore all options. With the assistance of the DMA Adviser, Mary and her husband made successful application to the local authority and have since been offered appropriate accommodation in their local area. Mary and her husband are extremely grateful for the assistance provided to them from the DMA service.

Appendix F – Background Statistics: Home mortgage arrears and repossessions

The Abhaile Scheme was introduced as part of Government actions to help borrowers struggling with home mortgage arrears and, in particular, to help in finding solutions for 'the remaining difficult-to-solve mortgage arrears cases' - identified, for example, as a Government priority in the relevant section of the *Programme for Partnership Government 2016*.

This Appendix looks at the trends, over Abhaile Years One and Two ¹⁶, in three key issues of concern:

- the number of homes in mortgage arrears and particularly, serious mortgage arrears;
- the number of homes repossessed by lenders due to mortgage arrears; and
- the number of home mortgage restructures, and their impact on the extent and resolution of mortgage arrears.

The main conclusions at the end of Abhaile Year Two are as follows:

- **Overall, the number of owner-occupied home mortgages in Ireland with arrears fell sharply and consistently in every quarter, from its peak (late 2013) to the end of Abhaile Year Two in June 2018.**
- **The total number of home mortgage accounts in any level of arrears fell, over that period, from 142,892 to 66,479 – a drop of over 53%.**
- **The cohort of home mortgage accounts with the deepest arrears (equivalent to more than 720 days' repayments outstanding) took longer to start declining. These borrowers form the priority target group for help under Abhaile. It peaked in mid-2015, when it stood at 38,043 accounts, and numbered 34,980 accounts by end Q2/2016, the beginning of Abhaile Year One.**
- **By the end of Abhaile Year Two, these deepest-arrears home mortgage accounts had reduced to 28,237– a fall of nearly 10,000 accounts, or 26%, since peak.**
- **Home repossessions have been reducing significantly and steadily over 2015-2018 (issue of new repossession proceedings, number of repossession orders made by the Courts, and number of homes actually taken into possession by lenders - including those surrendered or abandoned by borrowers).**

¹⁶ Abhaile Year One is 1 July 2016 – 30 June 2017. Abhaile Year Two is 1 July 2017 - 30 June 2018.

- At the same time, significant numbers of home repossession proceedings issued in earlier years are being refused or struck out by the Courts, or withdrawn by the lenders.
- The number of owner-occupied homes that are repossessed is very low, relative to the extent of arrears. Nevertheless, any repossession of a home occupied by the borrower risks having a serious negative impact on the borrower and their family. This underlines the importance of the help available under Abhaile.
- Just over 120,000 distressed home mortgages had been restructured by end Q2/2016 – the start of Abhaile Year One. The Central Bank reports that 87% of these restructures are currently meeting all repayments due under the current arrangement.
- However, some risks remain, as there are concerns about the short term sustainability of some 13% of these restructures, where new arrears are arising. The Central Bank also expresses concerns about the long-term sustainability of some of the types of restructure most widely used by lenders.
- Care is needed in analysing the various statistics available in this area. There are a number of information gaps, and some structural under- or over-counting, which need to be kept in mind.

A quick guide to the statistics used below

The following points are important to bear in mind when reading these statistics:

- The best available statistics for measuring the scale of home mortgage arrears, which are used in this Appendix, are those produced quarterly by the Central Bank¹⁷. However, these statistics are frequently misinterpreted by the media and other commentators. In fact - **as the Central Bank explains – their statistics count mortgage accounts – not mortgaged homes**¹⁸. No statistics are available on how many homes they represent. But it is generally accepted that there are significantly more accounts than mortgaged homes. This is because many borrowers, in a period of rising property values, took out a ‘second mortgage’ on their home at some point (to finance an extension or renovation, to guarantee a business venture, or to consolidate other borrowings). A borrower in this

¹⁷ *Residential Mortgage Arrears Statistics*, published quarterly by Central Bank of Ireland for the period from September 2009 onwards (<http://www.centralbank.ie/>). The figures we use here are the Central Bank figures specific to owner-occupied homes (‘PDH’ (private dwelling house) accounts), as this is the target group for Abhaile. (The Central Bank statistics also provide separate figures for mortgage arrears on buy-to-let properties).

¹⁸ ‘Top-up’ of existing mortgages, and re-mortgages, should also be recorded in [the residential mortgage account] category. ... This means that there may be more than one account per property, for example if a single property relates to a mortgage account and a separate top-up account.’ Central Bank, *Residential Mortgage Arrears and Repossessions Statistics Explanatory Notes*.

situation is counted in the Central Bank statistics as two mortgage accounts, rather than as one mortgaged home.

- Regarding the nature of home mortgage arrears, the Central Bank statistics measure mortgage arrears in terms of ‘days past due’. For example, arrears equivalent in total to over 90 days, over 180 days, or over 720 days’ worth of the borrower’s scheduled mortgage repayments.

However, these categories similarly are often misinterpreted by commentators less familiar with this area, and reported as indicating that a borrower has not made any mortgage payments for a period of 3 months, 6 months or 2 years.

As the Central Bank underlines: ‘**Arrears of over 90 days past due do not necessarily signify that borrowers have not made mortgage repayments for the last three months.** For example, a borrower can be making partial repayments on a monthly basis, but may still be in arrears of a value equivalent to over 90 days past due.’¹⁹

- The statistics on the extent of home repossession proceedings used in this Appendix are those provided by the Courts Service, which provides statistics on the numbers of repossession proceedings initiated in the Circuit Courts and the numbers of Possession Orders made by those courts.

