ABHAILE

Aid and Advice for Borrowers In Home Mortgage Arrears

Third Report

July 2018 to December 2019

Rialtas na hÉireann
Government of Ireland

Department of Justice and Equality

Department of Employment Affairs and Social Protection

September 2020

Note on Reporting Period and Data

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

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

The period covered by this report is 18 months and represents the Abhaile operating period July 2018 – December 2019 (Abhaile Year Three). This has been done to align the reporting period with the end of the initial period of operation of Abhaile to the end of 2019. This does however mean that data is not directly comparable with previous reports.

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

Abhaile - Free Mortgage Arrears Support

Key Indicators July 2016 - December 2019

Launched in July 2016, Abhaile provides access, free of charge, to a number of independent and non-judgemental financial and legal services.

These services provide a holistic and coordinated approach to a scheme aimed at helping those in long-term home mortgage arrears with the objective of keeping people in their home, wherever possible.

14,623

Total Number of Households Supported by Abhaile

MABS is the main gateway to Abhaile. Specialist advisers will review and direct the borrower to the necessary service. This journey will normally start with financial advice, progressing to the necessary legal services if required.

82%

The percentage of the total households still in their home as a result of engaging with the professional supports available to access through Abhaile (based on 17,640 individual borrowers across all services)

2% *No identifiable solution available.

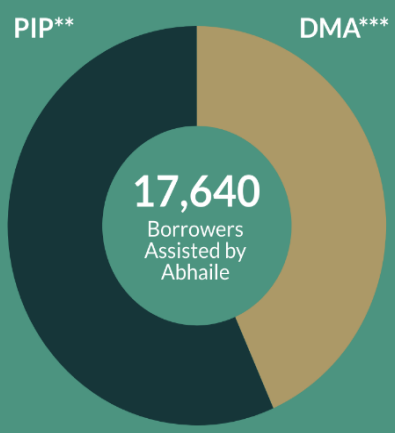
16% No longer engaging with the supports under Abhaile

35% A solution in place, including those currently in a trial solution

47% Progressing to a solution - currently recorded as receiving support and advice from an Abhaile professional and working towards a permanent solution

*Where a borrower decides to voluntarily sell or surrender their property an adviser will support them in ensuring that the best possible outcome is achieved. For some, a voluntary sale or surrender might be a positive solution and can be the result of downsizing, clearing outstanding debts or moving into more affordable accomdation.

The above information is correct at the time of publication and represents the status of case files as of 31st December 2019. Information for PIP activity, which are regulated by the ISI is extrapolated from a deep-dive of 571 case files carried out on Q3 2018.



249 The total number of households offered financial support through an Abhaile Accountant. An accountant is made available to person whose case involves more complicated financial issues.

15,074

The number of unrepresented borrowers supported by **Abhaile Court Mentors from MABS**

8,049

The number of unrepresented borrowers supported by Abhaile **Duty Solicitor**

4,095 The total number of households offered legal advice and support through an Abhaile Consultation Solicitor.

1,722

The number of **PIAs that progressed to s115A Reviews** financially supported by Abhaile

A PIA court review is an independent court review enabled by Section 115A of the Insolvency Act 2015. The court has the power to impose a rejected proposal on creditors where it considers the proposal fair and reasonable to all parties.

If eligible, Abhaile will fund the cost and time of this review for the borrower.

ABHAILE
FREE MORTGAGE ARREARS SUPPORT

**PIP - Personal Insolvency Practitioner ***DMA - Dedicated Mortgage Arrears Adviser

The above information is correct at the time of publication and represents the status of case files as of 31st December 2019. Information for PIP activity, which are regulated by the ISI is extrapolated from a deep-dive of 571 case files carried out on Q3 2018.

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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.

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

CBI – Central Bank of Ireland.

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

CIB – Citizens Information Board.

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

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

DEASP – Department of Employment Affairs and Social Protection.

DJE – Department of Justice and Equality.

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

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

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

ISI – Insolvency Service of Ireland.

LAB – Legal Aid Board.

MABS – Money Advice and Budgeting Service. The State's money and debt advice service.

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

Mortgage to Rent – a government scheme which allows homeowners in mortgage difficulty switch from owning their home to renting their home as a tenant.

Personal Insolvency Acts – the Personal Insolvency Acts 2012-2015.

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

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

PIA Court Review – the independent review which can be carried out by a court under section 115A in the Personal Insolvency Acts. If creditors refuse a borrower's proposal for a Personal Insolvency Arrangement, which includes arrears on their home, the Court has the power to impose the rejected proposal on the creditors where it considers the proposal was fair and reasonable to all parties.

PIP – Personal Insolvency Practitioner, regulated by the ISI.

PPR – Principal Private Residence, defined by the Personal Insolvency Acts as the dwelling in which the borrower 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 (through a Personal Insolvency Arrangement or a Debt Settlement Arrangement).

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RLEs – Reasonable Living Expenses**.** RLE is 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. It is calculated using Guidelines published annually by the ISI under section 23 of the Personal Insolvency Acts.

PART A: Introduction and Background

1. Introduction

This is the third operational report on Abhaile, the national mortgage arrears resolution service, which is provided free of charge to borrowers at risk of losing their home. Abhaile aims to help insolvent mortgage holders to identify and put in place sustainable solutions to their mortgage arrears - and to keep them, wherever possible, in their own homes.

This report provides an update on Abhaile activity for the period of July 2018 to December 2019, as well as key outcomes since the inception of the service. This period is being covered by way of bringing Abhaile into fuller alignment with the regular annual reporting cycle. The report meets the Government's requirement in establishing Abhaile for an annual review of its operation including in terms of its take-up, outcomes and budget adequacy

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

As the economy began to recover, this trend reversed and the overall number of home mortgage accounts in some level of arrears has continued to decline steadily in every quarter since. By the end of Q4 2019, the number of home mortgage accounts in some level of arrears had fallen to 60,596 accounts – a decrease of 58% since the peak.

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

The main focus of Abhaile continues to be on borrowers in long term mortgage arrears, that is to say for a period of over 720 days. At the peak of the arrear's crisis in June 2015, the number of mortgage accounts in arrears of more than 720 days was 38,043. It has dropped steadily in each subsequent quarter, and by end 2019 stood at 27.085, representing a drop of 28.8% since the peak.

While the drop in the number of mortgage accounts in arrears is encouraging, there are still a substantial number of borrowers who are in long-term mortgage arrears, and who remain at risk of losing their homes.

Abhaile continues to support such borrowers by providing them with free, independent, expert advice, tailored to their individual circumstances. Services include financial and legal analysis and advice, accountancy support, identification and negotiation of mortgage debt solutions, and support at court, if

they are facing repossession proceedings. In doing so, Abhaile brings together, in a coordinated way, this range of important supports and services free of charge which are available for relevant borrowers in home mortgage arrears,

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

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

It will be recalled that in 2019, taking account of continuing need, the Government approved a further three-year extension of Abhaile with earmarked funding until the end of 2022. It also agreed, in addition to the normal periodic reporting requirements, to conduct a review of the operation of Abhaile in 2021. A further commitment has been made under the *Programme for Government* to continue to resource Abhaile and the delivery of this commitment will be informed by the outcome of the planned 2021 review.

2 Services Available under Abhaile and Eligibility Criteria

2.1 Services Available

MABS Advisory Services – The First Steps

The Money Advice and Budgeting Service (MABS), under the aegis of the Citizens Information Board (CIB), assists people who are over-indebted and need 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 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. It is the universal gateway for aid and advice under Abhaile.

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. The referral is determined by a triage process agreed between MABS and the Insolvency Service of Ireland (ISI).

Depending on the borrower's situation, this expert may be a DMA in MABS, or it may be a 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, supplemented by legal advice where that is required.

In summary, Abhaile can provide a range of different services to help the borrower, depending on his or her needs**.** Abhaile offers a number of different services including voucher professional financial or legal assistance, all free of charge to the borrower. These are:

- The Dedicated Mortgage Arrears (DMA) Service
- The Personal Insolvency Practitioner (PIP) Service
- The Accountant Service
- The Consultation Solicitor Service
- The Duty Solicitor Service
- The Personal Insolvency Court Review Service
- The Court Mentor Service

Advice under Abhaile can cover all options for resolving the borrower's home mortgage arrears. Depending on the borrower's circumstances, these options may include restructuring of the repayment arrangement, personal insolvency, bankruptcy, sale or surrender of the home - the decision on what option to take remains with the borrower 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

This service is available across the MABS network to help people specifically with home mortgage arrears to assess the options available to them, and where required, to negotiate with lenders on their behalf.

A DMA adviser will often be the first point of contact with Abhaile for the borrower 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. 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 borrower will have 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 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 for legal advice where this is likely to be of benefit.

The financial adviser can then apply to MABS for a legal advice voucher for the borrower. The legal advice voucher will entitle the borrower to a face-to-face consultation with a solicitor from the Legal Aid Board's Abhaile solicitor panel, 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 Act, it has power to impose the proposal on the creditors.

Under the Personal Insolvency Court Review Service, the Legal Aid Board can provide the borrower with legal representation by a solicitor and barrister to make the Court review application subject to the case meeting the criteria set out in the Civil Legal Aid Act. For this service, the borrower's PIP applies on their behalf to the Legal Aid Board. The PIP must certify to the Legal Aid Board 'that the borrower has reasonable grounds for seeking the court review and satisfies the other conditions for review laid down by the Personal Insolvency Act'. If the Legal Aid Board is satisfied with the application, it can then issue a Legal Aid Certificate for the borrower.

The Court Mentor Service

A national network of Court Mentors has been established to provide support to distressed borrowers. MABS staff attend 'Court Mentors' at all Circuit Court repossession list hearings before the County Registrar. The Court Mentor provides a visible and accessible source of free and independent support to borrowers 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.

2.2 Eligibility Criteria for Abhaile

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

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

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

PART B: Highlights and Detailed Report.

3. Report Highlights

3.1 **Latest Achievements**: During the specific period of this report (1 July 2018 to 31 December 2019) Abhaile continued to deliver the following cost-free services to borrowers at risk of losing their homes:

- 4,914 vouchers were issued for additional borrowers to receive financial advice and help from a PIP
- 3,140 of those borrowers (64%) took up that assistance and consulted with the PIP
- 3,055 new borrowers received financial advice and help from a DMA adviser
- DMA advisers referred 428 existing borrowers to PIPs for further financial advice and help under Abhaile
- 210 vouchers were issued for borrowers to receive financial advice and help from an accountant
- 1,473 vouchers were issued for borrowers to receive legal advice from a consultation solicitor
- 913 borrowers were granted legal aid to apply for a personal insolvency review (asking the Court to consider, approve and impose a personal insolvency arrangement on the creditors notwithstanding that they had rejected it)
- Duty solicitors attended 674 repossession court lists before Registrars across the country and assisted 3,261 unrepresented borrowers.
- Court Mentors attended 673 repossession court lists before County Registrars across the country, and offered support to 7,457 borrowers, referring them to further help from other Abhaile services.
- Over 73% of those who availed of financial advice from a PIP under Abhaile over the period since inception of the service to the end of December 2019 were in mortgage arrears of over two years, the main target group for Abhaile.

