

ABHAILE

FREE MORTGAGE ARREARS SUPPORT

Aid and Advice for Borrowers In Home Mortgage Arrears

Fifth Report
January – December
2021



Rialtas na hÉireann
Government of Ireland

Department of Justice Department of Social Protection September 2022

Note on Reporting Period and Data

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

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

The period covered by this report is 12 months and represents the Abhaile operating period January – December 2021 (Abhaile Year 5).

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

Total Abhaile Service Statistics July 2016-2021

19,381

households in long term mortgage arrears supported by Abhaile.

80%

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

- **34% (7,790)** of the total **23,042** borrowers who engaged with Abhaile either have a solution in place or are trialling one.
- A further **46%** of borrowers who engaged with Abhaile financial advice (**10,592 borrowers**) remained in their homes while they engage with ongoing support from their Abhaile financial adviser. The adviser is working with the borrower to get a solution into place.
- **17%** no longer engaging with Abhaile services.
- **3%** voluntary surrender or repossession executed.

28,356

borrowers have received support from the courtbased services of a Court Mentor or Duty Solicitor, or both.

- **18,631** borrowers supported by a Court Mentor.
- **9,725** borrowers supported by a Duty Solicitor.

2,697

borrowers received additional specific legal advice from an Abhaile Consultation Solicitor.

2,724

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

75%

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

2021 in Numbers



1,203

vouchers issued for financial advice and support from a PIP



85%

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



1,584

new borrowers received financial advice and support from a DMA adviser



84

accountant vouchers issued for additional specific financial advice and support



425

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

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



418

consultation solicitor vouchers issued for specific legal advice and support

Court-Based Supports



1,850

unrepresented borrowers supported by **Court Mentors** at **256** possession hearings



1,136

unrepresented borrowers supported by a **Duty Solicitor** at **262** possession hearings

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Glossary of Terms

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

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

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

CBI – Central Bank of Ireland.

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

CIB – Citizens Information Board.

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

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

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

DSP – Department of Social Protection.

Deep Dive – Detailed review of borrower circumstances, arrangement proposal (if any) and outcomes for Abhaile vouchers redeemed in Q3 of any given year. This is carried out annually by the Insolvency Service of Ireland (ISI).

DOJ – Department of Justice.

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

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

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

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

ISI – Insolvency Service of Ireland.

LAB – Legal Aid Board.

MABS – Money Advice and Budgeting Service.

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

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

Personal Insolvency Acts – the Personal Insolvency Acts 2012-2021.

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

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

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

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

PIP – Personal Insolvency Practitioner, regulated by the ISI.

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

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

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

PART A:

Introduction and Background

1. Introduction

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

This report provides an update on Abhaile activity for the year from January to December 2021 and key outcomes since the creation of the service. The report meets the Government's requirement in establishing Abhaile for an annual review of its operation, including in terms of its take-up, outcomes and budget adequacy.

Total Mortgage Arrears

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

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

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

home mortgage accounts in some level of arrears has continued to decline steadily in every quarter since. By the end of Q4 2021, the number of home mortgage accounts in some level of arrears had fallen to 47,062 accounts – a decrease of 67.1% since the peak. This reduction represents a year-on-year decrease of 7,924 accounts to the end of 2020.

Abhaile Long Term Mortgage Arrears (720+ days)

The main focus of Abhaile continues to be on borrowers in long-term mortgage arrears equalling over 720 days. At the peak of the long term mortgage arrears crisis in June 2015, the number of mortgage accounts in arrears of more than 720 days was 38,043. It has dropped steadily in each subsequent quarter, and by the end of 2021, stood at 21,675 – a drop of 43% since the peak.

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

In 2020 the Irish economy experienced an unprecedented shock, COVID-19. In response to the pandemic the Irish Government took swift and decisive action to slow the spread of the Coronavirus and to save lives. As a result, extensive restrictions were introduced on all social, educational, and economic activity

through a series of public health restrictive measures.

The COVID-19 pandemic and related public health restrictive measures continued into 2021. The effect of these restrictions throughout 2021 is evident in take-up of the Abhaile services.

Although demand in 2021 was somewhat subdued due to COVID-19, the services of Abhaile continued to support borrowers in mortgage arrears by providing them with free, independent, and expert advice. Services include financial and legal analysis and advice, insolvency advice, accountancy support, identification and negotiation of mortgage debt solutions, and support at court, both in person and virtually (when required) if facing repossession proceedings.

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

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

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

In advance of the strategic review, currently ongoing, a Governance Review of Abhaile took place in 2021 to reflect upon and enhance the future governance structure of the scheme.

Appendix D sets out more detailed information on the governance structures and oversight arrangements for Abhaile.

2. Services Available under Abhaile and Eligibility Criteria

2.1. Services Available

MABS Advisory Services – The First Steps

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

Due to public health restrictions, face-to-face consultations did not take place from March 2020 onwards. However, services were still available and efficiently provided to those who needed them through the MABS helpline. This helpline is open Monday to Friday, 9am to 8pm. WhatsApp was introduced in 2021 to replace the temporary online chat facility introduced in April 2020. The online chat facility was in direct response to COVID-19 and to provide an alternative touch point for people to chat with a MABS adviser.

Awareness campaigns and promotion of the relevant services continued throughout 2021, letting people know

that the service was still available, and how to get in touch.

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

When a borrower contacts MABS, an adviser assesses the borrower's financial situation. If the borrower meets the eligibility criteria, MABS will support them in accessing the expert best suited to help resolve their situation.

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

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

- The Dedicated Mortgage Arrears (DMA) Service

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

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

The Dedicated Mortgage Arrears (DMA) Adviser Service

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

A DMA adviser will often be the first point of contact with Abhaile for the

borrower. Where a PIA is unsuitable, or if the borrower decides not to pursue a statutory debt solution, a DMA adviser will represent their interests in negotiating an alternative arrangement with the borrower's permission.

The Personal Insolvency Practitioner (PIP) Service

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

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

The Accountant Service

If the borrower's case involves more complicated financial issues but is not suited to personal insolvency, then MABS may direct the borrower for financial advice to an accountant, who is a member of the Abhaile Accountants' panel. The borrower will need to first work with a MABS Adviser to complete the Standard Financial Statement (SFS) required by lenders under the Mortgage Arrears Resolution Process (MARP). The accountant will need a copy of the SFS to give them financial advice. The borrower will have a face-to-face consultation with the panel accountant. The accountant will advise them on any financial issues relating to resolving their mortgage arrears and on possible solutions, confirming that advice to them in writing.

The Consultation Solicitor Service

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

The financial adviser can then apply to MABS for a legal advice voucher for the borrower. The legal advice voucher will entitle the borrower to a face-to-face consultation with a solicitor from the Legal Aid Board's Abhaile solicitor panel.

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

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

The Duty Solicitor Service

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

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

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

The Personal Insolvency Court Review Service

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

Under the Personal Insolvency Court Review Service, the Legal Aid Board can provide the borrower with legal representation by a solicitor and barrister. They can make the Court

review the application subject to the case meeting the criteria set out in the Civil Legal Aid Act, 1995.