The Central Bank, in its quarterly Mortgage Arrears statistics, also provides data on repossession proceedings. However, it is important to note that the Central Bank figures refer to mortgage *accounts* rather than to mortgaged *properties*, and can include court dates where the repossession proceedings are adjourned. This can cause repossession proceedings against a specific house to be counted more than once in the Central Bank statistics.

The Courts Service data refers only to the number of mortgaged private dwelling houses (‘PDH’) which are the subject of repossession proceedings, and excludes adjournments. It thus provides a more exact estimate of the number of mortgaged homes affected by repossession than the Central Bank data.

Home Mortgage Arrears²⁰

Home mortgage arrears in Ireland escalated quickly in the period 2009-2013, reflecting the impact of the financial and economic crises.

At their peak, in June 2013, there were 142,892 home mortgage accounts in some level of arrears – representing almost 19% of all Irish home mortgage accounts. And **by**

¹⁹ Central Bank of Ireland, [Residential Mortgage Arrears and Repossessions Statistics Explanatory Notes](#).

²⁰ All figures cited here on home mortgage arrears are taken from the relevant quarterly statistical release in the Central Bank of Ireland’s *Statistical Releases: Residential Mortgage Arrears and Repossessions Statistics*, published at <http://www.centralbank.ie/>.

September 2013, 98,736 accounts were in over 90 days' arrears – a peak representing almost 13% of all Irish home mortgage accounts ²¹.

As the economy recovered, this trend reversed:

- The overall number of home mortgage accounts in some level of arrears first showed a decline at end Q3/2013 (to 141,269 accounts), and has continued to decline steadily in every quarter since. By end of Q2/2016 (just before Abhaile Year One began) it had **fallen by 41%**, to 82,882 accounts. This figure continued to fall, to 74,410 accounts by end Q2/2017 (the end of Abhaile Year One). By end Q2/2018 (the end of Abhaile Year Two), it had more than halved, at 66,479 accounts.

- Similarly, by end of Q2/2016, the number of home mortgage accounts in arrears equivalent to over 90 days' repayments had **fallen by 41 %**, to 58,309 accounts. It dropped further, to 52,149 accounts, by the end of Q2/2017 (the end of Abhaile Year One), and had declined to 46,008 accounts by the end of Q2/2018 (the end of Abhaile Year Two).

The number of home mortgage accounts which were in low to medium arrears, ranging from 0 to 720 days due, also **dropped (particularly sharply)** – from a total of 109,435 at end Q3/2013, to 47,429 by end Q2/2016, 41,696 at end Q2/2017 (the end of Abhaile Year One), and just 38,242 at end Q2/2018 (the end of Abhaile Year Two): a total reduction of 65%.

However, ***as overall, low and medium arrears peaked in late 2013 and then diminished steadily, the number of accounts in the deepest arrears initially continued to increase, then decreased at a much slower pace.*** This is the cohort of 'remaining difficult-to-solve arrears cases' targeted by Abhaile.

The number of home mortgage accounts in arrears equivalent to over 720 days' repayments went on increasing until mid-2015, ***reaching a peak at end Q2/2015, when it stood at 38,043 accounts.*** It has dropped steadily in each subsequent quarter, reducing to 35,483 accounts at end of June 2016, 32,714 at end of June 2017 (the end of Abhaile Year One) and 28,237 at the end of June 2018 (the end of Abhaile Year Two).

This is a fall of 26% since the peak in mid-2015 – amounting to nearly 10,000 home mortgage accounts – and represents real progress, in these more difficult cases. Nevertheless, it leaves a substantial number of borrowers who are still in deep mortgage arrears, and who may be at serious risk of losing their homes.

Repossession Applications and Orders

Where the borrower is in significant mortgage arrears on their home mortgage, the mortgage lender can apply to court to take possession of the home. Almost all of these residential mortgage repossession cases are dealt with in the Circuit Court.

²¹ Central Bank of Ireland, [Statistical Release: Residential Mortgage Arrears and Repossessions Statistics Q2 2013 and Q3 2013](#).

The lender's application (called a repossession 'Civil Bill') can result in the Court granting a possession order, refusing the possession order, striking out the proceedings, or (as is often the case) granting a series of adjournments (postponements) which may be requested by the borrower or the lender, to find a solution to the mortgage arrears. The Court also has a specific power, under legislation passed in 2013, to adjourn repossession proceedings if they are brought against the borrower's home, in order to allow the borrower to explore the possibility of seeking a personal insolvency arrangement to enable them to remain in their home.

The scale of home mortgage arrears, set out above, led to fears of large-scale repossessions of borrowers' homes, in cases where the borrower and their family might have no other accommodation available to them.

The Courts Service statistics²² indicate that at peak (Q1 2015), the Circuit Court was granting a monthly average of 128 Possession Orders in respect of mortgaged homes (PDH – principal dwelling houses). The average for 2015 as a whole was 77 Possession Orders per month.

However, **this figure fell to an average of 71 Possession Orders per month in 2016, 60 per month in 2017, and to 49 orders per month in the first half of 2018.** While any repossession order against a home risks having a very serious impact on the borrower and their family, these figures continued to fall significantly, and are also very low relative to the scale of home mortgage arrears.