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

3.2 **Achievements to Date:** Taking account of the specific outputs delivered during the period of this latest report the following key outcomes have now been successfully achieved by Abhaile since its launch in mid-2016:

- 17,640 individual borrowers (almost 15,000 households) in mortgage arrears have received independent expert Abhaile financial advice and negotiation support, aimed at getting a solution in place.
- Over 15,000 borrowers facing repossession proceedings have received advice and support under Abhaile from a Court Mentor.
- Over 8,000 borrowers facing repossession proceedings have received advice and assistance at court from an Abhaile Duty Solicitor.
- Almost 1,900 borrowers received legal advice from an Abhaile Consultation Solicitor.
- Over 1,700 borrowers were provided with legal aid to take proceedings pursuant to section 115A of the Personal Insolvency Act 2012, as amended.
- Over 73% of borrowers who received PIP financial advice under Abhaile to date were in mortgage arrears equivalent to more than 720 days' repayments: this is the priority Abhaile target group.
- Over 6,000 solutions are now in place, or on trial, for insolvent borrowers who were at risk of losing their home due to mortgage arrears, and in many cases facing repossession.
- As of end of December 2019, 35% of the total 17,640 borrowers who engaged with Abhaile either have a solution in place or are trialling one.
- A further 47% of borrowers who engaged with Abhaile financial advice (8,317 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.
- 16% of borrowers are not engaging after receiving financial advice under Abhaile. Information on outcomes is not available for borrowers who have disengaged: where possible, PIPS and MABS advisers seek to follow up with these borrowers and encourage them again to engage with available supports.
- 2% of borrowers who engaged with financial advice have surrendered their home to lenders – where this is the only viable option MABS works with and supports the borrower throughout the process.
- 95% of the Personal Insolvency Arrangements negotiated by PIPs under Abhaile are keeping borrowers in their homes.

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

4. Take-up of Abhaile services in period of this Report and cumulative outcomes

The following sections provide more detail on take-up of the various Abhaile services during the period of this report as set out in the Report Highlights above.

4.1 Take-Up of the DMA Service

Between July 2018 and December 2019, DMA Advisers provided financial advice and assistance to 3,055 new borrowers under Abhaile.

The DMA service referred 428 of these clients to a PIP for further financial advice and help. This brings the total number of borrowers referred by DMA Advisers to a PIP to 946.

By the end of December 2019, the DMA service had provided financial advice and assistance to a total of 8,513 borrowers (including 946 who were referred to PIPs.)

4.2 Take-Up of the PIP Service

Between July 2018 and December 2019, MABS voucher desk issued 4,914 Abhaile vouchers for financial advice and help from a PIP.

This brought the total number of individual borrowers who were issued Abhaile PIP vouchers since inception of the service to 14,319.

Of the overall number of vouchers issued to PIPs, a total of 10,073 PIP vouchers have been presented for payment indicating that at least 70% of borrowers who received a PIP voucher, engaged with a PIP and received financial advice.

4.3 Take-Up of the Consultation Solicitor Service

Between July 2018 and December 2019, the MABS voucher desk issued 1,473 vouchers for borrowers to consult an Abhaile solicitor.

This brought the total number of individual borrowers who were issued Abhaile Legal vouchers up to the end of December 2019 to 4,095.

Of the number of vouchers issued for legal advice from a consultation solicitor service since inception to the end of December 2019 1,888 vouchers have been presented for payment, indicating that similar to Year Two activity, less than half of those who obtained the voucher for legal advice used it.

4.4 Take-Up of the Duty Solicitor Service

Between July 2018 and December 2019, Duty Solicitors were present at 674 court possessions hearings across the country. Duty Solicitors assisted at least 3,261 unrepresented borrowers.

By the end of December 2019, the Duty Solicitor service had provided support to a total of 8,049 borrowers at 1,643 possession hearings.

4.5 Take-Up of the Personal Insolvency Court Review Service

Between July 2018 and December 2019, the number of legal aid certificates granted for PIA reviews was 913.

By the end of December 2019, LAB had granted a total of 1,722 legal aid certificates for personal insolvency reviews.

4.6 Take-Up of the Court Mentor Service

During Year 3, MABS Court Mentors attended 673 court possession hearings, providing support to a total of 7,457 unrepresented borrowers.

By end December 2019, the Court Mentor service had provided support to a total of 15,074 unrepresented borrowers at 1,851 possession hearings before a County Registrar.

4.7 Take-Up of the Accountant Service

During Year 3, MABS issued 210 Abhaile vouchers to borrowers to seek financial assistance from an Accountant. This brought to 249, the overall number of vouchers issued since inception up to the end of December 2019.

The number of vouchers which have been presented for payment is 33 (14%) indicating a very low take up.

It should be noted, in the case of all voucher-based services, that the issuing of a voucher which is not subsequently presented for payment, does not incur any additional charge on the Abhaile budget.

5. Outcomes of Abhaile since launch in 2016

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

Section 5.1 provides an overview of these outcomes,

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

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

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

5.1 Outcomes of financial advice and assistance from DMAs and PIPs (See Outcomes Table below)

5.1.1 Number of solutions in place for insolvent borrowers.

By December 2019, **35% of insolvent borrowers (6,141)** who were at risk of losing their homes due to mortgage arrears or repossession proceedings had received financial advice and assistance under Abhaile and had a solution in place, or on trial.

Solutions in place or on trial comprise 2,357 Personal Insolvency Arrangements, 2,981 informal solutions (Alternative Repayment Arrangements between the borrower and their mortgage lender, agreeing a restructure of mortgage payments, as provided under the Central Bank's Code of Conduct on Mortgage Arrears, participating in the Mortgage to Rent scheme) and 236 bankruptcies.

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

A number of case studies on the outcomes for borrowers engaging with the various Abhaile services are detailed in Appendix D

5.1.2 Borrower cases being progressed to solution

A further **47% of borrowers (8,317 borrowers) are in progress to a solution** and remain in their homes. They are receiving ongoing support and advice from their PIP or DMA who is working with the borrower to get a solution in place

Personal Insolvency Practitioners and Dedicated Mortgage Arrears work closely with the borrower to explore all possible solutions, with the aim of keeping the borrower in their home, wherever possible. A solution for a borrower in significant arrears tends to take at least 8 months and longer in some circumstances.

MABS points out that securing an ARA or Mortgage to Rent (MTR) for Abhaile borrowers takes an average of 724 days (up to 2 years) from start date to outcome. MTR involves a complex set of legal and financial arrangements, all of which must be signed off before the transfer of property can take place.

ISI indicates that on average for all borrowers, where the creditors approve a borrower's proposal for a Personal Insolvency Arrangement (PIA), the process takes 116 days (3 months), from the beginning of the PIA process to court approval of the accepted proposal. A PIA can take considerably longer if creditors refuse the borrower's proposal and a court review is sought under Section 115A of the Personal Insolvency Act. Further detail on the solutions achieved for borrowers is contained in Sections 5.2 and 5.3 below

5.1.3 Other outcomes for borrowers who have engaged with Abhaile

The remaining 18**% (3,182 borrowers)** are accounted for either by those who **disengaged with their financial adviser** after receiving financial advice 16% (2,732 borrowers), or **surrendered their home or had it repossessed** (2%) 450 borrowers.

A borrower's disengagement with the Abhaile service can occur for several reasons including illness, family difficulties including separation or divorce, a loss of employment or other significant reduction in income.

The following Table provides a summary of the outcomes in place or in progress at end December 2019 for borrowers who received financial advice under Abhaile.

TABLE: **Summary of outcomes in place/in progress as at end December 2019 – borrowers who received Abhaile financial advice from a DMA or PIP.**

Outcomes	Received DMA advice	Received PIP advice	Total at December 2019
	7,567 borrower households	*10,073 est. borrowers**	*17,640 borrowers*
Solution in place:			
- Personal Insolvency (PIA)	*N/A*	*2,357*	*2,357*
- Informal solution (ARA, MtR)	*1,645*	*1,336*	*2,981*
- Bankruptcy	N/A	*236*	*236*
Trial solution in place	*567*	N/A	567
Total solutions/trial solutions in place	**2,212** (29%)	**3,929** (39%)	**6,141** (35%)
In progress to formal solution	*N/A*	*2,015*	*2,015*
In progress to informal solution	*4,187*	*2,115*	*6,302*
Total in progress to solution	**4,187** (56%)	**4,130** (41%)	**8,317** (47%)
Surrender/repossession	**249** (3%)	**201** (2%)	**450 (2%)**
Not engaging after financial advice	**919** (12%)	**1,813** (18%)	**2,732** (16%)
Total	**7,567** (100%)	**10,073** (100%)	**17,640** (100%)

Note to Table on Outcomes Data

The data used in this chapter and its Table on outcomes of Abhaile financial advice is based on extensive, in-depth analysis by MABS and ISI.
It reflects the status of the borrower's case on the MABS system.

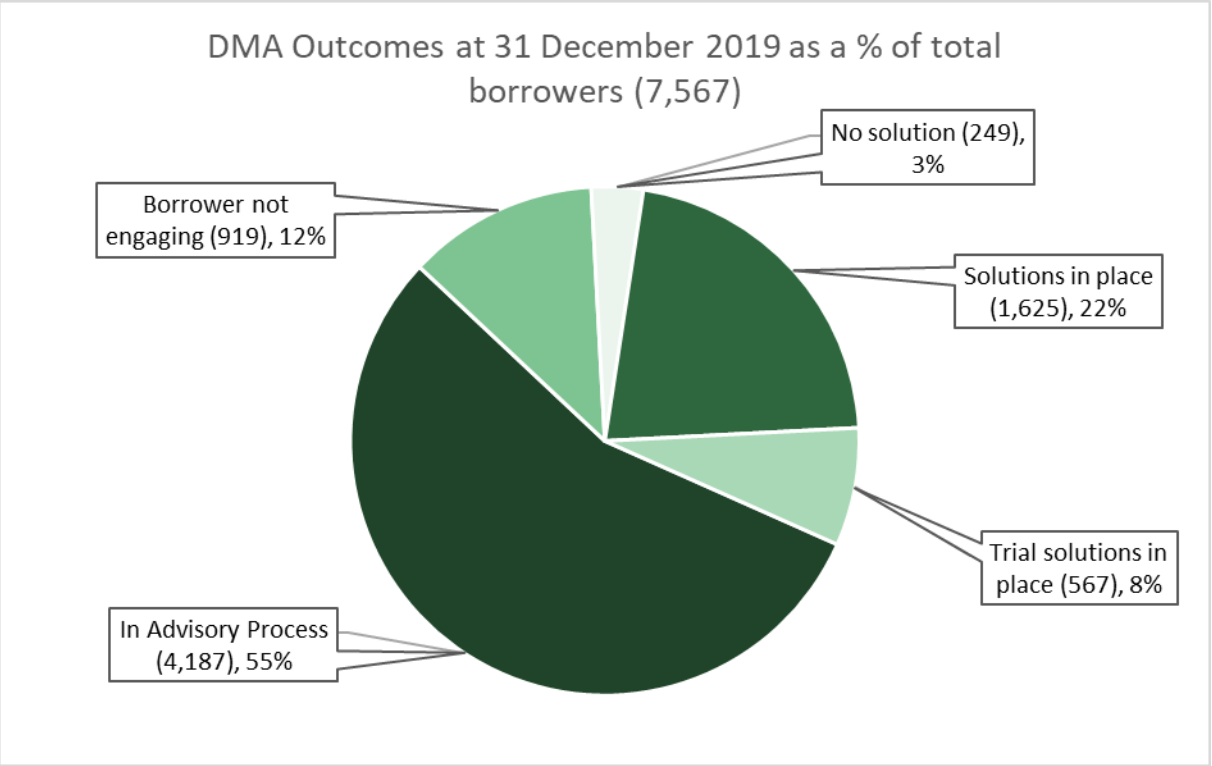
However, due to the large numbers of borrowers involved and different data collection possibilities, ***the ISI outcome data used here for borrowers who took up PIP advice*** *over the whole period 1 July 2016 – 31 December 2019 is a projection, based on outcome and progression trends identified in three 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.*