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

The Court Mentor Service

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

2.2. Eligibility Criteria for Abhaile

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

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

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

Abhaile is focused on supporting people to deal with arrears related to their principal home or main property and is not designed to support mortgage arrears for investments or buy-to-let properties. However, a person in mortgage arrears on their home, who *also* owns a buy-to-let, will still

be eligible if he or she satisfies the conditions above.

2.3. Continued effects of COVID-19 on Abhaile services in 2021

Similar to 2020, the services of Abhaile were again significantly impacted by COVID-19. Many of the services delivered through MABS, PIPs, the Legal Aid Board, and Court Services were restricted because of national and regional public health measures. Many of the emergency measures implemented by the service providers in 2020 were carried into 2021 to reduce, as much as possible, the impact.

Possession hearings were widely cancelled for much of last year. This negatively impacted the chance for Abhaile court-based services to proactively engage with borrowers in long term mortgage arrears compared to pre-pandemic time.

The courts can be the first interaction a borrower has with Abhaile and is deemed an essential point of access to the supports. Nevertheless, 2021 saw the numbers of borrowers assisted by court mentors increase by 16% on the previous year and a 30% increase in the number of possession hearings where MABS court mentors were present. The duty solicitor service also experienced an increase in demand, increasing by 22% compared with the previous year.

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

MABS staff were deemed essential under the Government's response to COVID-19. In-person face-to-face consultations were suspended in restriction level 3 and above. Consultations were offered on an emergency appointment only for levels 1 and 2. MABS continued to provide phone, video, online chat, and email consultations in the absence of in-person consultations.

Although deemed essential, MABS staff reported significant challenges outside the control or influence of the service. Moving cases forward was a considerable challenge. Delays in getting signatures, difficulty in meeting deadlines, a lack of perceived urgency as a result of remote meetings, and a lack of face-to-face meetings and consultations were identified as contributing factors.

Client uncertainty regarding employment made long term planning and negotiation difficult.

In 2021, new DMA cases fell by 9% compared to 2020. This equates to 149 fewer new DMA clients engaging with the service in absolute numbers. There were several factors contributing to the reduction.

There were reduced new client referrals from the court system as a result of courts closures and cancellations of possession hearings.

Many loan owners appeared to be holding off starting legal proceedings against borrowers in arrears. Legal correspondence can often act as a catalyst for borrowers to seek help immediately.

Lenders continued to widely approve payment moratoriums for clients whose employment had been impacted by COVID-19.

Several anticipated loan book sales were postponed by some banks pending a return to a more normal economic and societal environment. Borrowers have been granted short term affordable arrangements during that holding period.

The above factors have contributed to a perceived change to the more familiar pre-pandemic sense of urgency around lenders seeking to recover outstanding home loan debts.

PIPs were again deemed essential workers throughout 2021. During extensive periods of public health restrictions, borrower consultations were held by video call while in-person meetings were not permissible.

The number of PIP vouchers redeemed in 2021 was 57% of those redeemed in 2020 – continuing the trend from the previous year where 82% were redeemed compared with 2019.

The most significant decreases in 2021 corresponded with the implementation of level-5 public health restrictions in Quarters 1 and 4. The ISI has partially attributed the reduced numbers to public health restrictions, which caused difficulty for borrowers in accessing consultations with PIPs. In addition, the overall knock-on effect from the reduced volumes of new DMA clients over the year, as mentioned above, certainly impacted this aspect of the service.

Despite impacts to the PIP voucher scheme attributed to public health measures, some positive signs of improvement and recovery can be seen from the ISI Deep Dive 2021 in areas such as borrower engagement and the number of solutions being achieved.

The number of borrowers disengaging after their consultation with a PIP decreased by 8%. An Improvement on 2020 where an estimated 29% of borrowers did not proceed with their PIP after the initial consultation.

The number of borrowers who had successfully obtained arrangements was up by 14% compared to the ISI analysis carried out for the 2020 Deep Dive.

The average write-down achieved in successful Personal Insolvency Arrangements in 2021 was €136,089, up from an average of €94,145 in 2020. This represents an uplift of 45% on the previous year.

The average number of vouchers redeemed in 2021 represented a reduction compared to the 2020 average. The rate of redemptions fluctuated in line with the level of public health restrictions in place at any given time throughout 2021. For example, the redemption rate in Q1 2021 was 64%, and in contrast, the rate for Q2 2021 was 107%. The increased redemption rate in Q2 highlights the impact of the restrictions on people's ability to engage meaningfully with the service.

A steady and consistent increase in voucher redemption is anticipated as the country continues to reopen in 2022. At the time of writing, the Government had ceased the Pandemic Unemployment Payment (PUP) and other pandemic specific supports. It is anticipated that demand and redemptions will increase for PIP services for the rest of 2022.

Demand for the PIA Review Legal Aid Service (s115A) decreased in 2021 by 25% when compared to 2020. This decrease may be the result of the pandemic. However, it's important to note demand in 2020 increased compared to the previous year, despite the lengthy lockdown. The percentage of formal solution applications in an S115a review in 2021 was 62%, and the 2020 figure was 44%.

3. Report Highlights

3.1. 2021 Achievements

During the reporting period from January to December 2021, Abhaile continued to deliver the following cost-free services to borrowers at risk of losing their homes:

- 2,357 individual borrowers, representing 2,086 households, received financial advice from Abhaile.
- 1,203 borrowers were issued with a voucher for financial advice and assistance from a PIP. Of these, 946 (79%) redeemed the voucher and consulted with a PIP.
- 1,584 new borrowers received financial advice and assistance from a DMA adviser.
- DMA advisers referred 173 existing borrowers to PIPs for further financial advice and assistance under Abhaile.
- 84 vouchers were issued for borrowers to receive financial advice and assistance from an accountant. Of these, 17 (20%) borrowers redeemed the voucher.
- 418 vouchers were issued for borrowers to receive legal advice from a consultation solicitor. Of these, 403 (96%) borrowers redeemed the voucher.
- 425 borrowers were granted legal aid to apply for a personal insolvency review (S115a - asking the Court to consider, approve and impose a personal insolvency arrangement on the creditors, notwithstanding that they had rejected it).
- Duty Solicitors attended 262 repossession court lists before Registrars across the country and provided 1,136 consultations to unrepresented borrowers.
- Court Mentors attended 256 repossession court lists before County Registrars across the country and provided 1,850 consultations to borrowers, referring them to further assistance from other Abhaile services.
- An estimated 85% of those who availed of financial advice from a PIP under Abhaile over the period January to December 2021 were in mortgage arrears of over 2 years, the main target group for Abhaile.

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

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

Case Study 1:

Arrears capitalisation through an alternative repayment arrangement (ARA)

Background:

Tom* and Claire are a married couple; one in their mid-50s, working full-time and the other aged 60 and retired early due to ill-health.

Retiring early lead to a considerable reduction in the combined household income. Because of this, the couple fell in to arrears on their mortgage in 2014. Their contractual monthly mortgage repayment was €1,079.21 when they sought help from the Abhaile service.