The issue of a Possession Order does not necessarily mean that a home is then repossessed, as negotiations between borrower and lender can continue after that point. An Execution Order is normally obtained if the borrower does not comply with a Possession Order, but again negotiations can continue up to a late stage. However, it should also be noted that a borrower may decide to surrender their home to the mortgage lender due to the scale of mortgage arrears, before repossession proceedings are issued or without a repossession order being made. Therefore, the Courts statistics on the numbers of Possession Orders or Execution Orders issued do not indicate the number of homes actually taken into possession by lenders from borrowers due to mortgage arrears.

The best available statistics for actual repossessions appear to be the Central Bank quarterly statistics, which include – based on figures provided by the lenders - **the number of homes actually taken into possession by lenders in each quarter** – either on foot of a court order, or where the borrower has reached agreement with the lender to hand back ('surrender') the home, or is taken by the lender as abandoning it (for example, if the borrower has left the house vacant for some years and appears uncontactable.)

The Central Bank figures indicate that during Q3-2015, lenders took possession of 422 homes: 207 of these on foot of a court order, and 215 under an agreement between borrower and lender, or after the house was abandoned by the borrower. The total for

²² Statistics provided by the Courts Service to the Department of Justice and Equality. The figures cited here refer to Circuit Court repossession proceedings against owner-occupied houses ('PDH', principal dwelling houses). The statistics refer to average monthly totals, as the numbers fluctuate significantly each year between months where the courts are sitting and months where the courts are closed. These figures exclude repossession proceedings against mortgaged 'buy-to-let' or second properties owned by a borrower.

Q2-2016, just before Abhaile Year One, was slightly lower, at 396 homes (100 under court order, 296 where the borrower had surrendered or abandoned the house). The total for Q2-2017 (the end of Abhaile Year One) was 340 (109 under court order, 231 by surrender or abandonment). In Q2 2018 (the end of Abhaile Year Two), lenders took possession of 245 homes (101 under court order, 144 where the borrower had surrendered or abandoned the house).

The number of new PDH repossession cases (the number of repossession Civil Bills issued in the Circuit Court against the borrower's home) ***also declined across this period.*** In 2015, lenders issued an average of 341 PDH repossession Civil Bills every month. This average dropped to 272 per month over 2016, and to 203 per month in 2017. This trend has continued in the first half of 2018, as the monthly average fell to 111 Civil Bills for that six-month period.

It is also worth noting that ***a significant number of repossession cases never result in the granting of a Possession Order. Many applications are refused by the Court, struck out by the Court, or withdrawn by the applicant.***

The Courts Service statistics show that the Circuit Court refused or struck out, or the lender withdrew, a total of 1,454 applications for Possession Orders in 2015; 1,909 such applications, in 2016; 1,121 such applications in 2017; and 544 applications in the first half of 2018²³.

The overall picture regarding home repossessions therefore is that (taking account both of court-ordered repossessions and of homes surrendered to the lender or abandoned by the borrower) the numbers are reducing steadily across all indicators, and are very low relative to the extent of arrears. Nevertheless, any repossession of a home occupied by the borrower risks having a very serious impact on the borrower and their family, so the remaining numbers illustrate the importance of the assistance available under Abhaile.

Restructuring Arrangements

The Central Bank quarterly statistics also report on restructures of distressed home mortgage accounts. At end of Q2 2016 (immediately before Abhaile Year One), the Bank reported that ***120,752 distressed home mortgage accounts were restructured.*** The number was similar at end of Q2/2017 (120,398) and again at the end of Q2/2018 (116,010 accounts).²⁴

²³ Courts Service statistics provided to Department of Justice & Equality. On this point, the Courts Service statistics – presented above - don't differentiate between PDH and other properties.

²⁴ The Bank explains that small variations in this overall figure are not significant, as there is some inherent movement due to temporary restructures being reviewed or replaced.

- Three aspects of the restructure statistics are of particular interest for Abhaile:
- the number of performing restructures which are still included in the Bank's mortgage arrears statistics,
 - the number of restructures which appear (or appear not) currently sustainable, and
 - the proportion of restructure types which could be at risk of proving unsustainable in the middle to long term.

Performing restructures counted as mortgages in arrears

As the Central Bank underlines, ***its mortgage arrears statistics also include a number of restructured mortgages, where the borrower is making all payments due under the restructured mortgage, but there are remaining arrears dating from before the restructure.*** The Bank adds that *'It must be noted that the number of restructured accounts possessing arrears at the end of the quarter does not indicate the level of mortgages that have slipped back into arrears after initial restructuring. In other words, restructured loans that are in arrears are comprised of loans that had arrears prior to restructuring (but are now performing under the new arrangement) and those loans that have slipped back into arrears post restructuring.'*²⁵

The Bank's statistical releases for the relevant quarters indicate that at end Q2-2016, of 120,752 restructured home mortgage accounts, 93,932 were not in arrears. The remaining 26,820 therefore had either historic arrears, or in some cases new arrears, and accordingly were counted in the Bank's mortgage arrears statistics. The figures are largely similar at the end of Q2-2017, with 120,344 restructured mortgage accounts, of which 94,721 were not in arrears –and the remaining 25,623 accounts had either historic arrears, or in some cases new arrears, and accordingly were counted in the Bank's mortgage arrears statistics.

The Central Bank's figures for Q2 2018 show a slight fall in the number of restructured accounts, to 116,010 accounts, of which 91,800 were not in arrears, and the remaining 24,210 have either historic arrears, or in some cases new arrears, and accordingly were counted in the Bank's mortgage arrears statistics.