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

5.2 Outcomes achieved by the DMA service to end December 2019

Since the DMA service was established to the end of 2019, DMA Advisers have provided financial advice and assistance to 8,513 borrowers overall. Of these, 946 were referred on to a PIP under Abhaile for further financial advice. The outcomes achieved for the 7,567 borrowers who worked with DMA advisers only is presented below

Figure 5.2:



The DMA service provides advice and assistance to Abhaile borrowers on the different types of solutions, suited to the borrower's individual financial circumstances. These are typically referred to as 'informal' solutions such as Mortgage to Rent or an ARA. In such cases, a DMA may advise and negotiate directly with the creditors on behalf of the borrower.

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

By the end of December 2019, the outcomes achieved for the 7,567 borrowers who engaged with the DMA service is as follows

- **22% (1,645 borrowers) have Solutions in Place:** This means that a solution to the borrower's mortgage arrears is now in place.

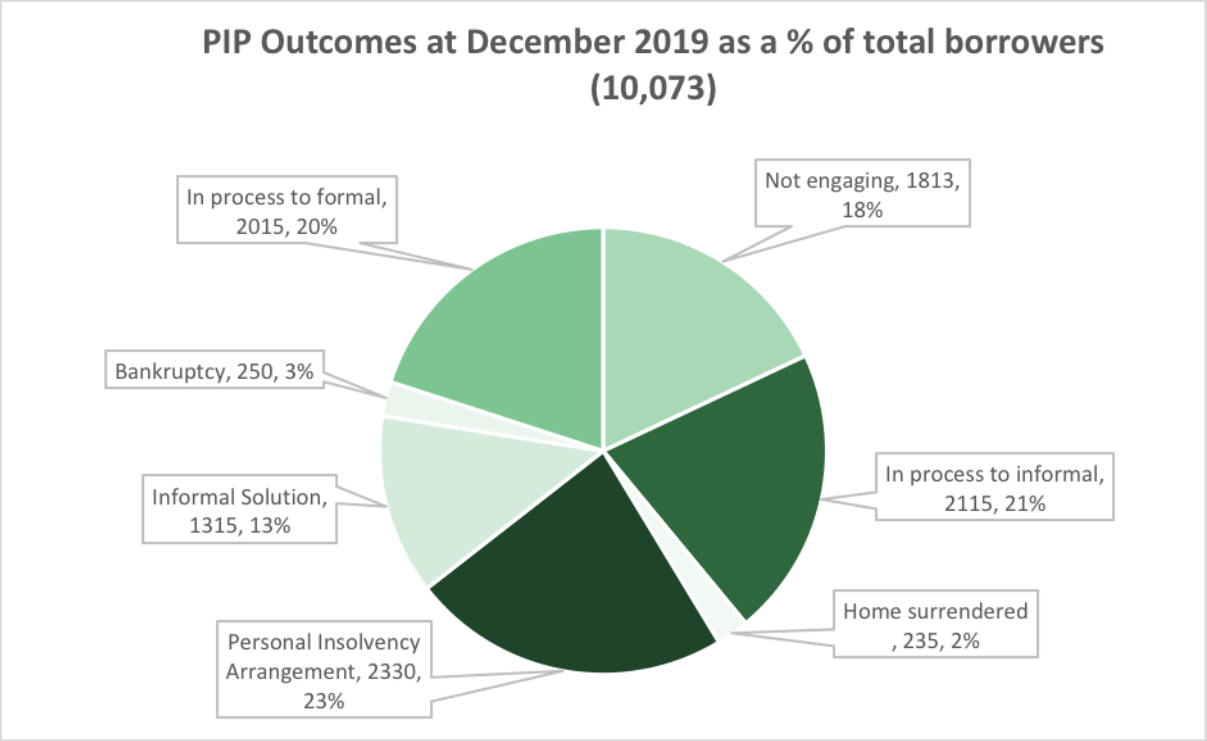
- **7% (567 borrowers) have Trial Solutions in Place:** Many lenders require a borrower to complete a test period in a proposed restructure arrangement before it is agreed. A trial period can be from 6 to 12 months, or longer in some instances. A DMA Adviser works closely with the borrower to assist them in managing the arrangement.
- **56% (4,187 borrowers) are in Advisory Process, in progress to Solution:** These borrowers are being supported and advised by DMA's in exploring all options and negotiating solutions**.**
- **3% (249 borrowers) have no solution:** This means that the borrower consented to an order for possession, the possession order was granted, or the DMA advisor considers arrangement unsustainable in the long term.
- **12% (919 borrowers) are not engaging**: These borrowers have stopped actively engaging with the DMA Adviser. Non-engagement can be for several reasons, e.g. marital break-up, illness, ARA not sustainable in the long term. The DMA Adviser will reach out to such borrowers periodically, offering support and encouragement to re-engage with their lender.

The 1,645 solutions concluded by DMAs include many types of Alternative Repayment Arrangements such as 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.

Informal Solutions achieved by Abhaile DMA advisers	
Some form of an ARA with their lender	904
Mortgage to Rent	220
Were able to resume making mortgage repayments	128
Had repossessions proceedings on their home struck out	158
Surrender/sale of the home, including trading down	235
Total	**1,645**

5.3 Outcomes achieved by the Personal Insolvency Practitioner (PIP) service to end December 2019

Figure 5.3:



Data note: The outcome data for the 10,073 borrowers who received PIP advice is estimated in this report – using a projection based on results of three large data samples undertaken by the ISI

Depending on the borrower's financial circumstances PIPs can provide help and advice on the different types of solutions:

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

Solutions and restructures concluded by PIPs

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

By the end of December 2019, the outcomes achieved for the 10,073 borrowers who engaged with the PIP service is as follows:

- ***39% of this cohort of borrowers (estimated 3,928 borrowers) have solutions in place***

- ***20% (estimated 2,015 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).

  21% (estimated 2,115 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.)

- ***18% (about 1,813 borrowers) are not engaging*** with the PIP after receiving financial advice.

- ***2% (about 202 borrowers) have surrendered their homes*** to their lender or have had their homes repossessed by lender.

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

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

5.4 Outcomes of legal and court based Abhaile services

5.4.1 Court Mentor and Duty Solicitor Services

In Year three, the legal and court based services supported by Abhaile - the Personal Insolvency Court Review, the Consultation Solicitor, the Duty Solicitor and the Court Mentor Services continued to support the putting in place of solutions for borrowers in addressing their home mortgage arrears.

The Court Mentor and Duty Solicitor services play an important role, being 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 can refer borrowers to the Abhaile Duty Solicitor at the court. The Duty Solicitor can provide legal explanations and clarification 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.

The numbers availing of the Court Mentor service show a significant increase in Year 3 over the first two years of operation. This is likely attributable to increased awareness of the service among borrowers. The number of borrowers who availed of the Duty Solicitor service has remained steady over the duration of the service.

An indicator of the importance of these court-based services is that since inception of these services, to end December 2019, over 15,000 borrowers facing repossession proceedings have been helped by one or both of the services.

5.4.2 Consultation Solicitor Service

The number of borrowers availing of the services of the Consultation Solicitor service under Abhaile has remained steady. The service supports the borrower by providing legal advice in relation to options which the borrower may be considering resolving their mortgage difficulties and the consequences of entering into a particular insolvency solution. The main topics on which borrowers sought legal advice under the Consultation Solicitor service were personal insolvency, the Mortgage to Rent scheme and alternative payment arrangements. By the end of December 2019 1,888 borrowers had benefitted from the service of a Consultation Solicitor. This legal advice is invaluable to borrowers in terms of ensuring that they are aware of the consequences of the avenue chosen.

5.4.3 Outcomes of Personal Insolvency Court Reviews

The number of Legal Aid Board certificates granted for personal insolvency court reviews has increased.

By December 2019, 1,722 such certificates had been granted. Our indications show that almost 40% of the court review cases decided by the court were in favour of the borrower. This figure does not include court review cases settled by agreement between the borrower and the creditors, in favour of the borrower.

This means that their creditors had refused the borrower's proposal for a PIA. Still, 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.

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

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.

During Year Two, a significant procedural challenge was raised by creditors in cases to the rule under the Personal Insolvency Acts. The challenge was that PIA review cases are to be brought by the PIP on behalf of the debtor.

The High Court resolved this procedural issue in test cases supported under Abhaile – in April 2018. It found in favour of the existing rule that the PIP should bring PIA review cases on behalf of a debtor. See: Judgment in Re Meeley & Personal Insolvency Acts, High Court, Baker J, [2018] IEHC 38.

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

A case study on the successful outcome of a PIA review is included in Appendix D.

5.5 Public Awareness and Accessibility

The ongoing promotional campaigns managed on behalf of Government by the Citizens Information Board, continues to be aimed at borrowers in long term mortgage arrears.

In promoting Abhaile during the period of this report, these targeted public information campaigns made use of a broad range of traditional, social and digital platforms to raise awareness. The overall objective of this activity is to promote awareness of the free services available under Abhaile to those borrowers who may be at risk of losing their homes and encourage them to take action to address their arrears.

The communications strategy delivered in support of Abhaile during the period of this report is being implemented under this broad framework:

- Year 1 (2017) – Launch Abhaile and raise awareness of the services available and how they could be accessed.
- Year 2 (2018) – Build on the awareness and continue to provide timely and clear information to the target population. The message for borrowers was that Abhaile was there to help and to encourage those in-home mortgage arrears to avail of Abhaile services
- Year 3 (2019) – Use of tailored messaging to target further those who were in the long-term home mortgage arrears category. The campaign built on the trust achieved over the previous years, reminding borrowers that Abhaile could help them to keep their home

The statistics on take up of Abhaile services are a positive indicator that the communications strategy is serving its purpose – encouraging those in long term home mortgage arrears to engage with the supports available.

6. Budget

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 Government Decision further noted that Abhaile is demand-led 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. Expenditure in the period January 2017 to December 2019 is set out in the table below.