Mortgage Details:

PPR (Principal Private Residence)	Yes
Any other properties	No
The total outstanding debt	€92,653.57
Arrears Balance	€11,829.99
Term Remaining	6 years and 1 month, client will be 60 and 66.
Interest Rate	0.95% Tracker
Monthly contractual amount	€1,079.21
Current Monthly Payment	When the clients approached the Abhaile service, they were paying €280 p/m

Property:

Current Market Value	€280,000 (Approx. €185,000 positive equity)
4 bedroom detached Property	

“

The dedicated mortgage arrears adviser was a wealth of knowledge and helped to put our mind at ease. We are so grateful for all the help.”

Case Details:

Tom and Claire first contacted the service in August 2016 and explained what they had done to rectify their situation.

They explained they had numerous meetings with their lender but could not mutually agree on a level of affordability. Because of this, the lender deemed them “not co-operating” under the guidance of the code of conduct on mortgage arrears (CCMA).

The clients were paying what they thought they could afford at the time of €280 per month. However, their lender advised the couple that they could afford €758 per month. Tom and Claire disagreed with this because they had high medical and travel costs due to a long commute to work. They were concerned that paying €758 would not allow them to save towards unforeseen expenses such as servicing their car. They were afraid they would have to take out additional loans to cover unforeseen costs.

The adviser, working with the couple, submitted a standard financial statement (SFS) to their lender. The SFS showed affordability of €500 per month, including the method of how they reached this amount.

Tom and Claire started making payments of €500 per month. In December 2016, the clients started a 6-month test period of mortgage repayments of €500 per month.

After successfully completing the test period, the lender capitalised the outstanding arrears of €11,829.99 and agreed to a 10-year term extension of the loan. All parties agreed on monthly repayments at €517.90, and the couple retained their tracker mortgage rate.

The couple remained in their home with a monthly repayment that will be affordable even when they are both retired.

*The names and some details of the case have been changed to protect the identity of the clients.

**This is just one example of the many clients that get support through the services of Abhaile. Each case is unique, and the outcome of this example may not be the same for everyone.

4. Take-up of Abhaile Services

The following sections provide more detail on the take-up of the various Abhaile services during the period January to December 2021, and since the establishment of Abhaile in July 2016 to December 2021.

4.1. Take-Up of the DMA Service

Between January and December 2021, DMA Advisers provided financial advice and assistance to 1,584 new borrowers under Abhaile.

The DMA service referred 173 of these clients to a PIP for further financial advice. This brings the total number of borrowers referred by DMA Advisers to a PIP to 1,457 between July 2016 and December 2021.

Between July 2015* and December 2021, the DMA service had provided financial advice and assistance to a total of 11,830 borrowers (including 1,457 who were referred to PIPs.)

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

4.2. Take-Up of the PIP Service

Between January and December 2021, the MABS voucher desk issued 1,203 Abhaile vouchers for financial advice and

assistance from a PIP. A total of 946 or 79% were redeemed.

Between July 2016 and December 2021, the number of PIP vouchers issued was 17,299. A total of 12,669 or 73% had been redeemed.

4.3. Take-Up of the Consultation Solicitor Service

Between January and December 2021, the MABS voucher desk issued 418 vouchers for borrowers to consult an Abhaile Consultation Solicitor. A total of 403 or 96% had been redeemed.

Between July 2016 and December 2021, the number of Consultation Solicitor legal vouchers issued was 5,173. A total of 2,697 or 52% had been redeemed.

4.4. Take-Up of the Duty Solicitor Service

Between January and December 2021, Duty Solicitors were present at 256 court possessions hearings across the country. Duty Solicitors provided at least 1,136 consultations to unrepresented borrowers.

Between July 2016 and December 2021, the Duty Solicitor service had provided consultations to a total of 10,904 borrowers at 2,151 possession hearings before a County Registrar.

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

Between January and December 2021, the number of legal aid certificates granted for PIA reviews was 425.

Between July 2016 and December 2021, LAB had granted 2,724 legal aid certificates for personal insolvency reviews.

4.6. Take-Up of the Court Mentor Service

Between January and December 2021, MABS Court Mentors were present at 256 court possession hearings across the country. MABS Court Mentors provided at least 2,273 consultations to unrepresented borrowers.

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

Between July 2016 and December 2021, the Court Mentor service had provided in-court support to 18,631 unrepresented borrowers at 2,151 possession hearings before a County Registrar.

4.7. Take-Up of the Accountant Service

Between January and December 2021, MABS voucher desk issued 84 vouchers for borrowers to seek financial advice from an Accountant. A total of 17 or 20% had been redeemed.

Between January 2018 and December 2021, the number of financial vouchers issued to seek accountancy advice was 447. A total of 82 or 18% had been redeemed.

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

Case Study 2:

A voluntary surrender that kept the borrower in a home through a PIA

“

I don't know what I would have done without the mortgage arrears adviser and the staff; everything was explained to me with patience and kindness.”

Background:

Carol, unemployed and on disability allowance, is 40 years of age and the mortgage is in joint name with her ex-husband. Carol lives in the mortgaged property with her 18-year-old daughter.

From approximately one year into the mortgage, Carol and her then-husband were experiencing difficulties. When Carol approached Abhaile to seek assistance, the arrears balance on the mortgage was €110,154 and the contractual monthly mortgage repayment was €2,000.

Mortgage Details:

PPR (Principal Private Residence)	Yes
Any other properties	No
The total outstanding debt	€630,340
Arrears Balance	€110,154
Term Remaining	26 years
Interest Rate	0.95% Tracker
Monthly contractual amount	Interest only €2,000
Current Monthly Payment	When the client approached the Abhaile service, she was paying €950 p/m with support from her ex-husband.

Property:

Current Market Value	€250,000
4 bedroom detached Property	

Case Details:

Carol first contacted the service in June 2017 and explained her situation. From approximately one year into the mortgage, the borrowers began to struggle. Carol said that she had suffered a lot of stress because of financial difficulties, which significantly contributed to her marriage breakdown. Carol explained that she had a social worker working with her and was getting help with Alcohol dependency. She was struggling to deal effectively with the mortgage lender and found the process intimidating.

Carol was in receipt of disability allowance, she was struggling to balance the weekly budget, and her Abhaile Adviser soon established that she could not manage the home. As a result, Carol could not pay her financial commitments as they fell due - she was technically insolvent.

The Abhaile adviser reviewed and explained all the options available to Carol that might facilitate a resolution to her circumstance. At the time, Carol was not eligible for the Mortgage-to-Rent scheme. It was unfeasible for her to service an Alternative Repayment Arrangement (ARA) which might have allowed her to remain in the mortgaged property.

Carol and her adviser agreed to explore voluntary surrender of the property with the option of applying for accommodation through the Housing Assistance Payment (HAP) scheme. HAP is a form of social housing support provided by all local authorities.

The adviser provided Carol with a voucher to attend a consultation with a Personal Insolvency Practitioner (PIP) free of charge. The PIP assessed Carol's options for a statutory resolution to her debt problems, and following the review of her situation, the PIP applied for a Personal Insolvency Arrangement (PIA) on Carol's behalf.