The Bank reports for all three years that 87% to 88% of these restructured accounts were meeting all repayments due under the restructure.

Current sustainability of restructures

The Bank reports that 88% at end Q2/2016, 87% at end Q2-2017 and 87% at end Q2/2018, of the restructured home mortgage accounts were meeting the terms of the restructure. The Bank defines this as meaning that the borrower is, at a minimum, making the agreed monthly repayments according to the current restructure arrangement.²⁶

²⁵ Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics Explanatory Notes*.

²⁶ Central Bank, *Statistical Release Q2 2018: Residential Mortgage Arrears and Repossessions*, at p. 4.

It follows that a corresponding (but relatively small) percentage – 12% to 13%, or approximately 15,000 restructured mortgage accounts - are not meeting all the repayments due under the restructure, and are accruing new arrears.

Long term sustainability of restructures

The restructures represented by the Central Bank statistics include a wide variety of options available from different lenders.

The Bank identified, in particular, deferred-interest, and less-than-interest-only, repayment arrangements as ones where a significant proportion of home mortgage borrowers (23% and 22% respectively) were not proving able to meet the terms of the restructure.

A particular concern may also arise regarding restructures based on arrears capitalisation²⁷. The Bank noted for Q2-2018 that these were the single most common form of restructure, accounting for 33% of restructured accounts, but that *'some 20 per cent of PDH accounts are not meeting the terms of the current restructure arrangement, i.e. the arrears balance has increased since the arrangement was put in place.'*

Conversely, the two next most common forms of restructure, split mortgages and term extension, accounted respectively for 23% and 12% of restructured accounts: and the Bank indicated that 93% of each of these types of restructures were meeting their repayments, at end of Q2-2018.

The Abhaile Scheme aims to ensure that a borrower in home mortgage arrears can have access to independent financial advice and help from a MABS Dedicated Mortgage Adviser or Personal Insolvency Practitioner to identify and put in place a solution to their home mortgage arrears which is financially manageable and sustainable in the borrower's individual circumstances - whether by a Personal Insolvency Arrangement, or by a non-statutory solution agreed with the creditor.

Conclusion

The statistics outlined above demonstrate that there are a number of ongoing positive and encouraging trends within home mortgage arrears. Most notably, a quarter on quarter decline in the numbers of homes in mortgage arrears; a large number of restructured arrangements, with the vast majority of borrowers meeting the terms of their arrangement; and a quarter on quarter decline in the number of repossession orders being issued by the Circuit Court in respect of home owners in mortgage arrears. Notwithstanding overall positive trends, there is a cohort of homeowners in ongoing and long term mortgage arrears, particularly those with mortgage arrears of 720 days and upwards, that is likely to need the assistance of interventions such as the Abhaile Scheme in order to get back on track.

²⁷ The Central Bank defines arrears capitalisation as *'an arrangement whereby some or all of the outstanding arrears are effectively added to the remaining principal [capital] balance, to be repaid over the life of the mortgage.'* (Statistical Release Q2 2018, page 3.)

Appendix G – Statistical note: calculation of outcomes

G.1 Overview

This section presents the outcomes achieved for Abhaile borrowers who took up financial advice and help from PIPs during Year One and Year Two. Because of the very large numbers of these 6,735 cases, overall progression and outcomes for these borrowers are estimated in this Report, using a projection based on two very large and detailed data samples undertaken by ISI.

- **Sample 1** follows all such borrowers whose financial advice vouchers were redeemed²⁸ in Q3/2016 (the quarter in which the Abhaile PIP Service was launched), numbering 658;
- **Sample 2** follows all such borrowers whose financial advice vouchers were redeemed in Q3/2017, numbering 803.

ISI examined progression and outcomes in detail for these Samples, based on detailed information supplied by PIPs in July 2018.²⁹ This latest data indicates the current status of all the borrowers in Sample 1 and Sample 2, (total 1461 borrowers) in July 2018, just after Year Two.

After further statistical analysis and cross-checks with other related data, ISI is satisfied that the outcomes of the July 2018 results of these two samples are highly comparable, and that they appear to be representative of the intervening quarters in Year One, and a likely predictor of the remaining quarters in Year Two. These trends have been used to make the projections of overall PIP advice outcomes, as set out in the tables at Figure 3.1 and 3.2 of this Report.

It is important to note that the outcomes identified here in July 2018 are only an interim set of outcomes, and represent a snapshot at that point of an evolving process. Given that about half of 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.

²⁸ The borrower is provided with an Abhaile financial advice voucher: s/he will select a PIP from the Abhaile PIP panel, and give the voucher to the PIP. To claim payment from Abhaile, the PIP must provide the voucher together with evidence that he or she has completed, and provided to the borrower; all the required elements of the Abhaile PIP Service (see Appendix A).

²⁹ Preliminary data on Sample 1, collected in July 2017, was provided in the Year One Report. However, the July 2018 data is more up to date and resolves some gaps in the 2017 data.

