

The Insolvency Service of Ireland review of reasonable living expenses - public consultation

MABS Submission

24th August 2021

Document Information

Short description

This MABS submission was prepared in response to the Insolvency Service of Ireland's (ISI's) public consultation on Reasonable Living Expenses (RLEs).

Developed by

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1. Introduction

1.1. About MABS

The Money Advice and Budgeting Service (MABS) was established in 1992 to provide advice, support and advocacy services for people experiencing or at risk of financial difficulty and to have a remit in the areas of money management education and social policy. Currently, the MABS network consists of over 60 local offices, structured into eight regional companies and is funded and supported by the Citizens Information Board.

The MABS client profile consists of adults of all ages. The housing profile can range from people who own their own homes - to mortgagors - to tenants and to those who live with family or friends or in temporary accommodation. Incomes vary accordingly and whilst historically the majority of MABS clients are social welfare recipients, currently statistics show a rate of 41%.

MABS Support CLG [formerly MABS National Development Limited] supports MABS through the provision of national training and development and casework technical support. It also supports services by providing information and reference material and supporting policy and procedural developments. It supports the highlighting and progression of social policy and national advocacy issues arising in the course of casework in the eight MABS regional companies that have offices in all 26 counties, as well as National Traveller MABS. Supports are also provided in the area of money management education.

1.2. MABS and insolvency work

Tackling debt and insolvency work go hand in hand. It is routine practice for MABS services to assess the eligibility of all clients for the most suitable insolvency option as part of formulating a strategy for tackling debt.

Under the Abhaile scheme,¹ clients also have access to a MABS Dedicated Mortgage Arrears Adviser for support and advocacy with late stage mortgage arrears. MABS centrally administers the Government's Scheme of Aid and Advice for Borrowers in Home Mortgage Arrears, who are insolvent and whose homes are at risk of repossession. Accordingly, MABS processes applications for vouchers under the 'Abhaile' scheme that are acceptable to all the professional advisers working with the scheme. The voucher covers the cost of the fixed amount of advice and help that the professional advisers have agreed to provide under the scheme in the areas of financial, legal or insolvency advice.

The eight MABS regional companies are also authorised to process Debt Relief Notices (DRNs) as 'approved intermediaries' authorised by the Insolvency Service of Ireland under section 47 of the Personal Insolvency Act 2012.

¹ The Abhaile (meaning home) scheme - <https://mabs.ie/abhaile/>

1.3. MABS clients and reasonable living expenses

Those entering into an insolvency arrangement are required to live within the applied reasonable living expenses (RLEs) as they work to resolve their over-indebtedness. Yet, in our experience, the income level of a sizeable cohort of DRN debtors means that they invariably live below the designated RLE amount – the income of many MABS clients whom are social welfare recipients being a case in point.

1.4. The focus of this submission

This submission focuses on the MABS experience of being the main processor of DRNs in Ireland (there are just three other companies authorised to provide this service).

This submission answers the questions raised in the consultation document and also considers some of the issues faced by MABS clients living below RLEs.

The document was prepared following consultation with representatives from MABS Regional companies, Regional Managers and National Traveller MABS. It is endorsed by The Citizens Information Board.

2. Particular items for consideration

The consultation document invites contributors to answer some or all of the questions posed. MABS has taken this opportunity to address all of the questions raised.

2.1. Question 1 – Adult child (under23) in full-time post-secondary education

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

The following calculation (or similar) is described in the consultation document as being routinely used by the Bankruptcy division and Personal Insolvency Practitioners and shown as special circumstances:

	With a household car	Without a household car
Secondary school child allowance 2020	€409.91	€422.16
Plus an amount equivalent to child benefit 2021	€140.00	€140.00
equals	€549.91	€562.16
Minus any student employment income	€000.00	€000.00
minus any student maintenance grant payment	€000.00	€000.00
Equals special circumstances amount	€549.91	€562.16

The document proposes this standard approach pending further research by the Vincentian Partnership for Social Justice (VPSJ) which is very welcome.

2.1.1. Application of a secondary school child set costs

Whilst it is clear why a routine practice would emerge, it is the experience of MABS Advisers that the costs associated with supporting a 'college-going child' can vary tremendously and are not reflected in this approach. Students and their families face a variety of costs associated with going to college not included in set costs for a school-going child, such as fees, equipment and books [school books may be rented for a school-going child].