The PIA required that Carol voluntarily surrender the mortgaged property and make monthly payments of €50 over a 3-year period. The property was sold as per the terms of the PIA. The residual debt amounting to €400,000 on her home loan was written off, along with €100,000 of secondary debts.

Carol needed a deposit and one month's rent in advance of moving into her new home. Her adviser assisted Carol in approaching the PIP to seek a retention from the sale of the mortgaged property to cover these costs. This was achieved.

In May 2018, Carol moved into her new home, an apartment. She received €2,500 from the mortgage lender for re-location expenses. Her rent would be €37.50 per week. She now had a manageable budget and a significant weight of stress had been lifted.

Although Carol did not get to keep the original mortgage property in this example, she is now better off, with a manageable monthly rent, and a secure roof over her head.

*The names and some details of the case have been changed to protect the identity of the client.

**This is just one example of the many clients that get support through the services of Abhaile. Each case is unique, and the outcome of this example may not be the same for everyone.

5. Outcomes of Abhaile since establishment in 2016

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

Section 5.1 provides an overview of these outcomes.

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

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

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

5.1. Outcomes of financial advice and assistance from DMAs and PIPs (See Outcomes Table below on page 30)

5.1.1. number of solutions in place for insolvent borrowers.

By December 2021, **34% of insolvent borrowers (7,790)** who were at risk of losing their homes due to mortgage arrears or repossession proceedings had received financial advice and assistance

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

Solutions in place or on trial comprised 3,158 Personal Insolvency Arrangements (PIAs), 3,595 informal solutions (Alternative Repayment Arrangements (ARAs) between the borrower and their mortgage lender, agreeing a restructure of mortgage payments, as provided under the Central Bank's Code of Conduct on Mortgage Arrears, participating in the Mortgage to Rent scheme) and 202 Bankruptcies.

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

5.1.2. Borrower cases being progressed to solution.

A further **46% of borrowers (10,592 who were at risk of losing their homes) were in progress to a solution** and remain in their homes. These borrowers were receiving ongoing support and advice from their PIP or DMA, working with the borrower to get a solution in place.

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

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

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

Where the creditors approve a borrower's proposal for a PIA, the process takes 280 days (almost 9 months), from the beginning of the PIA process to court approval of the accepted proposal, on average. This is an increase on 2020 where the ISI reported the process can take 207 days (almost 7 months). This increase is understood to be mainly due to the pandemic and the public health restrictions. A PIA can take considerably longer if creditors refuse the borrower's proposal, and a court review is sought under Section 115A of the Personal Insolvency Act. Further detail on the solutions achieved for borrowers is contained in Sections 5.2 and 5.3.

5.1.3. Other outcomes for borrowers who have engaged with Abhaile

The remaining 20% (4,660 borrowers) are accounted for either by those who disengaged with their financial adviser

after receiving financial advice at 17% (3,942 borrowers) or 2% (567 borrowers) who surrendered their home or had it repossessed. A further 1% (151 borrowers) had their case put on hold due to COVID-19.

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. COVID-19 continues to cause uncertainty and challenges for borrowers in long term mortgage arrears.

Table 5.1 summarises the outcomes in place or in progress at the end of December 2021 for borrowers who received financial advice under Abhaile.

TABLE 5.1:

Summary of cumulative totals of outcomes in place/in progress since July 2016 to the end of December 2021 – borrowers who received Abhaile financial advice from a DMA or PIP.

Outcomes	Received DMA advice	Received PIP advice	Total at December 2021	Total at December 2020	Change 2021 v 2020
	10,373 borrower households	12,669 est. borrowers <small>*(see overleaf)</small>	23,042 borrowers	20,685 borrowers	2,357
Solution in place:					
- <i>Personal Insolvency (PIA)</i>	N/A	3,158	3,158	2,851	307
- <i>Informal solution (ARA, MTR)</i>	2,192	1,403	3,595	3,040	555
- <i>Bankruptcy</i>	N/A	202	202	219	-17
Trial solution in place	834	N/A	835	735	100
Total solutions/trial solutions in place	3,026 (29%)	4,763 (38%)	7,790 (34%)	6,845 (33%)	945
In progress to formal solution	N/A	2,889	2,889	2,696	193
In progress to informal solution	5,676	2,027	7,703	7,055	648
Total in progress to solution	5,676 (55%)	4,916 (39%)	10,592 (46%)	9,751 (47%)	841
Surrender/repossession	364 (3%)	203 (2%)	567 (2%)	543 (3%)	24
Not engaging after financial advice	1,307 (13%)	2,635 (20%)	3,942 (17%)	3,546 (17%)	396
On hold due to COVID-19	0	152 (1%)	152 (1%)	0	152
Total	10,373 (100%)	12,669 (100%)	23,042 (100%)	20,685 (100%)	2,357

Note to Table on Outcomes Data

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

**Due to the large numbers of borrowers involved and different data collection possibilities, the ISI outcome data used here for borrowers who took up PIP advice over the whole period July 1 2016 – December 31, 2021, is a projection.*

This projection is based on outcome and progression trends identified in 5 extensive and detailed sample surveys undertaken by ISI. After further statistical analysis and cross-checks with other related data, ISI is satisfied that the results of these samples are highly comparable and that they appear to be representative of the intervening quarters and a likely predictor of the following quarters.

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

5.2. Outcomes achieved by the DMA service Jul 2015 - Dec 2021

Since the DMA service was established (July 2015) up to the end of 2021, DMA Advisers have provided financial advice and assistance to 11,830 borrowers overall. Of these, 1,457 were referred on to a PIP under Abhaile. For the 10,373 borrowers who continued to work with their DMA advisers, the outcomes achieved are presented below.