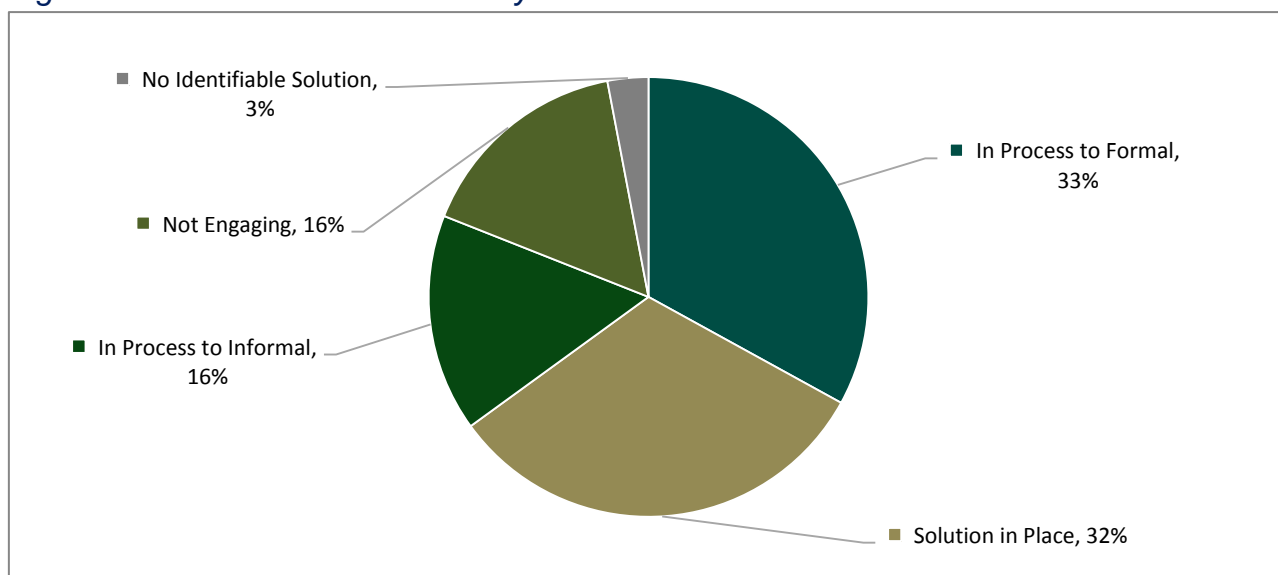
This Appendix:

- presents analyses of the July 2018 data on Sample 1 and Sample 2,
- identifies the overall trends and level of consistency between results from these samples,
- sets out the proposed projection for expected outcomes of all Abhaile PIP advice where vouchers were redeemed up to end June 2018 (total 6.735 borrowers) – by July 2018 or at least 9 months after voucher redemption.
- adjusts that projection against other data sets, to estimate how many of these solutions would be in place by July 2018, given this was much less than nine months after redemption date for almost all vouchers redeemed in the last three quarters concerned.

G.2 Outcomes for borrowers in Sample 1

Figure G.2.1 presents an analysis by ISI of the current status (in July 2018) of Sample 1 (the 658 borrowers whose vouchers for PIP financial advice and help under Abhaile were redeemed in Q3/2016).

Figure G.2.1: Borrower status at July 2018: All 658 borrowers



- 32% (212) borrowers have formal solutions in place – 131 PIAs, 60 informal solutions and 21 borrowers adjudicated bankrupt.
- 33% (214) borrowers are working with their PIP to put in place a formal solution – 78 are in the section 115A review process, 121 are considering a formal solution, while a further 15 borrowers are considering bankruptcy.
- 16% (105) borrowers are working to put in place an informal solution. 88 of these borrowers are working with their PIP on securing an informal arrangement - including 42 who are pursuing the Mortgage to

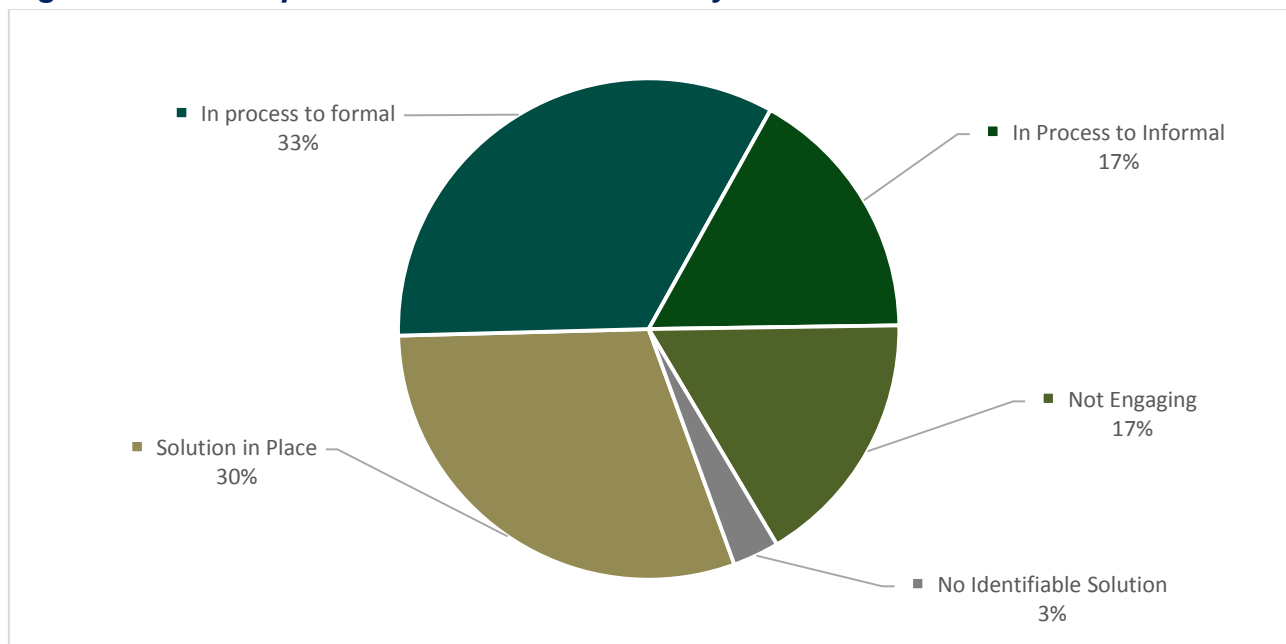
Rent option. A further 17 borrowers were referred back by the PIP to MABS for support within the Abhaile framework.