Expenditure on Abhaile	2017	2018	2019	Total over 3 years 2017-2019
Financial advice, provided through ISI (DEASP-funded)	€ 3.0m	€ 1.5m	€ 1.2m	*€ 5.7m*
Communications led by CIB (DEASP-funded)	€ 0.5m	€ 1.5m	€ 1.1m	*€ 3.1m*
CIB Resources to support the new National Service (DEASP-funded)	€ 0.2m	€ 0.1m	€ 0.1m	*€ 0.4m*
MABS Dedicated Mortgage Arrears Service	€2.4m	€1.8m	€1.8m	*€6.0m*
Subtotal: Department of Employment Affairs &Social Protection Vote	***€ 6.1m***	***€ 4.9m***	***€ 4.2m***	***€ 15.2m***
Legal advice, assistance and legal aid provided through the Legal Aid Board (DJE funded)	€1.1m	€2.3m	€3.4m	€6.8m
Subtotal Department of Justice Vote	**€1.1m**	**€2.3m**	**€3.4m**	**€6.8m**
Total:	***€7.2m***	***€7.2m***	***€7.6m***	***€22.0m***

In September 2019 the Government approved the extension of Abhaile until 31 December 2022 with estimated expenditure over the three years as follows:

Estimated Allocation for Abhaile	2020	2021	2022	Total over 3 years 2020-2022
Financial advice, provided through ISI (DEASP - funded)	€ 1.85m	€ 1.85m	€ 0.37m	€ *4.07m*
Communications led by CIB (DEASP - funded)	€ 0.45 m	€ 0.45 m	N/A	*€0.9 m*
CIB Resources to support the new National Service (DEASP)	€ 0.2m	€ 0.2m	€ 0.2m	€ *0.6m*
MABS Dedicated Mortgage Arrears service	€2.5m	€2.5m	€2.5m	€7.5m
Subtotal: Department of Employment Affairs and Social Protection Vote	***€ 5.0m***	***€5.0m***	***€3.07m***	***€13.07m***
Legal advice, assistance and legal aid provided through the Legal Aid Board DJE - funded)	€ 2.4 m	€ 2.4 m	€ 2.4 m	€ *7.2m*
Provision for accruals - legal aid (DJE)	€ 1.5 m	€ 1.5 m	€ 1.5 m	€ 4.5m
Subtotal: Department of Justice Vote	***€ 3.9m***	***€ 3.9m***	***€ 3.9m***	***€11.7m***
Total:	***€8.9m***	***€8.9m***	***€6.97m***	***€24.77m***

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

7. Conclusions

Demand for Abhaile services has exceeded expectation. The projected take up of the Abhaile service was 9,400 households over the three years 2017 – 2019. Since inception to December 2019, take-up of the service has exceeded this projection. The following headline statistics illustrate the overall high demand:

- 17,640 borrowers in mortgage arrears have received financial advice and negotiation support aimed at getting a solution on place, from a PIP, a DMA or both
- 4,095 borrowers have received vouchers to obtain legal advice from a Consultation Solicitor
- 8,049 borrowers facing home repossession proceedings have received legal assistance at court from a Duty Solicitor
- 15,074 unrepresented borrowers received support from the MABS Court Mentor Service
- 1,722 borrowers have been granted legal aid under Abhaile for personal insolvency review cases
- 249 borrowers have received vouchers to obtain financial advice from an Accountant.

Abhaile is reaching its target group. The priority target group for Abhaile is borrowers who are in home mortgage arrears of more than 720 days. An examination of financial advice vouchers redeemed by PIPs to end 2019 shows that almost three quarters (73.5%) have been in mortgage arrears for 2 or more years.

While 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, it is the view of advisers dealing with these borrowers that the period of arrears, in the majority of cases is more than 720 days.

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

- Over 6,000 solutions are now in place, or on trial, for insolvent borrowers who were at risk of losing their home due to mortgage arrears, and in many cases facing repossession.
- As of end of December 2019, 35% of the total 17,640 borrowers who engaged with Abhaile either have a solution in place or are trialling one.
- A further 47% of borrowers who engaged with Abhaile financial advice (8,317 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.
- 16% of borrowers are not engaging after receiving financial advice under Abhaile. Information on outcomes is not available for borrowers who have disengaged: where possible, PIPS and MABS advisers seek to follow up with these borrowers and encourage them again to engage with available supports.
- 2% of borrowers who engaged with financial advice have surrendered their home to lenders – where this is the only viable option MABS works with and supports the borrower throughout the process.
- 95% of the Personal Insolvency Arrangements negotiated by PIPs under Abhaile are keeping borrowers in their homes.
- 85% of the solutions achieved by DMA Advisers enable borrowers to remain in their homes.

PART C: Appendices

Appendix A: Profile of Abhaile Borrowers

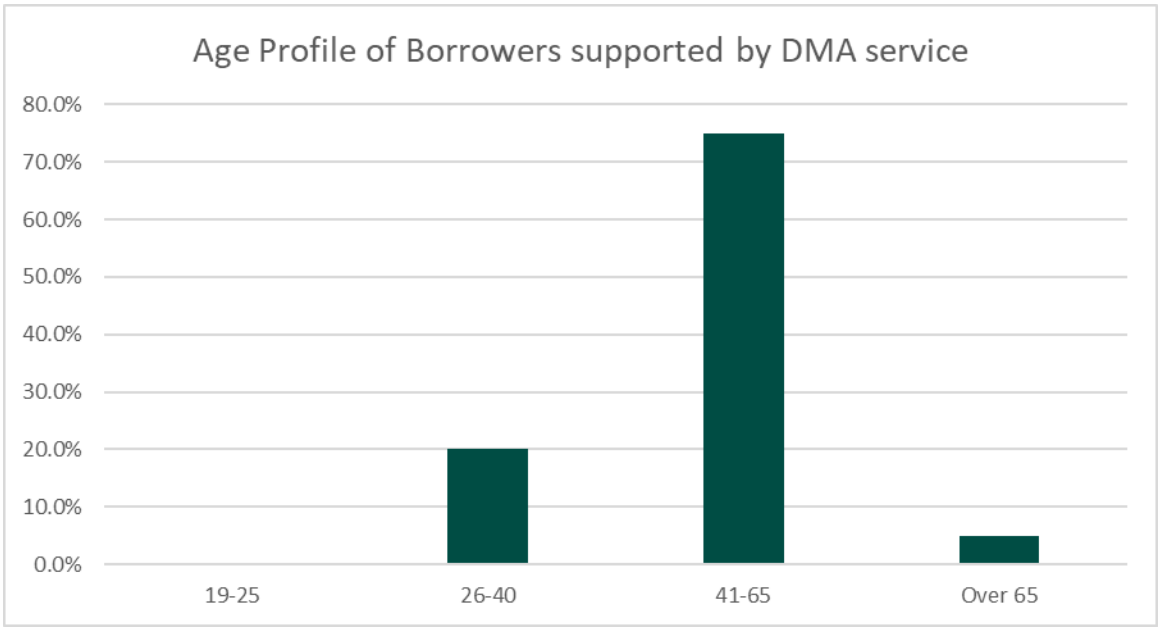
Both ISI and MABS collect data on the demographic profile of borrowers who have received advice and assistance under Abhaile. Additionally, ISI gathers data on the length of time borrowers have been in mortgage arrears. This information is presented below.

Demographic of Borrowers Engaging with Abhaile

Information gathered by DMA Advisers shows that most borrowers engaging with Abhaile, through the DMA service were either in paid employment (44%) or self-employed (9%). This data suggests that many borrowers in mortgage arrears are struggling to pay their debts, despite being in employment. Other borrowers had a diverse range of primary income sources, including Job Seekers' Allowance or Benefit (17%), Disability Allowance (6%) and others on various other social welfare supports.

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

Figure 1:

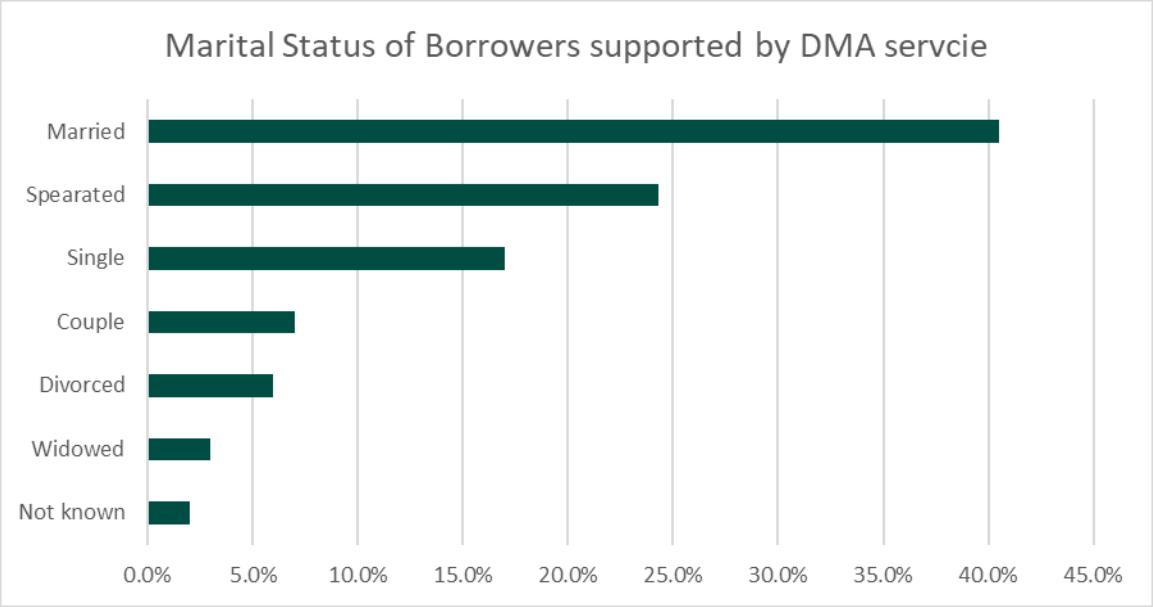


Source: Data provided by MABS

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

Abhaile Borrowers by Household Type

Figure 2:

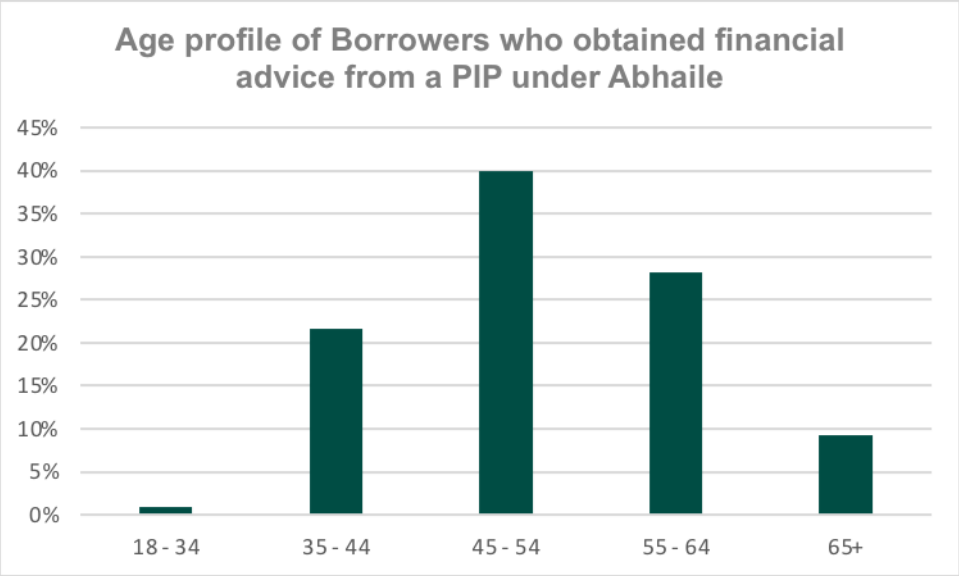


Source: Data provided by MABS

The marital status of borrowers supported by DMA advisers is provided above, with the largest proportion married (40.5%) and a significant proportion separated (24.3%). A total of 1,265 children are living in the households being supported by DMA advisers at the end of 2019.