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

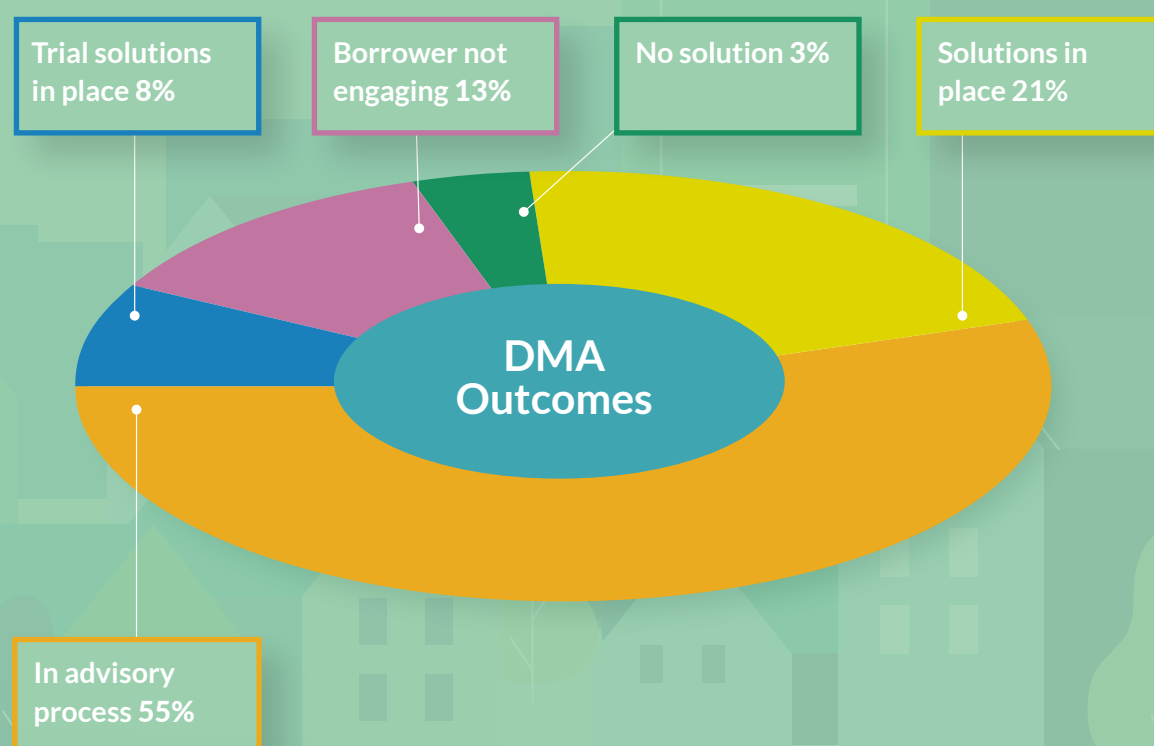
These are typically referred to as 'informal' solutions, such as Mortgage to Rent (MTR) or an ARA. In such cases, a DMA may advise and negotiate directly with the creditors on behalf of the borrower.

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

By the end of December 2021, the outcomes achieved for the 10,373 total cumulative borrowers who engaged with the DMA service are outlined below.

Figure 5.2:

Cumulative DMA Outcomes Between July 2015 and December 2021 as a % of Total Borrowers (10,373) Supported by a DMA



- **21% (2,196 borrowers) have long term solutions in place:** This means a solution to the borrower's mortgage arrears is now in place, such as an arrears capitalisation, term extensions, split mortgage, or write downs.
- **55% (5,676 borrowers) are in advisory process, in progress to solution:** These borrowers are supported and advised by DMA's in exploring all options and negotiating solutions.
- **8% (834 borrowers) have trial solutions in place:** Many lenders require a borrower to complete a test period in a proposed restructure arrangement before it is agreed. A trial period can be from 6 to 12 months or longer in some instances. A DMA adviser works closely with the borrower to assist them in managing the arrangement.
- **3% (364 borrowers) have no solution:** This means that the borrower consented to an order for possession.

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

- **13% (1,307 borrowers) are not engaging:** These borrowers have stopped actively engaging with the DMA Adviser. Non-engagement can be for several reasons, for example, a change in personal circumstances or an ARA not sustainable in the long term. The DMA Adviser will reach out to such borrowers periodically, offering support and encouragement to re-engage with their lender.

The 2,196 solutions concluded by DMA Advisers include many types of ARAs, such as interest rate reductions, entry into the MTR scheme, voluntary sale or surrender of the home, or a lump sum settlement for less than the outstanding balance on the mortgage.

Informal solutions achieved by Abhaile DMA advisers	
An ARA in place with the lender	1,069
Mortgage to Rent	281
Other	507
Surrender/sale of the home, including trading down	335
Total	2,192

5.3. Outcomes achieved by the Personal Insolvency Practitioner (PIP) service to end December 2021

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

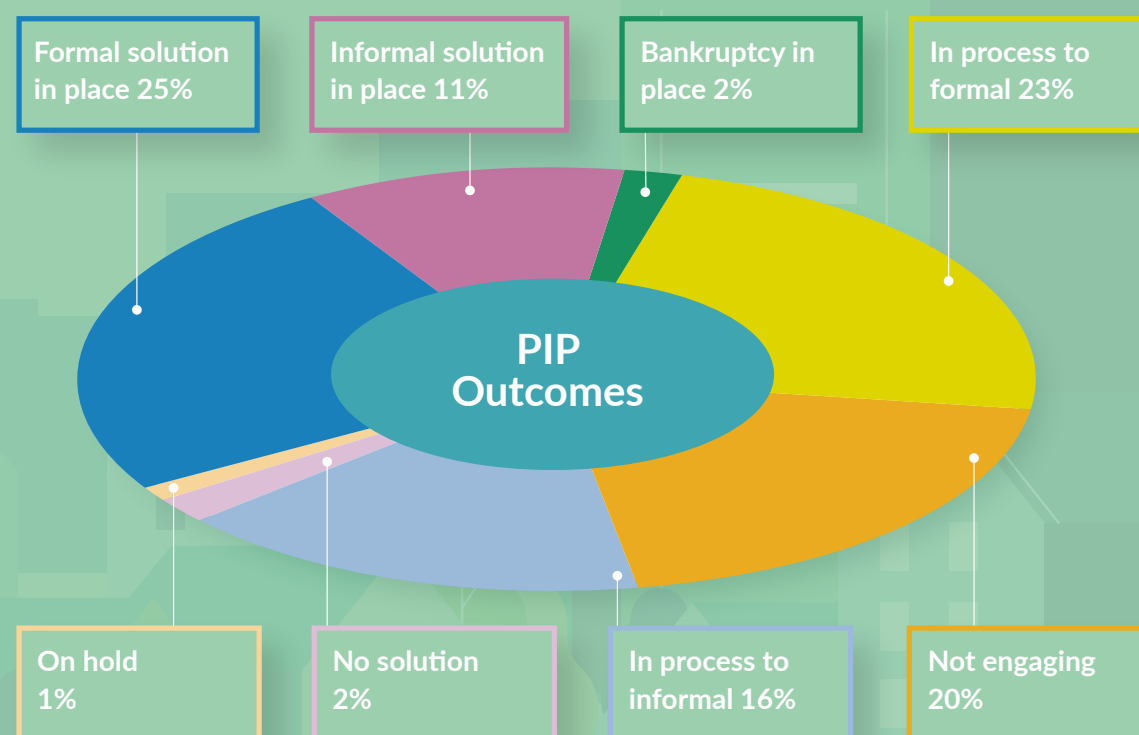
- **'formal' or statutory solutions** (under the Personal Insolvency Acts or the Bankruptcy Acts) - most commonly a PIA or, in a small number of cases, bankruptcy; or
- **'informal' solutions** such as MTR or an ARA. This is where a PIP may advise and negotiate directly on behalf of the borrower or may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

Solutions and restructures concluded by PIPs

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

Figure 5.3:

Cumulative PIP Outcomes between July 2016 and December 2021 as a % of Total Borrowers (12,669) Supported by a PIP



Data note: The outcome data for the 12,669 borrowers who received PIP advice is estimated in this report – using a projection based on results of 5 large data samples undertaken by the ISI

By the end of December 2021, the outcomes achieved for the 12,669 borrowers who engaged with the PIP service are as follows:

- **38% of this cohort of borrowers (estimated 4,763 borrowers) have solutions in place.**
- **23% (estimated 2,889 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).
- **16% (estimated 2,027 borrowers) are in progress to an informal solution** (e.g. working with a PIP to conclude an informal mortgage restructure arrangement with the lender or working with a PIP to take up MTR. A small number of cases are referred back to MABS under Abhaile if the DMA seems better placed to assist the borrower.
- **20% (estimated 2,635 borrowers) are not engaging** with the PIP after receiving financial advice.
- **2% (estimated 203 borrowers) have surrendered their homes** to their lender or have had their homes repossessed by the lender.
- **1% (estimated 152 borrowers) had their progress towards a solution put on hold as a result of COVID-19.**

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 2021, the legal and court-based Abhaile services continued to provide support for borrowers to address their home mortgage arrears.