- 16% (105) borrowers did not engage further following PIP advice.
- 3% (21) borrowers have surrendered their homes to the lender. (This may be a favourable outcome for a borrower, depending on the individual circumstances and the terms of the surrender.) The family home of 1 borrower has been repossessed.

G.3 Outcomes for borrowers in Sample 2

Figure G.3.1 presents an analysis by ISI of the current status (in July 2018) of Sample 2 (the 803 borrowers whose vouchers for PIP financial advice and help under Abhaile were redeemed during Quarter 3/ 2017).

Figure G.3.1: Sample 2: Borrower status at July 2018: All 803 borrowers



Source: Data provided by ISI

- **30% (242) have solutions in place:** This means that a solution to the borrower’s arrears problem is now in place. Of these solutions, 160 have put in place Personal Insolvency Arrangements, 66 have concluded informal solutions, and 16 have been adjudicated bankrupt.
- **33% (269) are in process to a formal solution:** This means that they are working with their PIP to find a solution under personal insolvency or bankruptcy legislation which will resolve their mortgage arrears. Of these, 169 are considering a personal insolvency solution (mainly a PIA), while a further 28 borrowers are considering bankruptcy. 72 borrowers have applied

for a personal insolvency court review, after their creditors rejected the PIP proposal to resolve their debts.

- **17% (134) are in process to an informal (non-statutory) solution.** This means the borrowers are working with their PIP to secure a non-statutory alternative mortgage restructure: including 30 who are pursuing the Mortgage to Rent option. It also includes 30 who have been referred on by the PIP (within the Abhaile framework) to MABS as better placed to put a solution into place for the borrower under Abhaile.
- **17% (134) are not engaging:** the borrower has stopped engaging with the PIP after receiving advice on their best options for resolution. No information is available on outcomes for these borrowers.
- **2% (18) borrowers have voluntarily surrendered** their home. The voluntary surrender of a home may be a favourable outcome for a borrower depending on their circumstances.
- **1% (6) borrowers have had their homes repossessed.**

G.4 Comparison of Sample 1 and Sample 2 outcomes for borrowers

Figure G.4.1 analyses and compares the results to July 2018 for borrowers in Sample 1 and Sample 2.

The Sample surveys, carried out by ISI in July 2018, provide good quality and up to date data, but are a large data-gathering exercise which cannot be carried out more than once a year, and only on samples of Abhaile borrowers.

The question was therefore, whether the trends identified in these Samples might provide a sufficient basis for estimating with reasonable accuracy the overall outcomes and progression of all Abhaile borrowers advised by PIPs.

32% of borrowers in Sample 1, and 30% of borrowers in Sample 2, had a solution in place. These proportions are very comparable. The breakdown of those solutions between Personal Insolvency Arrangements, informal solutions (ARAs, Mortgage to Rent ...) and bankruptcy is also very similar.

48% of borrowers in Sample 1, and 50% of borrowers in Sample 2, were in progress to a solution, working with their PIP (or in a small number of cases, referred back to DMAs within Abhaile as better placed to assist the borrower). The breakdown between those in progress to a formal solution (in a PIA court review, working towards a PIA, or considering bankruptcy) was also very similar between the two Samples.

The proportion not engaging with the PIP after receiving financial advice was 16% for borrowers in Sample 1, and 17% for borrowers in Sample 2. The proportion of borrowers who had surrendered their homes to the lender (3% of borrowers in each sample) or had their homes repossessed by the lender after engaging with Abhaile (less than 0.5% in each sample) was also highly comparable in both samples.

Interestingly, all these proportions are also highly comparable with the proportions for borrowers who received financial advice from DMAs under Abhaile, although there are differences in the start date of that set of borrowers (September 2015, 10 months earlier than borrowers advised by PIPs) and in the type of solutions which can be concluded by PIPs and by DMAs. (See Figure 3.2 in main report.)

ISI also performed a 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 actually concluded).

Based on this material, ISI is satisfied that the July 2018 results of Sample 1 and Sample 2 are highly comparable, and that they also appear to be representative of outcomes for the intervening quarters in Year One (Q4/2016 to Q2/2017), and a likely predictor of the remaining quarters in Year Two (Q4/2017 – Q2/2018).

The Sample 1 and Sample 2 trends have therefore been used to make the projections of overall PIP advice outcomes, as set out in the tables at Figure 3.1 and 3.2 of this Report. Those tables also include the outcomes of DMA advice provided under Abhaile (4,960 borrower households) to give a complete analysis of all borrowers (11,695) who took up financial advice under Abhaile.