One key determinant of cost is whether the student lives adjacent to the college or not. Generally, college-going children often incur substantial accommodation costs in particular, along with transport, travel and living costs for food, utility bills, clothing etc.². On the other hand, school-going children live close to their school, or pay a contribution to the School Transport Scheme that is primarily funded by the Department of Education.

It is our view that applying the set cost amount for a secondary school-going child with a top-up of €140 per month is worth consideration in the RLEs as the default allowable expense for a college-going child **who lives at home**, plus the sum of €250 per month per student to cover registration fees. However, pending further research by the VPSJ into a reasonable living expenditure, any additional costs should be vouched and shown under special circumstances.

It is our view, that even in the interim, application of the ISI proposed set cost figure, even with a top up for registration fees as proposed by us, is inadequate in the case of a college-going child **living away from home**, where the associated costs, under the headings outlined above, are very different and usually significantly higher than a school-going child. Accordingly, where the college-going child lives away from home, the set cost amount for a secondary school-going child with a top-up of €140 per month plus registration fees, could be automatically applied, but with an extra sum added under Special Circumstances that would reflect the costs incurred under the headings outlined above. In cases where this might make achieving a PIA more difficult, debtors could of course opt for a sub-RLEs PIA/DSA, as per the High Court ruling in the Phelan and Hurley cases in 2019.³

2.1.2. Applying a reduction of the set cost when a maintenance grant is in payment

MABS does not agree with the reduction of set costs when a SUSI grant is in payment. Whether a college-going child qualifies for a full or partial grant is determined by a means test and whether the college-going child lives adjacent to the college or not. If he/she normally lives 45 kilometres or less from the college they get the adjacent rate. If they live further away than 45 kilometres,

² <https://www.independent.ie/irish-news/education/going-to-college/financial-shock-as-college-costs-jump-to-14000-for-students-living-away-from-home-40763079.html>

³ https://www.courts.ie/acc/alfresco/1b979eb0-ed2f-47b4-b512-8bf2a6ec8a6/2019_IEHC_523_1.pdf/pdf#view=fitH

they get the non-adjacent rate. This is based on the distance of where they ordinarily lived in the year before starting college. Disadvantaged students can qualify for a special rate of maintenance grant both adjacent and non-adjacent.

The college-going child's income with the exception of a disregard of earnings outside of term-term is assessed in the means test, together with the parent's income to establish the level of grant awarded to the college-going child's. If the college-going child's income was to be considered in the parent's insolvency arrangement in the reduction of set costs, then this could result in the same income reducing the SUSI grant payable and also increasing the amount payable by the parents in an insolvency arrangement. To reduce the set costs by the college-going child's income would mean a 'double hit' on the same earnings.

2.1.3. Applying a reduction of the set cost from a student's employment income

MABS does not agree that a college-going child's income from employment should be deducted from the insolvency applicants set costs, as the college-going child is not a party to the insolvency and in our experience, parent(s)/guardian(s) do not receive this income. Generally, a college-going child's income is likely to be low and used to support their own personal expenses. It is the MABS view that parents/guardians in insolvency arrangements should not be penalized when a college-going child works and that this approach could discourage college-going children from working. This would also have a further detrimental effect on the hard-pressed hospitality sector, which traditionally depends on the college-going children sector to assist in meeting its labour requirements.

2.1.4. MABS proposal on college-going children

MABS agrees with the ISI assertion that the cost of providing for an adult child in full-time education can vary substantially. Given that assertion, which we believe is a tacit acknowledgement that "one size does not fit all", MABS believes that there are degrees of incongruity and inflexibility in the proposal that the secondary school child allowance without a deduction for Child Benefit should continue to guide the costs for inclusion for **all** college-going children in the special circumstances category of the RLEs. MABS does agree that the secondary school child allowance without a deduction for Child Benefit, but including a sum of €250 per month for registration fees should be a set-cost for a college-going child living at home (but vouched with any additional costs pending VPSJ research).

However, as standard, further expenses incurred by a college-going child living away from home should be included in the special circumstances category of the RLEs. This approach not only acknowledges the substantial variations in the cost of providing for an adult child in full-time education, but also allows for the flexibility that a case-by-case approach delivers. We further contend that sufficient and recent research exists into the minimum essential costs of college-going children (referenced in footnote 2 earlier), to allow the MABS view outlined to be deemed an appropriate change that will inform the ISI's annual review of RLEs and consultation with relevant Ministers.