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

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

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

The Court Mentor service continued to experience depressed demand in 2021 compared to the first 3 and a half years of operation. This is due to the suspension of possessions hearings because of COVID-19 and public health restrictions. The number of borrowers who availed of the Duty Solicitor service reduced also in line with the significant drop in court proceedings.

The capacity of the Duty Solicitor service returned to pre-pandemic levels once the public health restrictions eased, and the service continues to be adaptable considering changing work methods. An example of this is in Galway Circuit Court, where two Duty Solicitors are available, one in-person in the Court and the other available online virtually.

5.4.2. Consultation Solicitor Service

As expected, the number of borrowers requesting the services of the Consultation Solicitor service under Abhaile decreased in year 5. However, the Consultation Solicitor experienced a significant increase in voucher redemptions at 96%. The number of redeemed vouchers in 2021 was 403, just 3 less than in 2020.

The service supports the borrower by providing legal advice concerning options that the borrower may be considering. The main topics on which borrowers sought legal advice under the Consultation Solicitor service were

personal insolvency, the MTR scheme and alternative payment arrangements. By the end of December 2021, 2,697 borrowers had benefited from the service of a Consultation Solicitor. This legal advice is an important support to borrowers in ensuring that they are aware of the consequences of the avenue chosen.

5.4.3. Outcomes of Personal Insolvency Court Reviews

The number of Legal Aid Board certificates granted for personal insolvency court reviews decreased significantly in 2021, following a slight increase in 2020. This could be correlated to the depressed demand for the PIP service in 2021. A total of 425 certificates were granted in 2021.

By December 2021, 2,724 such certificates had been granted. Our indications show that 43% of the court review cases decided by the court were in favour of the borrower. This figure does not include court review cases settled by agreement between the borrower and the creditors in favour of the borrower.

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

There were several important judgements in 2021. As with previous judgements, these cases have helped clarify the type of arrangements that the courts may consider fair and reasonable and may impose under section 115A of the Personal Insolvency Acts. For example:

- A pair of important judgements concerned sustainability. In *re Fennell* [2021] IEHC 297, a PIA proposal was made in which the debtor's (aged 69) mortgage would have been extended until she was 98 years old. Sanfey J held that the Court could not satisfy itself that the debtor was reasonably likely to comply with the terms of the proposal in such circumstances.
- Conversely, in *re Kirwan & Personal Insolvency Acts* [2021] IEHC 321 the case a PIA proposal was approved in circumstances where it involved a term extension of the mortgage until the debtor was 90. However, *Kirwan* can be distinguished from *Fennell* in that it related to a section 115 application – that is, the regular court approval process where a PIA has been approved at the creditors' meeting - not s115A, which applies when it has not been so approved. In particular, section 115 applications are typically not contested, and Sanfey J referred to this in holding that different considerations apply to a section 115 instead of a s115A application.
- In *Re Cremin & Personal Insolvency Acts* [2021], IEHC 80 Sanfey J held that there was a fundamental unfairness in imposing on the objecting creditor a very substantial write-off of a loan that was performing and in respect of which no default arose, particularly where there were no other pressing insolvency issues. *Cremin* is also notable for a finding that a judgment mortgage could constitute a relevant debt, although ultimately, the case failed on other grounds.
- In *re Barry & Personal Insolvency Acts* [2021] IEHC 144, the Objecting Creditor sought to argue that there had been an abuse of process of circumstances where the debtor had obtained four successive protective certificates over a five-year period. Sanfey J held that there was no bar to a debtor obtaining subsequent PCs, as long as the applications were made “in accordance with the requirements of the Act, and always in good faith and a manner respectful of the personal insolvency regime”. Sanfey J was satisfied that the third PC did exist and had legal force and it was live until January 2019. As the debtor made the application for the fourth PC in March 2019, the Court was satisfied that the debtor failed the criterion set out in section 91(1)(i)(i) of the 2012 Act and refused the application on that ground.

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

5.5. Public Awareness and Accessibility

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

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

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

- Year 1 (2017) – Launch Abhaile and raise awareness of the services available and how they could be accessed.
- Year 2 (2018) – Build on the awareness and continue to provide timely and transparent information to the target population. The message for borrowers was that Abhaile was there to assist and to encourage those in home mortgage arrears to avail of Abhaile services.
- Year 3 (2019) – Use of tailored messaging to target further those in the long-term home mortgage arrears category. The campaign built on the trust achieved over the previous years, reminding borrowers that Abhaile could assist them to keep their home.
- Year 4 (2020) – Building on brand awareness achieved over the previous years, the development of the “Abhaile World” graphical look will support a consistent identifier for Abhaile. This was used across a variety of traditional and digital channels. The consistent and regular placement of this unique brand visual will assist Abhaile achieve cut through.
- Year 5 (2021) - Maintain brand awareness for Abhaile throughout what turned out to be the second year of the COVID-19 pandemic and associated public health restrictions. Remaining agile and dynamic in a changing environment and making sure that people in long term

mortgage arrears know the services of Abhaile were available and ready to support.

The primary call to action for the awareness campaigns is to call the MABS Helpline. The Abhaile queue - referring to the MABS Helpline call management system - registered over 1,802 calls in 2021, representing 8% of the overall calls to the Helpline.

Abhaile queue calls to the helpline reduced by 22% compared to 2020. However, this is against increased overall calls to the helpline. The Abhaile section of the MABS website achieved over 111,500 views, increasing 27% compared to 2020.

Last year was the first full year of the MABS chat service. Throughout 2021 the service registered over 1,300 conversations covering all areas of support provided by MABS.

Although the public health restrictions continued to curtail the delivery of face-to-face services, the measures presented an opportunity to capture the attention of the Abhaile target group during a period of increased social media use.

The statistics on the take up of Abhaile services are a positive indicator that the communications strategy is serving its purpose. Although public health measures dominated the national conversation for much of 2021, the

communications strategy continued to encourage those in long-term home mortgage arrears to engage with the supports available.

6. Budget

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

As such, the funding provision would be examined by Government on an annual basis, based on take-up and outcomes achieved by Abhaile and reported annually.