Demographic profile[1] of borrowers who obtained financial advice and assistance from a PIP under Abhaile

Figure 3:

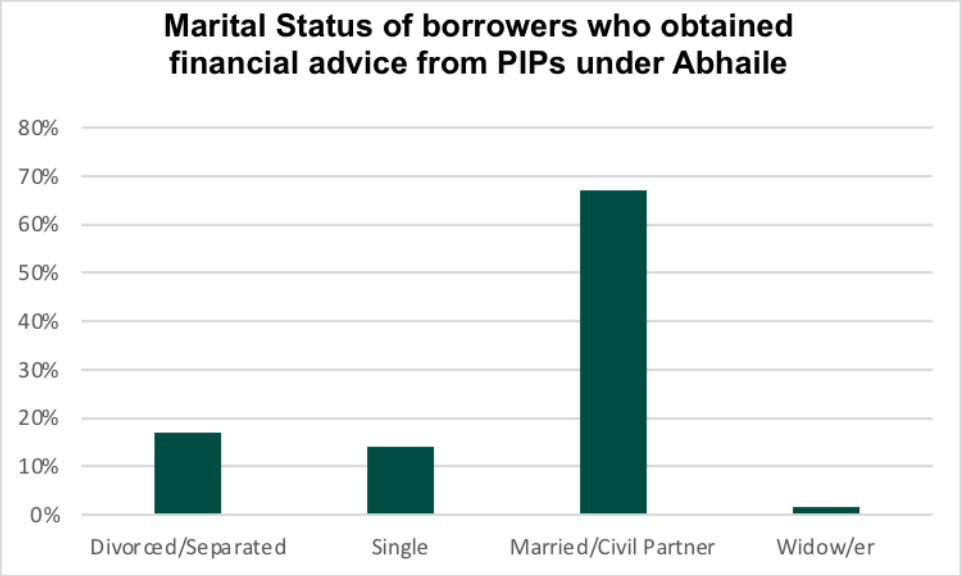


Age profile:

Figure 3 above shows the age profile of borrowers who obtained financial advice and help from a PIP under Abhaile. The majority of borrowers (90%) were in the 35 – 64 age bracket while a number were younger (1%) and a tenth (9%) were older.

[1] Percentages relating to age and marital status are projections based on ISI data analysis

Figure 4:



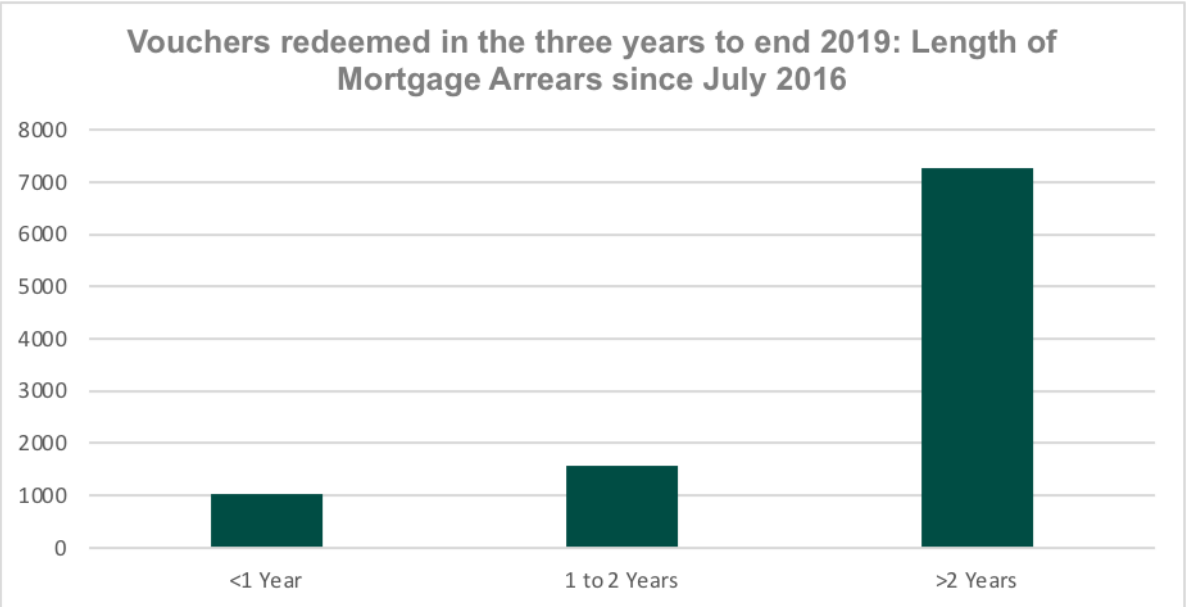
Marital Status:

The marital status of borrowers who obtained financial advice from a PIP under Abhaile is displayed above. Most (67%) are married or in a civil partnership. The proportion divorced or separated is 17% while those single or widowed represent 16%.

Length of Mortgage Arrears (borrowers engaging with PIP)

An examination of financial advice vouchers redeemed by PIPs to end 2019 shows that take-up of Abhaile has been high amongst the cohort of borrowers in long-term arrears of over 720 days as shown below in Figure 5.

Figure 5



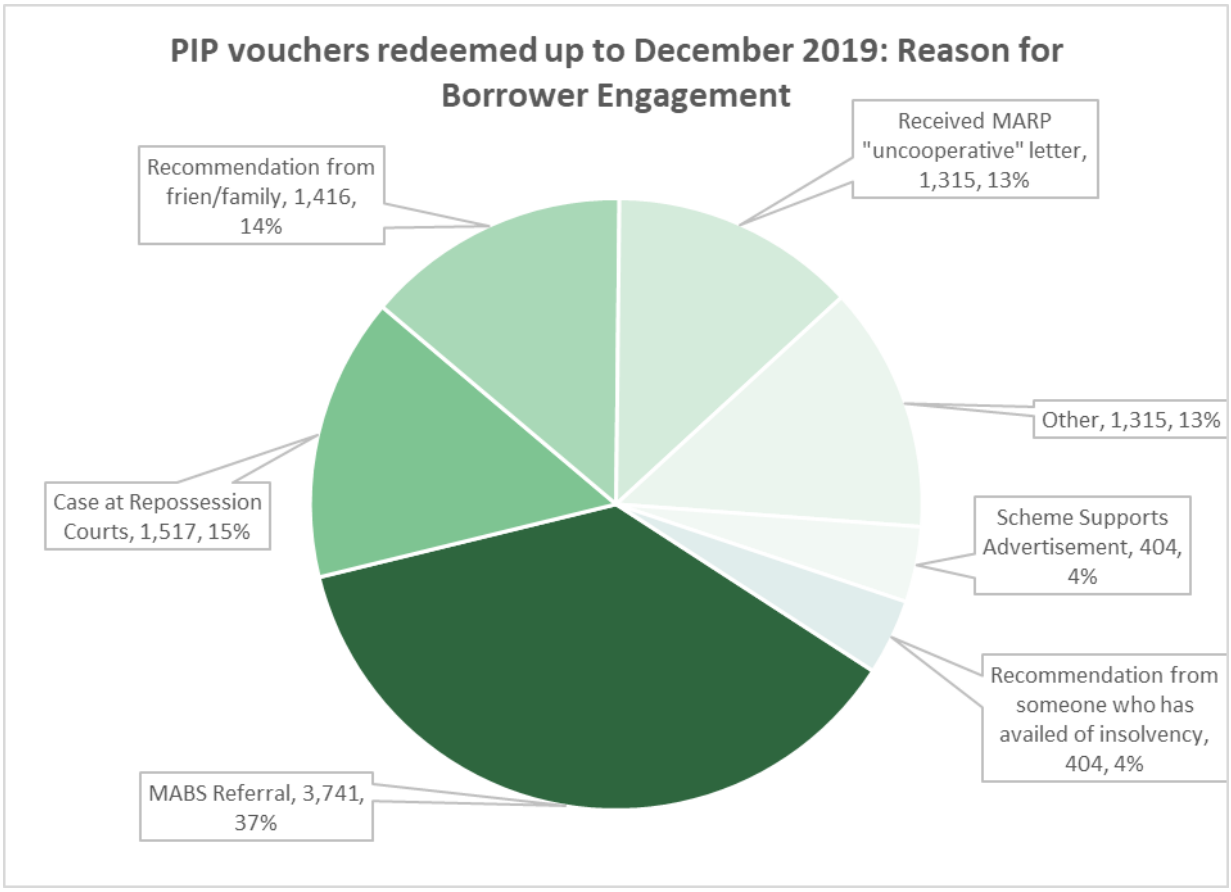
Source: Data provided by ISI

From figure 5 it is clear to see that in the cohort of borrowers who have availed of the PIP Abhaile service almost three quarters (73.5%) have been in mortgage arrears for 2 or more years. This cohort was the priority target for Abhaile and this data shows that overall the objective of Abhaile has been met.

Reason for Borrower Engagement with PIP

Vouchers redeemed by PIPs in the period July 2016 – December 2019 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:



Source: Data provided by ISI

Over half of borrowers either were before the Repossession Courts (15%) or had been referred from MABS (37%). One in seven borrowers (13%) received a MARP "uncooperative" letter.

Appendix B – Statistical note: calculation of outcomes by ISI

B.1 Overview

This section presents the outcomes achieved for Abhaile borrowers who took up financial advice and help from PIPs since the launch of Abhaile. Due to the volume of vouchers that have been redeemed since July 2016 (10,073) the figures for overall progression and the outcomes for these cases have been estimated.

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

- ***Sample 1*** follows all borrowers whose financial advice PIP vouchers were redeemed[16]in Q3/2016 (the quarter in which the Abhaile PIP Service was launched), numbering 652
- ***Sample 2*** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2017, totalling 803.
- ***Sample 3*** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2018, totalling 571.

ISI examined progression and outcomes in detail for these samples, based on detailed information supplied by PIPs in July 2019. This latest data indicates the current status of all the borrowers in Sample 1, Sample 2 and Sample 3, (total 2,032 borrowers) in July 2019.

After further statistical analysis and cross-checks with other related data, the ISI is satisfied that the outcomes of the July 2019 results of these samples are highly comparable and that they appear to be representative of the intervening quarters.

It is important to note that the outcomes identified here in December 2019 are only an interim set of outcomes and represent a snapshot at that point of an evolving process. Given that over half of the cases were identified as 'in progress to a solution' at that point, outcomes continue to be concluded for borrowers who took up advice in all quarters since Q3/2016.