It is also proposed, primarily because the college-going child is not a party to the insolvency of their parent(s)/guardian(s), that neither a college-going child's income nor their grant should be deducted from their parent(s)/guardian(s) set costs. Our proposal is consistent with the methodology used in assessing SUSI grant applications in terms of adjacent and non-adjacent college-going children.

2.2. Question 2 - Insurance (Car, home, mortgage protection)

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

2.2.1. Car insurance

Given the MABS experience of working with budgets depicting actual debtor expenditure, we agree with other stakeholders that the set cost for car insurance is not realistic, and recent highly publicised probes into practices in the insurance industry would support our assertion^{4,5}. In addition, there are substantial differences between rural and urban transport costs, including insurance. In relation to DRNs, debtors' cars are typically of a lower value than standard, so repair costs can be more frequent and costly. Insurance can be more expensive for these debtors because choosing to pay an 'excess fee' if anything goes wrong is often not an option, because that money would not be available in the debtor's budget.

2.2.2. MABS Proposal on car insurance

MABS acknowledges that the ISI's approach in this instance does recognise the difficulty in using a one size fits all allowance to capture car insurances in the RLEs due to the variations that can occur with such costs. This approach corresponds with MABS's experience in casework with insolvent debtors. However, as car insurance is legally required, it should remain as a defined set cost at the 2021 set costs figures quoted in the ISI's consultation paper of July 2021 - with costs incurred by debtors in excess of these set cost figures claimable as Special Circumstances.

Furthermore, MABS believes that an unintended consequence of the ISI proposal that a PIP or AI would set out the actual car insurance costs along with actual home insurance and mortgage protection costs (where applicable) by means of requesting documentary evidence from the debtor concerned is that this proposed requirement may preclude insolvent debtors from retaining the income necessary to purchase these products going forward.

⁴ <https://www.irishexaminer.com/news/arid-40342475.html>

⁵ <https://www.irishtimes.com/business/financial-services/motor-insurance-cost-may-fall-after-watchdog-investigation>

2.2.3. Home insurance

The current RLE set costs refer to contents insurance only. Many MABS clients are unable to afford home insurance whether that takes the form of contents for rental properties or building and contents for a mortgaged home.

2.2.4. MABS Proposal on home insurance

It is proposed that home contents insurance remains in the RLE set costs with an agreed figure for buildings insurance also added as a set cost. This will provide those without insurance with the opportunity and incentive to get insurance.

MABS once again acknowledges that the ISI's approach in this instance does recognise the difficulty in using a one size fits all allowance to capture home insurances in the RLEs due to the variations that can occur with such costs. This approach again corresponds with MABS's experience in casework with insolvent debtors. However, as mortgage providers routinely require their interest to be noted on home insurance policies, it should remain as a defined set cost at the current set cost figures allowed for home insurance stated in the ISI's consultation paper of July 2021 - with costs incurred by debtors in excess of these set cost figures claimable as Special Circumstances

2.2.5. Mortgage Protection insurance

MABS agrees with the ISI's acknowledgement that Mortgage Protection insurance is generally accepted to be a critical requirement and to date this is typically included in the special circumstances category of the RLEs. However, by law, lenders must ensure that debtors have this cover in place when they take out a mortgage (with the policy assigned to the lender), notwithstanding that the lenders may agree to give the debtor(s) a mortgage without this cover in certain circumstances. Accordingly, Mortgage Protection insurance can be considered compulsory for the most part.

2.2.6. MABS Proposal on Mortgage Protection insurance

MABS recommends that the cost of mortgage protection insurance to debtors should be included as a stand-alone set cost in the RLEs going forward and un-bundled from "savings and contingencies", which are more discretionary for debtors in reality. Furthermore, given the actuarial factors involved in calculating insurance risks and premiums, MABS further proposes that Mortgage Protection insurance costs incurred by debtors in excess of the proposed set cost figures should be claimable as Special Circumstances.

2.2.7. Life insurance

MABS aims to support people to regain financial control. Many MABS clients/DRN debtors are without life insurance, which in our view is as necessary for insolvent debtors and their dependents/families as for other sectors of society. We are all going to die - so not having necessary life cover can seriously disadvantage a person's (and their dependents'/family's) current and future economic security, with probable financial implications for the State in the areas of housing and social protection in general.

2.2.8. MABS proposal on life insurance

MABS recommends including an allowance for life insurance in the set costs to provide both the opportunity and incentive for insolvent debtors to obtain insurance to support economic security.