In September 2019, the Government renewed its commitment to resource Abhaile for a further 3 years until the end of 2022. A further commitment to continue to resource Abhaile has been made under the *Programme for Government*. Expenditure in the period January 2017 to December 2021 is set out in the table below.

Expenditure on Abhaile	2017	2018	2019	2020	2021	Total over 5 years 2017 - 2021
Financial advice, provided through ISI (DSP-funded)	€ 3.0m	€ 1.5m	€ 1.2m	€ 1.01m	€ 0.58m	€ 7.29m
Communications led by CIB (DSP-funded)	€ 0.5m	€ 1.5m	€ 1.1m	€ 0.45m	€ 0.45m	€ 4.0m
CIB Resources to support the new National Service (DSP-funded)	€ 0.2m	€ 0.1m	€ 0.1m	€ 0.16m	€ 0.27m	€ 0.83m
MABS Dedicated Mortgage Arrears Service	€ 2.4m	€ 1.8m	€ 1.8m	€ 2.18m	€ 2.01m	€ 10.19m
Subtotal: Department of Social Protection Vote (DSP-funded)	€ 6.1m	€ 4.9m	€ 4.2m	€ 3.8m	€ 3.31m	€ 22.31m
Legal advice, assistance and legal aid provided through the Legal Aid Board (DOJ-funded)	€ 1.1m	€ 2.3m	€ 3.4m	€ 2.97m	€ 2.64m	€ 12.41m
Subtotal: Department of Justice Vote	€ 1.1m	€ 2.3m	€ 3.4m	€ 2.97m	€ 2.64m	€ 12.41m
Total:	€ 7.2m	€ 7.2m	€ 7.6m	€ 6.77m	€ 5.95m	€ 34.72m

*€580,170 spent on PIP vouchers in 2021, this figure is inclusive of the reduced value of the vouchers in Jan/Feb 2021 due to the change in VAT to 21%.

Estimated allocation over the year covering 2022 are set out as follows:

Estimated Allocation for Abhaile	Total
Financial advice , provided through ISI (DSP-funded)	€ 1.64m
Communications led by CIB (DSP-funded)	€ 0.4m
CIB Resources to support the new National Service (DSP-funded)	€ 0.2m
MABS Dedicated Mortgage Arrears service	€ 2.5m
Subtotal: Department of Social Protection Vote	€ 4.74m
Legal advice, assistance and legal aid provided through the Legal Aid Board (DOJ-funded)	€ 2.4m
Provision for accruals - legal aid (DOJ-funded)	€ 1.5m
Subtotal: Department of Justice Vote	€ 3.9m
Total:	€ 8.64m

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

Case Study 3:

A term extension and arrears capitalisation to keep the client in their home.

Background:

Mark* is a separated 62-year-old, self-employed repair person, working full time and living in the mortgaged property on his own. He contacted MABS (Money Advice and Budgeting Service) in June 2019.

The mortgage fell into arrears when the client's marriage broke down. Mark moved out of the property for several years and no payments were made during this period. He has since returned and wants to keep the family home. The contractual monthly mortgage repayment was €709.78 when he asked for help from the services of Abhaile.

Mortgage Details:

PPR (Principal Private Residence)	Yes
Any other properties	No
The total outstanding debt	€106,248.32
Arrears Balance	€42,183.59
Term Remaining	7 years, which will bring the client to 69 years of age
Interest Rate	4.5%
Monthly contractual amount	€709.78
Current Monthly Payment	When the clients approached the Abhaile service, he was paying €975 p/m

Property:

Current Market Value	€500,000
----------------------	----------

4 bedroom detached property.

“

My adviser was understanding and patient. I felt their empathy and I felt safe discussing my options with them.”

Case Details:

Mark was paying €975 per month to the mortgage when he first contacted MABS. Following a financial assessment carried out by the client's dedicated mortgage arrears adviser, it was determined Mark could afford to pay more. He was advised to increase his monthly payment to €1,120, to make a proposal to the lender with a view to achieving a long-term loan restructure.

Legal proceedings had been initiated by the lender, the client had received numerous legal letters, and a court date was approaching.

A Standard Financial Statement (SFS) was completed with the support of the Abhaile adviser and submitted to the lender accompanied by a proposal. The proposal was for;

- Capitalisation of Arrears;
- Interest Rate Reduction from 4.5% to 3.2%; and
- Term Extension.

The SFS indicated that Mark's expenditure was in line with the Reasonable Living Expenses Guidelines (in accordance with the Personal Insolvency Act, 2012) and he was prioritising the mortgage.

Mark's lender was satisfied with the proposal and provided him with a 6-month test period. He demonstrated his ability to maintain the proposed new monthly repayment. His lender agreed to capitalise the arrears, reduce the interest rate, and extended the term of the loan. This meant that Mark would make his final payment on his 70th birthday.

Legal proceedings were struck out at the next court sitting.

Mark now has affordable loan repayments and a manageable budget. He remains in his home, and he can look forward to a future without the stress and worry that had been plaguing him since falling into arrears.

*The names and some details of the case have been changed to protect the identity of the clients.

**This is just one example of the many clients that get support through the services of Abhaile. Each case is unique, and the outcome of this example may not be the same for everyone.

7. Conclusions

COVID-19 and the associated public health restrictive measures continued to impact demand for the services of Abhaile in 2021.

As reported in 2020, the first round of public health measures had the most significant impact, while service providers adapted to the changing environment. Subsequent public health measures and restrictions continued this trend into 2021.

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

Demand for the services of Abhaile, although suppressed, continued throughout 2021. January to December 2021, the number of households supported increased by 12.1% to 19,381. The following headline statistics illustrate the overall continued demand.

Abhaile is reaching its target group.

The priority target group for Abhaile is borrowers who are in home mortgage arrears of more than 720 days. The ISI Q4 2021 Abhaile report shows that, of the PIP vouchers redeemed between July 2016 and December 2021, more than three quarters (75.2%) of borrowers have been in mortgage arrears for 2 or more years. This represents an increase of 0.5% over the period covering to the end of 2020.

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

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

- As of the end of December 2021, 34% of the total 23,042 borrowers who engaged with Abhaile either had a solution in place or were trialling one.
- A further 46% of borrowers who engaged with Abhaile financial advice (10,592 borrowers) were still in their homes. They were receiving ongoing support from their Abhaile financial adviser, who worked with them to get a solution in place.
- Almost 7,800 solutions are now in place, or on trial, for insolvent borrowers at risk of losing their home due to mortgage arrears.
- 17% of borrowers did not engage after receiving financial advice under Abhaile. Information on outcomes is not available for borrowers who have disengaged. Where possible, PIPs and MABS advisers seek to follow up with these borrowers and encourage them to reengage with available supports.
- 2% of borrowers who engaged with financial advice have surrendered their home to lenders. Where this is the only viable option, MABS and PIPs

work with and supports the borrower throughout the process.

- 95% of the Personal Insolvency Arrangements negotiated by PIPs under Abhaile are keeping borrowers in their homes. (Average across the 5 deep dive samples).
- 85% of the solutions achieved by DMA Advisers enabled borrowers to remain in their homes.