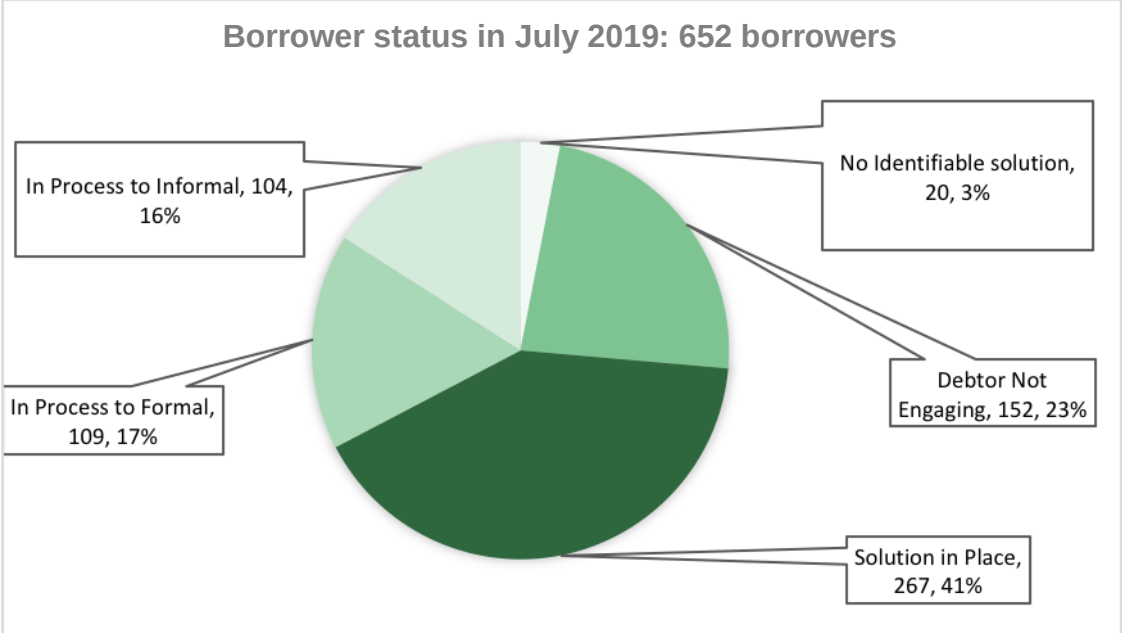
This Appendix:

- presents analyses of the July 2019 data on Sample 1, Sample 2, and Sample 3
- identifies the overall trends and level of consistency between results from these samples
- sets out the projected outcomes of all Abhaile PIP advice where vouchers were redeemed up to end December 2019 (total 10,073 borrowers) based on percentages calculated by averaging the data collected for sample 1, 2, & 3.

B.2 Outcomes for borrowers in Sample 1

Figure B.2.1 presents an analysis by ISI of the current status (in July 2019) of Sample 1 (the 652 borrowers whose vouchers for PIP financial advice and help under Abhaile were redeemed in Q3/2016).

Figure B.2.1:

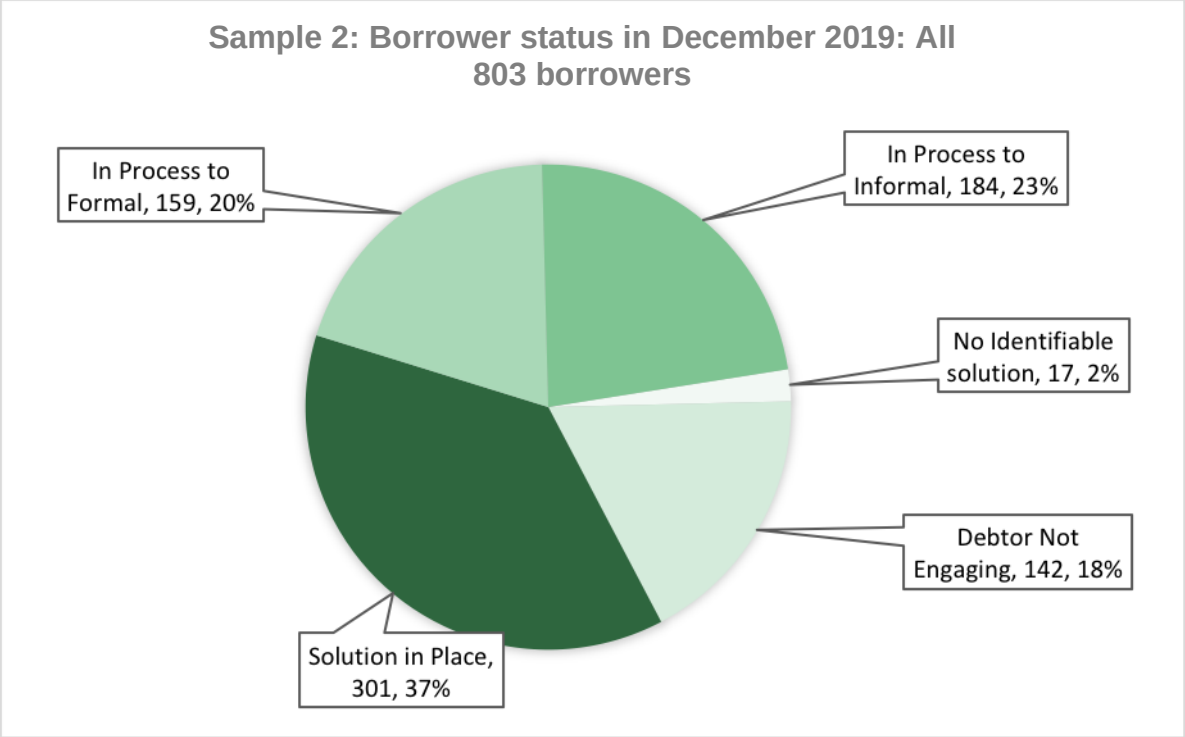


- Of the 267 borrowers who had solutions in place; 156 were PIAs, 25 were adjudicated bankrupt, and 85 had Alternate Repayment Arrangements (ARAs) in place,
- Out of 109 in process to a formal solution; 58 were in 115A review, 39 were considering a PIA and 12 were considering bankruptcy,
- Out of 104 in process to an informal solution; 51 were working towards an ARA, 44 were pursuing Mortgage to Rent (MTR), and nine were referred back to MABS,
- Out of 20 where the borrower did not remain in their home; 18 were voluntary surrenders, with two homes repossessed, and
- The remaining 152 did not further engage with the PIP after the recommendation was made.

B.3 Outcomes for borrowers in Sample 2

Figure B.3.1 presents an analysis by ISI of the current status (in July 2019) of Sample 2 (the 803 borrowers whose vouchers for PIP financial advice and help under Abhaile were redeemed during Quarter 3/ 2017).

Figure B.3.1:

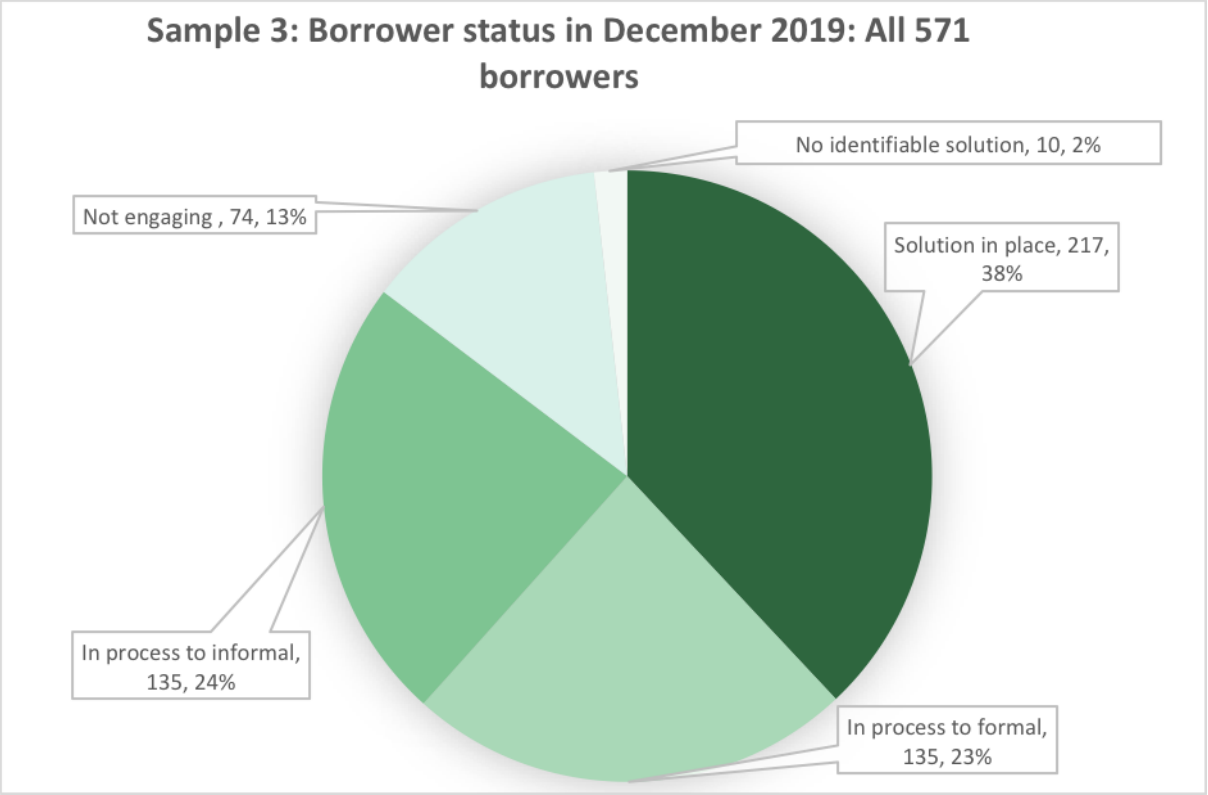


- Of the 301 borrowers who had solutions in place; 182 were PIAs, 20 were adjudicated bankrupt, and 99 had Alternate Repayment Arrangements (ARAs) in place,
- Out of 159 in process to a formal solution; 56 were in 115A review, 84 were considering a PIA and 19 were considering bankruptcy,
- Out of 184 in process to an informal solution; 93 were working towards an ARA, 39 were pursuing MTR and 52 were referred back to MABS,
- Out of 17 where the borrower did not remain in their home; 15 were voluntary surrenders, with two homes repossessed, and
- The remaining 142 did not further engage with the PIP after the recommendation was made.

B.4 Outcomes for borrowers in Sample 3

Figure B.4.1 presents an analysis by ISI of the current status (in July 2019) of Sample 3 (the 571 borrowers whose vouchers for PIP financial advice and help under Abhaile were redeemed during Quarter 3/ 2018).