2.3. Question 3 - Holiday in Ireland

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

It is the MABS view and proven by research, that many people living on a low income and tackling debt, experience a great deal of strain, ranging from stress, to physical illness and mental ill-health. Social inclusion is vital not only to support wellbeing but to access opportunities, so it is important that not only adults, but children of insolvent parents should be socially included. People cannot be socially included if they are financially excluded, and a holiday allowance would be of substantial benefit in this regard. However, the amount proposed is low and would not cater for families with for example requirements for additional rooms, or specific requirements due to ill-health, so some flexibility would be required.

2.3.1. MABS Proposal on a holiday allowance

MABS welcomes the proposal to include an amount for a holiday in Ireland and welcomes the humane approach to supporting the physical, psychological and social needs of insolvent people and their families while tackling over-indebtedness. It is proposed that there is also some flexibility for additional specific needs to be recorded under special circumstances if required.

2.4. Question 4 - Health Insurance

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

In the consultation document the ISI proposes not to include an allowance for health insurance in the 2021 set cost figures and to continue use of the special circumstances category of the RLEs to provide for health insurance costs where deemed appropriate.

MABS does not agree that health insurance is best placed in special circumstances and we believe that it would be better placed in set costs, as we are of the view that for many it is a need and not a want and we are aware from our casework that there are circumstances other than those identified where this is the case. We note the MESL allowance is based on a basic policy with low excess where a household is not eligible for a medical card. It is the MABS view that even those with a medical card should have the choice to avail of some health insurance cover for the same reasons as those identified by the ISI.

Though the ISI does not regard the community loading piece as reason in itself to retain a policy, the government encourages private health insurance and provides tax relief on this cost.⁶ MABS is of the view that a person returning to solvency should not face extensive insurance cost increases as a consequence. For example, a person commencing a policy at aged 41 will pay 14% more for being 7 years older than a 34 year old (a loading of 2% for each year).⁷ 14% is a sizeable increase in terms of the current cost of health insurance.

2.4.1. MABS proposal on health insurance

As stated above, MABS believes that health insurance should be recorded under set costs, but debtors eligible for a Medical Card should not be excluded from the opportunities provided by private health insurance that would enable them to have a choice of medical consultant or avoid/ameliorate the stress caused by waiting lists for health services. However, we also believe that there should be flexibility for additional specific needs to be recorded under special circumstances if required. These special circumstances would not just be those as highlighted by the ISI, but would also cater for situations such as where debtors would be prevented by an exclusion clause from availing of essential treatment even if they were allowed to reinstate a policy following a period where the same policy lapsed due to no allowance in the RLEs to fund same. MABS also proposes that flexibility is applied under special circumstances on a case by case basis where medical insurance is judged necessary, including where lifetime community rating is considered a valid reason to maintain a health insurance policy.

⁶ https://www.citizensinformation.ie/en/money_and_tax/tax/income_tax_credits_and_reliefs/taxation_and_medical_expenses.

⁷ <https://www.hia.ie/consumer-information/lifetime-community-rating-explained>

2.5. Question 5 - Implementation

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

MABS is aware that the consultation document does not specifically address the issue of application of RLEs to DRNs during the supervision period. Though in general no payments are required, due to the eligibility criteria of having less than €60 per month disposable income,⁸ payments and resulting re-calculation of RLEs can arise during the supervision period due to an increase in income or a receipt of a gift or payment.

2.5.1. MABS proposal on implementation

It is MABS view that to ensure fairness, changes to the RLEs should apply as soon as they become operational to cases where payments are in place or due to be calculated, as to do otherwise would be discriminatory. It is also suggested that revised RLEs are considered during annual reviews of other insolvency arrangements.

3. Further observations

In response to the invitation to make observations on any aspect of the RLEs, and not just the issues identified in the consultation paper, MABS would like to highlight the following points regarding the RLE framework and issues arising in casework practice.

3.1. The RLE framework

MABS is of the view that the RLE framework is an effective means of applying a standard process to calculate a reasonable standard of living, and to allow for unique circumstances to be accommodated.

MABS is also of the view that using the Vincentian Partnership for Social Justice MESL figures to develop set costs is a valuable source of independent data. The VPSJ methodology of carrying out thorough pricing research to develop consensual budgets appears to be the best approach to address the complexities of personal finance.

What is less clear is the method of modifying the MESL figures to produce the RLEs, for example, the conversion from the VPSJ urban versus rural approach⁹ to the RLE car versus without car. A comparison of both shows a substantial difference in set costs applied.