Figure G.4.1 sets out a comparison of the detailed outcomes and status of borrowers in Sample 1 and Sample 2, at July 2018. It averages those proportions (which already correspond closely), and uses the averaged proportions to predict the outcomes and status of the total 6,735 borrowers whose Abhaile vouchers for PIP financial advice and help were redeemed up to end June 2018.

The conclusion is that the summary expected results for these Abhaile borrowers, based on the results for sample quarters identified 9-12 months after voucher redemption, are as follows:

<i>Solutions in place:</i>	31% (total 2,088 borrowers)
<i>In progress to a solution:</i>	49.5% (3,334 borrowers)
<i>Not engaging (following financial advice):</i>	16.5% (1,111 borrowers), and
<i>Surrender or repossession of home:</i>	3% (202 borrowers, noting that repossessions account for just 34 of the 6,735 borrowers).

It should be noted that the Sample outcomes identified here represent a snapshot in time, at July 2018. Given that about half of the cases were identified as 'in progress to a solution', outcomes will continue to be concluded after July 2018 for borrowers whose vouchers were redeemed in each of the Abhaile quarters concerned.

It is hoped to re-visit the Sample 1 and Sample 2 outcomes, in July 2019 together with a further sample from 2018, in order to follow up and cross-check the results in place for borrowers at that point. (Formal solutions can be cross-checked interim based on other data sets, but informal solutions put in place by PIPs under Abhaile cannot be tracked using statutory data sets, and given the large numbers involved, appear to be best collected using the Sample approach).

Figure G.4.1

Samples and projection: borrowers who received Abhaile PIP financial advice

Status	Sample 1 <i>All borrowers where vouchers redeemed in Q3/2016 (658 borrowers) - by July 2018</i>	Sample 2 <i>All borrowers where vouchers redeemed in Q3/2017 (803 borrowers) - by July 2018</i>	Projection <i>All borrowers where vouchers redeemed Q3/2016 –Q2/2018 (6735 borrowers)</i>
<i>Solution in place:</i>			
- <i>Personal Insolvency (PIA)</i>	131 (20%)	160 (20%)	1347 (20%)
- <i>Informal solution (ARA, MtR)</i>	60 (9%)	66 (8%)	573 (8.5%)
- <i>Bankruptcy</i>	21 (3%)	16 (2%)	168 (2.5%)
<i>Total solutions in place</i>	212 (32%)	242 (30%)	2088 (31%)
<i>In progress to formal solution</i>	214 (33%)	269 (33%)	2223 (33%)
- <i>PIA court review</i>			
- <i>Considering formal</i>	- 78 (12%)	- 72 (9%)	-10.5%
- <i>Considering bankruptcy</i>	- 121 (18%)	- 169 (21%)	- 19.5%
	- 15 (2%)	- 28 (3%)	- 2.5%
<i>In progress to informal solution</i>	105 (16%)	134 (17%)	1,111(16.5%)
- <i>Working with PIP on Mortgage to Rent</i>	- 42 (6%)	- 30 (4%)	- (5%)
- <i>Working with PIP on other informal</i>	- 46 (7%)	- 44 (9%)	- (8%)
- <i>Referred back to MABS for support</i>	- 17 (3%)	- 30 (4%)	- (3.5%)
<i>Total in progress to solution</i>	319 (48%)	403 (50%)	3334 (49.5%)
<i>Surrender/repossession</i>	22 (3%)	24 (3%)	202 (3%)
- <i>Surrender</i>	- 21 (3%)	- 18 (2%)	- 168 (2.5%)
- <i>Repossession</i>	- 1 (... %)	- 6 (... %)	- 34 (0.5%)
<i>Not engaging after financial advice</i>	105 (16%)	134 (17%)	1,111(16.5%)
Total	658 (100%)	803 (100%)	6735 (100%)

G.5 Adjusting the projection to calculate more exactly outcomes in place at July 2018

Figure G.4.1 applied the average results obtained, at July 2018, for borrowers whose vouchers were redeemed in Q3/2016 (Sample 1) or Q3/2017 (Sample 2).

ISI analysis indicates that these results appear to be representative for Q3/2016 and Q3/2017, and also for the intervening quarters.

However, these results applied to borrowers whose status was being identified in July 2018 – at least 9 months after their voucher redemption date.

ISI is satisfied that these results are also a good predictor of results obtained for borrowers whose vouchers were redeemed in the three subsequent quarters (Q4/2017 – Q2/2018). However, while the projection appears to predicts their outcomes well, it is predicting them for a point at least 9 months after redemption date.

For a borrower whose voucher was redeemed at the end of the last quarter of Year Two (end of June 2018), July 2018 is less than one month after voucher redemption date. Given that solutions take time to get into place, we can expect that many of the predicted solutions for these three quarters will not be in place by July 2018. ISI therefore crosschecked actual against expected solutions for these three quarters.

The last Sample data refers to Q3/2017, and no hard data is available at this point on informal solutions concluded for Abhaile borrowers whose vouchers were redeemed in the three subsequent quarters.

However, ISI does have statutory data sets on all PIAs actually concluded. ISI therefore cross-checked the PIA outcomes expected from vouchers redeemed in the three later quarters, under the Figure H.4.1 projection, against the number of PIAs actually concluded from vouchers redeemed in those quarters, according to its statutory data sets, by September 2018.