Figure B.4.1:



**Please note that the percentage for both 'In process to formal solution' as well as 'In process to informal solution' is 23.5%. The medium used to produce the chart will only show whole numbers for percentages which is why there is a discrepancy.*

- The largest cohort from the sample, at 38%, are the 217 borrowers that have solution's in place – of these solutions 131 are PIAs, 79 are informal solutions and 7 are cases where the borrower has been adjudicated bankrupt.
- 135 borrowers (23.5%) are working with their PIP to find a formal solution – of these 69 are in the section 115A review process, 57 are considering a formal solution while a further 9 borrowers are considering petitioning for bankruptcy.
- 135 borrowers (23.5%) are in the process of arranging an informal solution – of these 113 are working with their PIP on securing an informal arrangement, this includes 47 who are pursuing Mortgage to Rent as an option, while the remaining 22 have been referred back to MABS for support.
- 74 borrowers (13%) did not engage further following receipt of the PIPs recommendation.
- Of the remaining 10 borrowers (2%), 8 have voluntarily surrendered their homes while 2 have had their family homes repossessed. Please note that the voluntary surrender of a home may be a favourable outcome for a borrower depending on their circumstances.

B.5 Comparison of Sample outcomes for borrowers

Figure B.4.1 analyses and compares the results to July 2019 for borrowers in sample 1, sample 2 and sample 3. The analysis is then used to extrapolate the current status of all redeemed PIP vouchers up to the end of Q4 2019.

Figure B.5.1:

Solution/Arrangement Status	Sample 1 Q3/2016 = 652 borrowers	Sample 2 Q3/2017 = 803 borrowers	Sample 3 Q3/2018 = 571 borrowers	Projections Q3/2016 – Q4/2019 (Averages)
In progress to informal solution	104 (16%)	184 (23%)	135 (24%)	2,115 (21%)
In progress to formal solution	109 (17%)	159 (20%)	135 (23%)	2,015 (20%)
Solution in place	267 (41%)	301 (37%)	217 (38%)	3,928 (39%)
No longer engaging	152 (23%)	142 (18%)	74 (13%)	1,813 (18%)
No solution identified	20 (3%)	17 (2%)	10 (2%)	202 (2%)
Total	**652 (100%)**	**803 (100%)**	**571 (100%)**	**10,073 (100%)**

The sample surveys, carried out by ISI in July 2019, provide good quality and up-to-date data. They represent an extensive data-gathering exercise which cannot be carried out more than once a year, and only on samples of Abhaile borrowers.

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

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

Regarding a borrower's journey towards a solution, also known as outputs, 33% of borrowers in sample 1, 43% in sample 2 and 47% were in progress to a solution. Borrowers were continuing to work with their PIP or in a small number of cases, referred back to DMAs within Abhaile as better placed to assist. 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 23% for borrowers in Sample 1, 18% for sample 2 and 13% for sample 3. This represents a positive trend and means that borrowers are inclined to continue engaging towards a solution. The number of borrowers who had surrendered

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

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

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

On this basis, ISI is satisfied that the July 2019 sample results, with that of sample 1 and sample 2 are highly comparable and that they appear to be representative of outcomes for the intervening quarters.

Figure B.4.1 sets out a comparison of the outputs, outcomes and status of borrowers in the three samples at December 2019. It averages those proportions (which already correspond closely). It uses these to predict the outcomes and status of the total 10,073 borrowers whose Abhaile vouchers for PIP financial advice and help were redeemed up to end December 2019.

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

> ***Solutions in place*: 39% (total 3,928 borrowers), In progress to a solution: 41% (4,130 borrowers), Not engaging (following financial advice): 18% (1,813 borrowers) and Surrender or repossession of home: 2% (202 borrowers).**

Noting that the sample outcomes identified represent a snapshot in time, in December 2019, given that just under half of the cases were classified as 'in progress to a solution', outcomes will continue to be concluded after December 2019 for borrowers whose vouchers were redeemed in the following quarters.

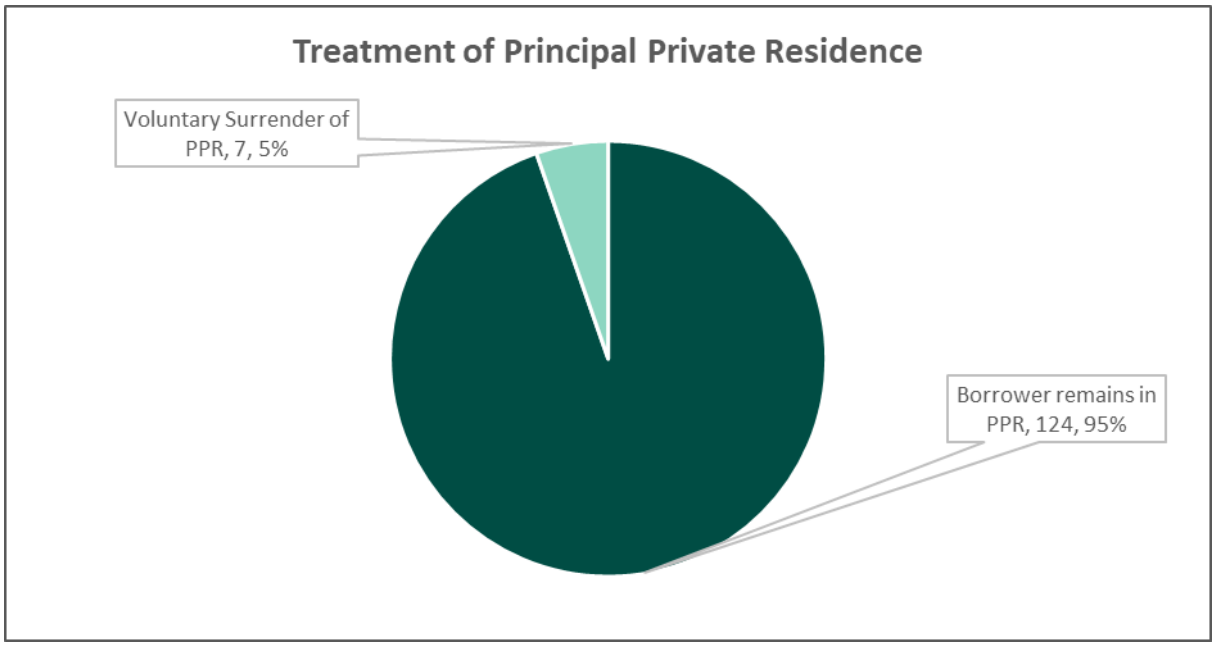
Appendix C - an analysis of the treatment of the PPR where a PIA has been put in place - ISI

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

The ISI conducted a point in time exercise (Q3 2018) which examined in detail the data on outcomes obtained for 571 borrowers who had PIP advice vouchers redeemed. The outcomes included 131 PIAs put in place.

Treatment of the borrower's home in Personal Insolvency Arrangements

The figure below presents how the borrower's home was treated as part of these 131 PIAs.



- ISI's sample analysis indicates that most borrowers, or 95%, remained in their homes. This highlighting that Abhaile is achieving one of its main priorities, which is to keep borrowers in their homes.
- A small number (5% or seven borrowers) voluntarily surrendered their homes. Where this happens, the borrower's financial adviser will work with them to achieve the best available outcome.

Breakdown of Mortgage Restructures in Personal Insolvency Arrangements

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

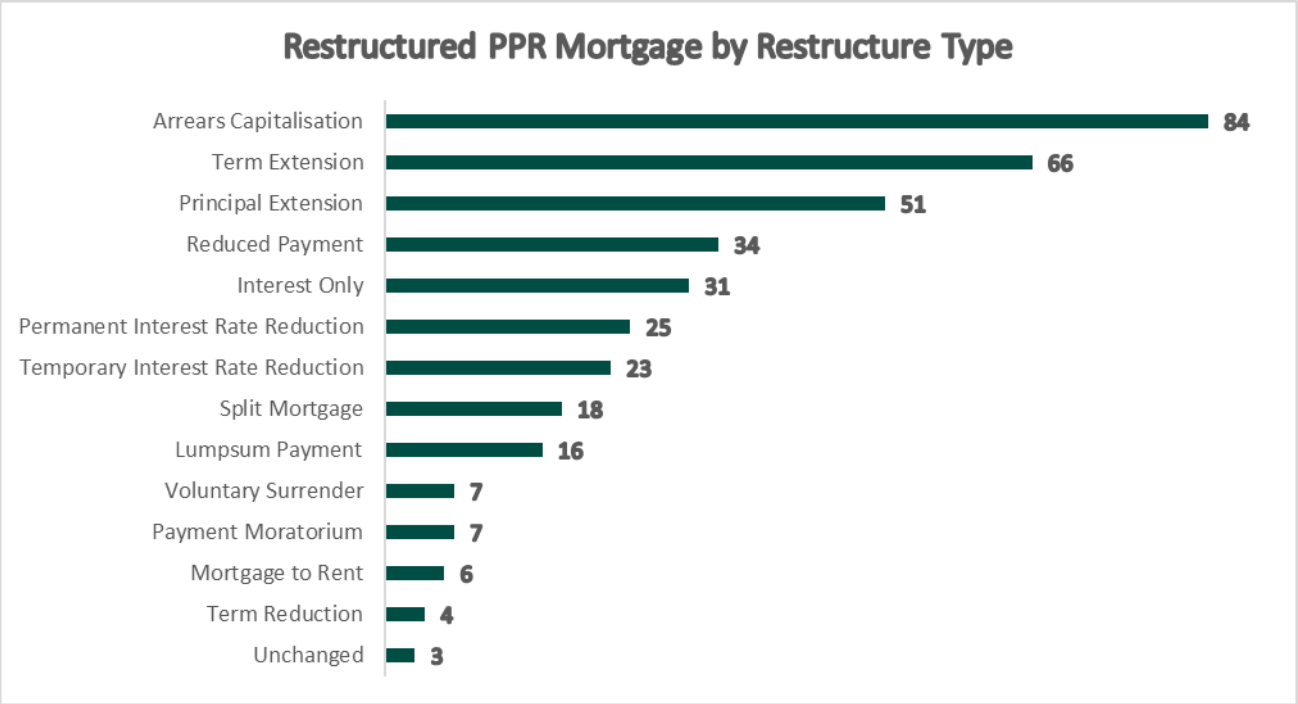


Figure 2 - A point in time analysis of 571 borrowers (Q3 2018)

The average mortgage debt across the 131 PIAs was €269,000.

- The analysis shows that 25% of borrowers secured a reduction in the principal sum of their mortgage ('write-down') and the average principal reduction was €129,000.
- The number of restructure types is higher than the number of arrangements as some of the restructure types involve a hybrid, e.g. arrears capitalisation and term extension.
- Arrears capitalisation and term extension were the most used restructure types.