⁸ DRN eligibility criteria under section [26](#) (2) (e),

⁹ <https://www.budgeting.ie/rural-budgets/>

3.2. MABS proposal on the RLE framework

Whilst the proposed increases in RLE set costs are welcome, it is the MABS view that the parameters of the RLEs could be broadened to include, for example, forthcoming family events of established social and cultural importance, such as ceremonial events that signify rites of passage to the various traditions in our now multi-cultural society - or to accommodate the costs of a (necessary) second car. We would welcome an increase in set costs for savings/contingencies for example to allow some cushioning for both foreseen and unforeseen costs such as higher than usual utility bills, or a rise in oil prices which is currently being experienced and forecasted to continue due to increases in wholesale energy costs. Furthermore, we note that whilst Life Assurance is included under "Savings and contingencies", MABS believes that it should be a separate set cost.

MABS, in both its general money advice and its DRN processing work, would have valuable anonymised data on actual expenditure and experience to contribute that is not available elsewhere. We would welcome the opportunity to engage further with the ISI and VPSJ as strategic partners in a planned way over time to allow contribution on specific issues to be considered thoroughly.

3.3. Proposed changes to the RLE set costs

MABS welcomes the proposed increases and the humane approach to wellbeing adopted in the consultation document as being a positive move in the right direction. RLEs can be very restrictive and can be further exacerbated by external economics. For example, since the Covid-19 pandemic and perhaps Brexit, costs such as food, home heating oil, carbon taxes, etc. are increasing and the pace of increase is forecasted to accelerate.

It is noted too that there is also a reduction in some set costs. For example, the reduction due to GP health care now available to under 6 year olds would have been a gain for some, but not DRN applicants, many of whom already have a medical card.

3.4. MABS proposal on the RLE set costs

Given the rapidly changing economic environment, MABS proposes that the system for updating RLEs should be agile enough to accommodate unavoidable external fluctuations through regular reviews and systemic linkages to data on such as inflation.

MABS welcomes the baseline review carried out by the VPSJ and the forthcoming research into college-going children. We would also propose independent research into the area of saving for economic security and contingencies and the specific costs for older insolvent debtors in receipt of the old age pension.

For example, one adviser raised the issue of a husband and wife with an Old Age Pension income each, who lived in their son's property and had no rent, and no special circumstances costs. Neither qualified due to their income in comparison to RLE's, yet faced no prospect of returning to solvency via a statutory insolvency arrangement. Accordingly, their only option is for MABS to negotiate a voluntary arrangement on their behalf. It is worth noting that this issue applies to other people who do not have a home of their own.

3.5. Lenders using the RLEs to inform decisions

MABS advisers explore actual income and expenditure for each client in detail in recognition that every household is unique. RLEs are a helpful guide in preparing and poverty proofing^{10, 11} budget plans.

Staff training and the MABS standard financial statement issued to lenders draws attention to the fact that clients not availing of debt settlement under an insolvency option must not be bound by RLE figures. Yet it is commonly experienced that lenders expect MABS clients or self-helping people in debt to live in accordance with RLE figures in order to have voluntary arrangement proposals accepted, yet with no accompanying write down.

A further unintended consequence of RLEs is the refusal by lenders to accept proposals where the person is living below the RLEs. Whilst it is appropriate for nil payments on secondary debt, there should be more flexibility when for example it is the difference between keeping a home or not. This issue was considered in a recent High Court section 115A appeal case that addressed the matter of debtors temporarily living below RLEs in a situation where the monthly cost of alternative accommodation was higher than both the monthly mortgage repayment being made and the cost of alternative accommodation. The ensuing judgment also recognized the unique financial capabilities of individuals.¹²

On the subject of nil payments, we support the recommendation in the FLAC submission on 'no – payment plans' where there is no surplus income available to a borrower and the collection of data on such cases to appreciate the scale and scope of the issue. We also support the recommendation that the ISI research the frequency of deviation from RLEs.¹³

Whilst it is a positive development that RLEs provide guidance to lenders on reaching realistic repayment arrangements, this can be equally problematic when used to deny welfare recipients access to mainstream credit. Social welfare recipients tend to borrow for important life events such as back to school, college and religious events. When refused mainstream credit, welfare recipients are driven to higher cost credit options such as licenced and unlicenced moneylending, thereby further depleting their limited resources. The recent exit from the market by Provident creates a precarious gap in the market, making access to affordable credit an area to be further urgently addressed by government policy.