The comparison is encouraging:

Figure G.5.1

	Q4/2017	Q1/2018	Q2/2018	Total
<i>No of vouchers redeemed by July 2018</i>	734	653	604	1,991
<i>No of PIAs expected under projection = 20% (at least 9 months after voucher redemption):</i>	147	131	121	399
<i>No of PIAs in place by September 2018 (ISI data):</i>	128	82	38	248
<i>Actual PIAs at Sept 2018, as proportion of those expected after at least 9 months :</i>	87%	63%	31%	62%

(ISI data)

These cases are being assessed in September 2018 – between 11 months and less than one month after voucher redemption, and therefore (in most cases) after a much shorter timeframe than that taken by the projection (number of PIAs expected at least 9 months after voucher redemption).

Despite the very short time allowed, however, it seems that 87% of the PIAs expected for the first of these quarters, almost 2/3 of those expected for the second quarter, and almost a third of those expected for the third quarter, are already in place. The overall proportion is almost two-thirds of those expected.

This is encouraging, and would suggest that the projection is not over-estimating; and possibly, that the rate of conclusion of PIAs is accelerating compared to earlier quarters.

Given that the timeframe for concluding an informal solution is not dissimilar to that for concluding a PIA, it seems reasonable to assume that the conclusion rate may be similar for informal solutions concluded by PIPs, although no hard data is available for these quarters at this point.

Figure G.5.2 seeks to adjust the projection contained in Figure G.4.1 (solutions in place at July 2018 or expected at least 9 months after voucher redemption) to measure more accurately the solutions and outcomes which can be expected for borrowers who took up PIP advice, at July 2018 – taking account that most of the borrowers whose vouchers were redeemed in the last three quarters of Year Two were not, at that stage, a minimum 9 months after voucher redemption and therefore, are likely to have fewer solutions in place.

The table applies the projection without change for the first 5 quarters from Q3/2016 to Q3/2017 inclusive. It then treats PIP vouchers redeemed in the subsequent three

quarters (1991 borrowers) differently, to estimate what solutions might reasonably be expected to be in place by July 2018:

- Given the finding in Figure G.5.1 that two-thirds of the expected PIAs were actually in place for these quarters by September 2018, despite the much shorter time frame, the table estimates half of them in place by July 2018.
- The table estimates half of the expected informal solutions, and half of expected surrenders /repossessions, in place by July 2018, for the reasons just set out.
- It assumes the numbers not engaging at the same proportion.
- The number of cases in progress to a formal solution/ in progress to an informal solution is adjusted in the light of the outcomes estimated to be actually concluded.

This is a predictive model, based on the best data currently available, which will be checked and if necessary revised on an ongoing basis as further data becomes available.

Figure G.5.2 Adjusted projection at July 2018 of borrowers taking up PIP financial advice

Status	A: Projection Q3/2016 - Q3/2017 (4744 borrowers) – see Table G.4.1	B: Projection Q4/2017 – Q2/2018 (1991 borrowers) : expected outcomes, see Table G.4.1	C: Adjusted Projection Q4/2017 – Q2/2018 (1991 borrowers): expected outcomes <u>by July 2018</u>	D : Total estimated outcomes Q3/2016 – Q2/2018 by July 2018 (sum of columns A and C)
<i>Solution in place:</i>			<i>50% expected solutions in place</i>	
- Personal Insolvency (PIA)	949 (20%)	398 (20%)	200*	1149
- Informal solution (ARA, MtR)	403 (8.5%)	169 (8.5%)	85	488
- Bankruptcy	119 (2.5%)	50 (2.5%)	25	144
<i>Total solutions in place</i>	1471 (31%)	617 (31%)	310	1781
In progress to formal solution - PIA court review - Considering formal - Considering bankruptcy	1565 (33%)	657 (33%)	895 <i>(657, plus 223 formal solutions not yet reached)</i>	2460
In progress to informal solution - Working on Mortgage to Rent - Working on other informal - Referred back to MABS	783 (16.5%)	329 (16.5%)	428 <i>(329, plus 84 informal solutions, and 15 surrenders or repossessions, not yet reached)</i>	1211
<i>Total in progress to solution</i>	2348 (49.5%)	986 (49.5%)	1323	3671
<i>Surrender/ repossession</i> - Surrender - repossession	142 (3%) - 119 (2.5%) - 24 (0.5%)	60 (3%) - 50 (2.5%) - 10 (0.5%)	30 <i>(Assume 50% concluded at this point)</i>	172
<i>Not engaging after financial advice</i>	783 (16.5%)	328 (16.5%)	328	1111
Total	4774 (100%)	1991 (100%)	1991 (100%)	6735 (100%)

Appendix H – Abhaile Budget

GOVERNMENT DECISION 5 July 2016 (S180/20/10/1270A)

Estimated Costings based on a take up of 9,400 households

Costs for 2016 were met from within the overall DSP and DJE Vot

	Funding for 2016*	Total over 3 years 2017-2019	Year 1 2017	Years 2 and 3 (2018/2019)
Financial advice (DSP)	0.6m	5.8 m	2.9m	2.9m
Legal advice and assistance/representation (DJE) plus Legal aid for insolvency reviews (DJE)	0.75m	4.8 m	2.4m	2.4 m
Communications Campaign (DSP)	0.63m	3.5m	1.5m	2.0m
CIB Resources to support the new National Service (DSP)	0.2m	0.9m	0.3m	0.6m
Total	€2.18m	€15m	€7.1m	€7.9m <i>(assumed = €3.95 m each per year)</i>