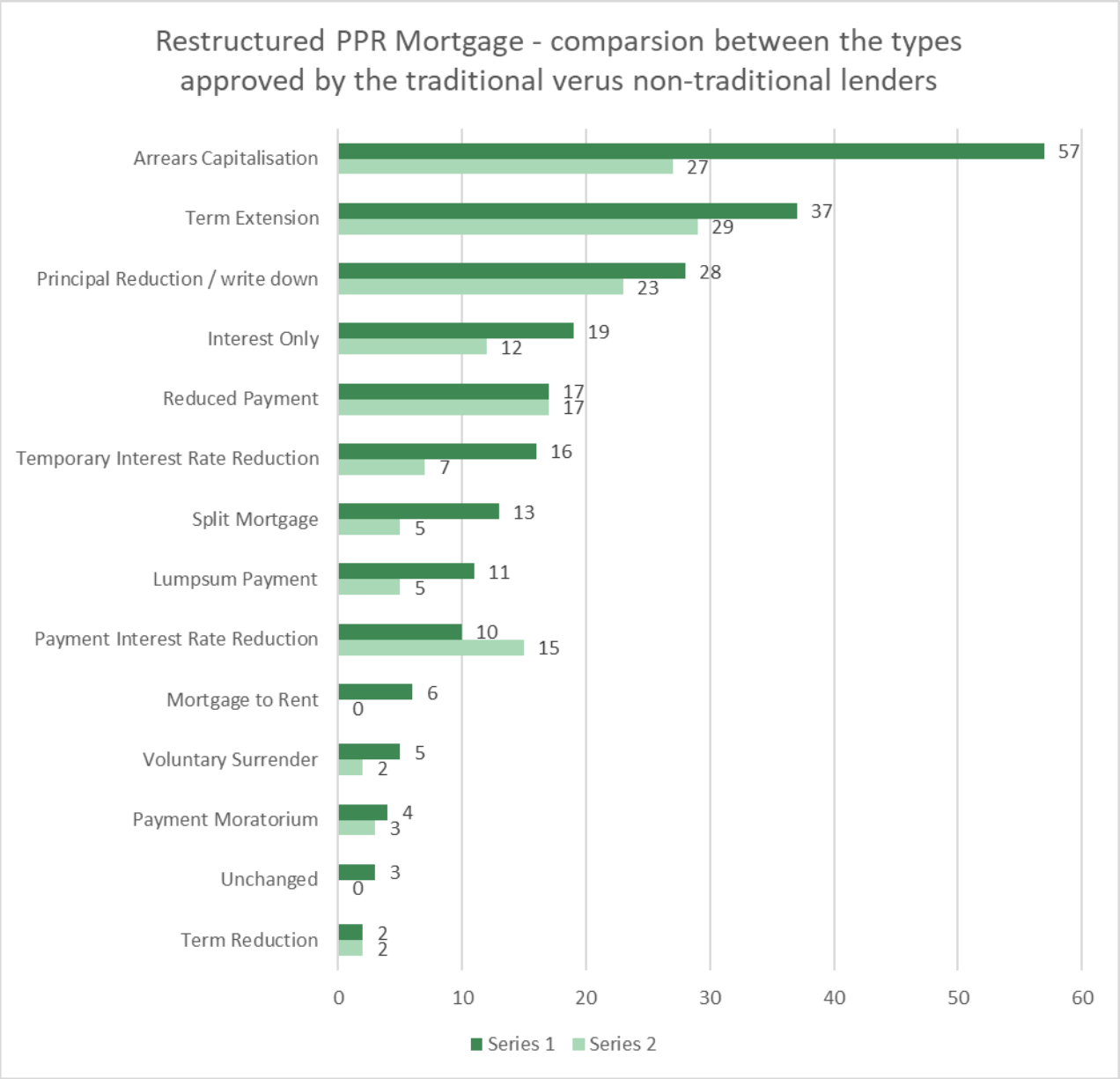


Figure 3 - A point in time analysis of 571 borrowers (Q3 2018): breakdown by lender type

As part of the analysis of different lending groups the restructure types found in the 131 arrangements were further separated under traditional and non-traditional lenders:

- Term extension was the most prevalent restructure type found in arrangements where the mortgage lender was a non-traditional entity,
- Traditional lenders had more voluntary surrenders than non-traditional lenders,
- Permanent Interest Rate Reduction is more popular with the non-traditional lenders than the traditional lenders,
- The top three restructure types are the same across lenders, but Term Extension is more popular than Arrears Capitalisation among non-traditional lenders, and
- There are no Mortgage to Rent arrangements for the non-traditional lenders in this sample data. However, it is known that non-traditional lenders are very active in offering Mortgage to Rent as a possible debt solution.

From this analysis we can conclude that there was a trend across all lenders for the top three restructure types. For the last three restructure types in figure 3 there is a broad variance between traditional and non-traditional lenders.

Appendix D: Abhaile case studies

The following are four case studies of families who have engaged with the Abhaile scheme. These examples summarise the positive impacts of engagement with Abhaile on borrowers and their families. They deal with a PIA, an ARA, Mortgage to Rent and a court review of a Personal Insolvency Arrangement respectively. Some details have been changed to protect the identity of the borrowers.

Personal Insolvency Arrangement (PIA)

Adam and Sally were managing financially until their income suffered a substantial decrease due to economic recession. Very quickly they found that they could no longer meet their financial obligations. They had a mortgage of €316,000, bank debt of €43,000 and a loan with the Credit Union of €14,000.

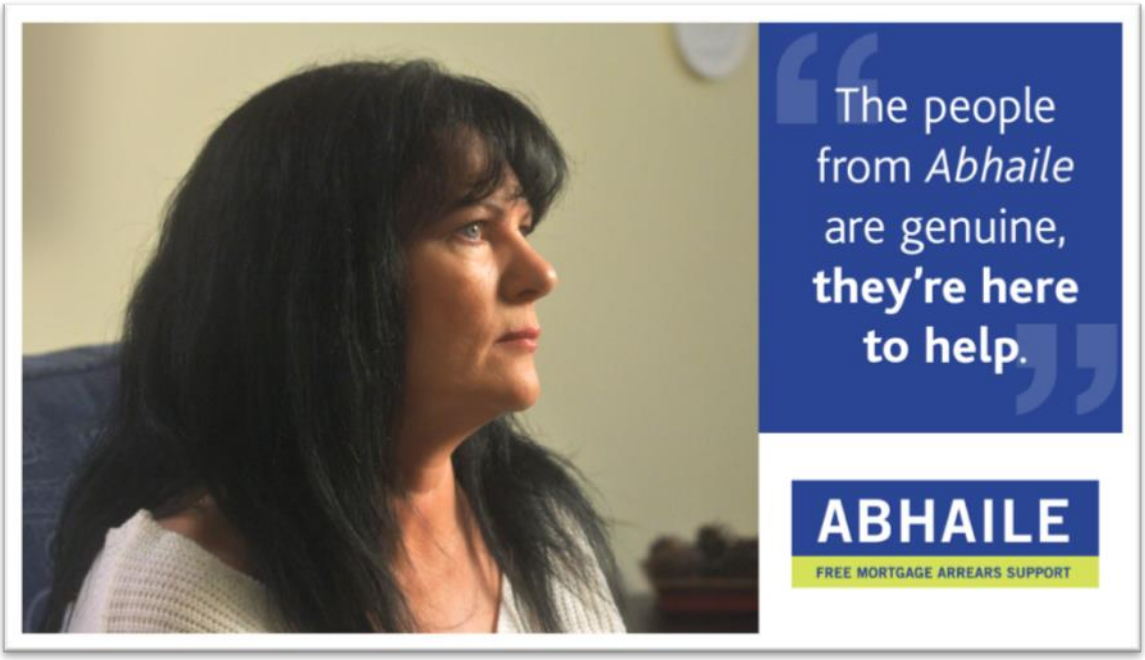
A friend told them about the services available under Abhaile. They contacted a Personal Insolvency (PIP) in their local town whose name was on the Abhaile panel. He arranged for MABS to issue a voucher which entitled the couple to a consultation with the PIP. Following a full assessment of their financial situation, the PIP set out the options available, confirmed that a Personal Insolvency Arrangement (PIA), which is a legally binding agreement, would be the most suitable and provided information on costs and fees relating to the arrangement.

Following consideration, Adam and Sally chose to proceed with the application and the PIP then worked through proposals for an arrangement which was agreed between the couple and their creditors.

The PIA covered a period of up to two years. The arrangement reduced the mortgage to the market value of €230,000 and the balance of €86,000 was

written off. Interest on the mortgage was set at 2.5% for the PIA term, releasing a dividend for payments to the remaining creditors. Adam and Sally are again solvent, with repayments they can manage, thanks to the Personal Insolvency Arrangement, accessed under Abhaile.

Alternative Repayment Arrangement (ARA)



Noleen thought there was no hope until she decided to ask for help.

As a single mum, with a part-time job and supporting her young son, Noeleen expected that a court possession hearing was the beginning of the end. She assumed that she was going to lose her home. She struggled to understand what the letters she received from her lender meant or how they arrived at the figures relating to her mortgage arrears. An advertisement at her local bus stop drew her attention to MABS and the services available under Abhaile. This was a turning point for Noleen.

She contacted the MABS Helpline and an appointment was made for her with a Dedicated Mortgage Arrears (DMA) Adviser in her local MABS. The adviser explained told her what documents to bring to the appointment and she then completed the required financial statement and worked with Noeleen to determine what kind of an Alternative Repayment Arrangement (ARA) would best suit her circumstances. The arrangement proposed involved the clearing of arrears by adding them to the remaining principal and then paying the mortgage over a longer term, thus reducing the monthly payments. The DMA adviser negotiated the arrangement with Noleen's lender and following a successful trial period during which the agreed payments were made, the long term arrangement was put in place. As a result of taking that first step with MABS, Noleen has a manageable payment plan in place and is again secure in her home.

Mortgage to Rent (MTR)

Mike and Louise are a young couple with a young family. Mike had lost his job just eight weeks before they were due to get married - their life came crashing down.

They kept in regular contact with their lender and worked hard to resolve their mortgage arrears. However, after eight long years, they were still struggling.

In late 2018 they received a letter to appear in court before the County Registrar at a possession hearing. Mike attended in person, where he met the Court Mentor from MABS. The Court Mentor supported Mike through the hearing and introduced him to Abhaile.

As a result of this, they now have hope, and it looks like Mortgage to Rent could be the answer, which was made possible through Abhaile.

Mike and Louise thought they were alone. Asking for help means they are now on the journey of keeping their home and excited about the prospect of being able to live again.

Court Review of a Personal Insolvency Arrangement (PIA)

Hannah ran into difficulties with her mortgage after both she and her husband were made redundant during the economic downturn, and with a number of children, the couple were worried. She sought to engage with the lending institution to find a sustainable solution to her debt issue but could not come to an agreement.

The mortgage creditor was threatening to seek repossession of the property. Hannah engaged the service of a personal insolvency practitioner and made a personal insolvency proposal to her creditors. The creditors rejected the proposal and she sought to institute proceedings under s115A of the Personal Insolvency Act 2012 (as amended) -applying to the court to order for approval of the proposed personal insolvency arrangement notwithstanding its rejection at the creditors meeting.

The Legal Aid Board granted legal aid for Hannah's application. The debtor's proposal, put forward by her Personal Insolvency Practitioner, sought to extend the term of the mortgage and also to bring the mortgage in line with the current market value of her home – effectively writing off the negative equity. The debtor further proposed a number of monthly instalments as a full and final settlement of her unsecured debts.

Having carefully considered the proposal and the rights of both the debtor and the creditors, the Circuit Court approved the coming into effect of the insolvency proposal notwithstanding its earlier rejection by the creditors.