¹⁰ <https://www.cso.ie/en/silc/aboutthesilc/>

¹¹ <https://www.gov.ie/en/collection/afb04e-poverty-measurement-and-monitoring/>

¹² https://www.courts.ie/acc/alfresco/1b979eb0-ed2f-47b4-b512-b8bf2a6ec8a6/2019_IEHC_523_1.pdf/pdf#view=fitH

¹³ https://www.flac.ie/assets/files/pdf/flac_personal_insolvency_submission.pdf

3.6. MABS proposal on lenders using RLEs for non-insolvency option cases

Though it is not possible for the ISI to control how RLEs are used elsewhere, it is recommended that it continues to make clear on all ISI publications that RLEs are binding on only Insolvency option applicants, and may be used for guidance purposes only elsewhere. The issues are highlighted here because further greater insight is needed into gaining effective solutions to the problem of over-indebtedness and access to affordable credit for people living below RLEs.

3.7. Access to Personal Insolvency Arrangements and Debt Settlement Arrangements

The purpose of having insolvency legislation is to enable people who meet the criteria to tackle their over-indebtedness and get a fresh start. A recent report published by Waterford MABS¹⁴, draws attention to the fact that many are denied this opportunity and to the need for debtors living below RLEs to access PIAs and DSAs. The report explains that where debtors wish to retain the family home and such creditors have a significant share of the vote, debtors' options are very limited and arrangements under the RLE are currently the only way to achieve a solution. This is described as perhaps a 'least worst' option for debtors in this category, i.e. it is an improvement on a voluntary arrangement, in that it returns the debtor to solvency within a defined timeframe and, in many instances, yields greater potential for the client in maintaining the family home. Yet the report goes on to highlight that many of its clients are *'locked-out of a statutory service ostensibly established to help them, and others in a similar situation, by virtue of the fact that they do not have enough money to put in place an arrangement while also paying a Personal Insolvency Practitioner's (PIP) professional fee.'*

FLAC also endorses the recommended state-funded, free-to-access Personal Insolvency Practitioner service recommended in the Waterford MABS report¹⁵

The Waterford report demonstrates successful outcomes for debtors availing of free support from MABS, and notes the difficulties a commercial PIP would face in providing the required level of intensive support needed. MABS therefore reiterates the recommendations of that report for the establishment of a state-funded personal insolvency practitioner service integrated within the MABS network to support debtor arrangements that are not commercially viable to private PIPs.

¹⁴ Waterford MABS * Personal Insolvency Practitioner Report – August 2016 (*now North Munster MABS CLG)

¹⁵ https://www.flac.ie/assets/files/pdf/flac_personal_insolvency_submission.pdf

4. Conclusion

MABS welcomes the positive developments outlined in the consultation document. Our responses are an advocacy of our belief that the areas addressed in this consultation, i.e. Education, Health, Life Assurance, Home Insurance, Transport (car insurance) and Respite (holidays) are of such importance to our citizens, but especially to those debtors facing insolvency, that there remains a requirement for these areas to be addressed as set costs in the RLEs. However, we agree with the ISI that in the area of personal insolvency, “one size does not fit all” and accordingly we trust that we have also demonstrated that a holistic approach to dealing with insolvent debtors requires recognition that a case by case approach is required. This approach involves the intertwining, where warranted, of set costs with costs that can be addressed under special circumstances in the areas of Education, Health, Life Assurance, Home Insurance, Transport (car insurance) and Respite (holidays) and we trust that we have demonstrated a consistency in our approach to the solutions we have put forward in these areas.

We also availed of the opportunity presented when answering each of the questions raised to make our observations on the RLEs as a framework and the general application of set costs, particularly the holiday set costs which will go some way towards enhancing the wellbeing of debtors engaged in an insolvency process for many years.

We also welcome consideration being given to how insurance costs are calculated and the opportunity to broaden out the discussion regarding the inclusion of the application of RLEs in non-insolvency situations as a social policy issue.

Finally, we have taken this opportunity to highlight the inequality of access to PIAs and DSAs of debtors living below RLEs where it is not commercially viable for a private PIP to administer an arrangement.

We thank our colleagues in the MABS Regional companies and National Traveller MABS for their collaboration with MABS Support CLG in the formulation of this submission on behalf of the MABS organization.

Accordingly, we ask that the ISI accepts our proposals and hope that more regular engagement with MABS Support CLG, MABS Regional companies and National Traveller MABS is possible in relation to RLEs and other insolvency issues that frequently arise in MABS casework practice.



The MABS Helpline **0818 07 2000**,
Monday to Friday from 9 a.m. to 8 p.m.