Legislative developments in 2021

The Personal Insolvency (Amendment) Act 2021¹, which removes the date of 1 January 2015 from the definition of “relevant debt”, was enacted by the Oireachtas and commenced from 25 June 2021.

The Act facilitates section 115A applications in cases where mortgage arrears may have arisen after that date, for example, where a debtor became unemployed due to the impact of COVID-19 public health measures on their employer. While this may ultimately increase applications, this has not materialised to date.

Another important provision of the Act increases the statutory deadline for the commencement of section 115A proceedings from 14 days to 28 days from the date of the creditors meeting/ section 111A notice.

Other developments:

The Legal Aid Board introduced revised administrative procedures for section 115A applications in late 2021, with a newly redesigned application for legal services form and a revised solicitor claim form.

The Board continued to consider measures to ensure that a broader spread of barristers are briefed concerning section 115A work. The staff of the Board presented at two Law Library training events relating to personal insolvency. The Board continued to consider measures to broaden the number of barristers involved in section 115A work.

Abhaile in 2022

COVID-19 and the associated public health restrictions created a considerable amount of uncertainty for the people in Ireland. This uncertainty was especially true for those in long term mortgage arrears. The support and initiatives put in place by the Government continued to support individuals and businesses throughout 2021.

As a result, it is still unclear what the long term impact of the pandemic on home mortgage arrears will be. In 2022, there are also other new economic pressures emerging, which may bring further challenges to mortgage holders.

In addition to the delays brought on as a result of the pandemic, Abhaile staff report concerns about interest only and split mortgage arrangements expiring in the short term. In addition to an ageing demographic and the capacity of this cohort to achieve sustainable long term solutions.

One thing for sure is the services of Abhaile will continue to be agile in the face of change and provide non-judgemental support and access for free to financial, insolvency, and legal support and advice through 2022.

¹ <https://www.oireachtas.ie/en/bills/bill/2020/76/>

Case Study 4:

Term extension in a PIA

Background:

Paul is married and in his 50's with 2 dependants. He and his wife, Sarah, were just about managing financially but a few years after the recession Sarah got sick and had to leave her job. She has been unable to work since. It became apparent that they could no longer meet their financial obligations on just one wage. They had an outstanding mortgage debt of €230,000 and a credit union debt of €5,000.

Mortgage Details:

PPR (Principal Private Residence)	Yes
Any other properties	No
The total outstanding debt	€230,000
Arrears Balance	€11,829.99
Term Remaining	17 years
Interest Rate	4.25%
Monthly contractual amount	€1,079.21
Current Monthly Payment	When the clients approached the Abhaile service, they were paying €280 p/m

Property:

Current Market Value	€320,000 (Approx. €90,000 positive equity)
3-bedroom semi-detached property	

“

The level of service provided went above and beyond to help me with my mortgage burdens.”

Case Details:

Paul was referred to a PIP by his accountant. He was given information regarding Abhaile by his PIP who arranged for MABS to issue a voucher, which entitled Paul to a free advice consultation. During the consultation, a full financial assessment was completed. The PIP outlined the options available to him and recommended a Personal Insolvency Arrangement (PIA) as the most suitable for his situation.

After taking some time to consider their options Paul and Sarah decided to enter a PIA. The arrangement was approved and came into effect from April 2021 (8 months after the initial consultation). The proposed PIA was accepted by their creditor. The mortgage was restructured on the following basis:

- Arrears to be capitalised on the successful completion of the PIA.
- The term of the mortgage loan is extended to 252 months (21 years) from the coming into effect of the PIA.

- The interest rate was reduced to a fixed 3% during the arrangement before reverting to a variable 3% on the successful completion of the arrangement.
- The borrowers had to pay €280 per month for 12 months interest only payments, before reverting to full repayments for the remaining terms of the restructured loan.
- A dividend was paid to the credit union which paid the debt in full.

The PIA had a duration of 12 months and has been successfully completed. Paul and Sarah’s situation was a considerable challenge for them not only personally but also as parents. Having a solution for their financial difficulties at last was a relief.

*The names and some details of the case have been changed to protect the identity of the clients.

**This is just one example of the many clients that get support through the services of Abhaile. Each case is unique, and the outcome of this example may not be the same for everyone.

PART C: Appendices

Appendix A – Profile of Abhaile Borrower

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

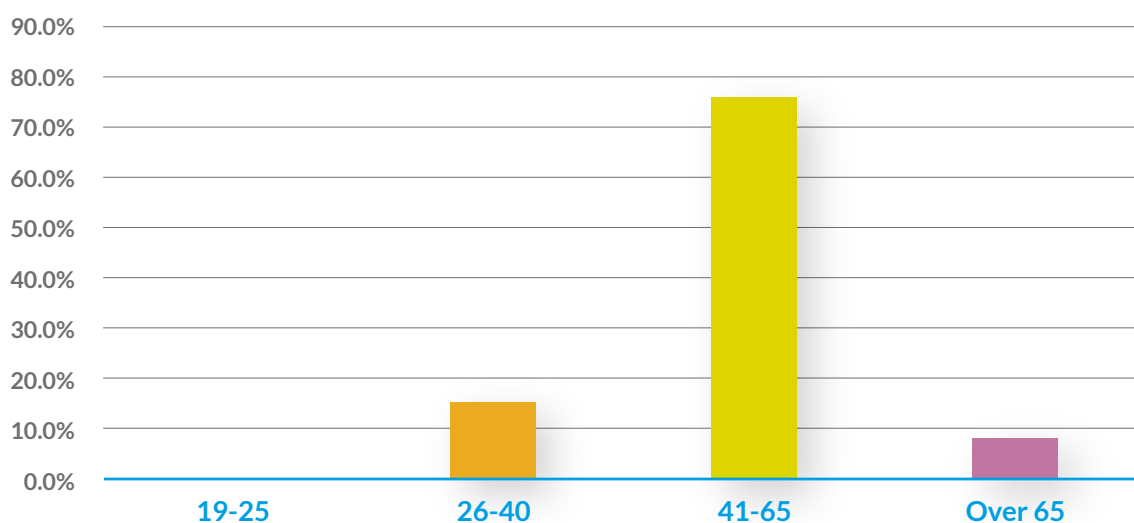
Demographic of Borrowers Engaging with Abhaile

Information gathered by DMA Advisers shows that most borrowers engaging with Abhaile, through the DMA service, were either in paid employment (44%) or

self-employed (8%). This data suggests that many borrowers in mortgage arrears struggle to pay their debts, despite being in employment. Other borrowers had a diverse range of primary income sources, including Job Seekers' Allowance or Benefit (12.6%), Disability Allowance (8.2%) and others on various other social welfare supports. COVID-19 supports introduced in 2020, such as the Pandemic Unemployment Payment (C-PUP) and other wage subsidies, accounted for 1.7% of income sources in 2021.

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

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



Source: Data provided by MABS

Figure A.1 shows the age profile at which borrowers presented to DMA advisers. Many of the borrowers (76%) fell into the 41-65 age bracket, while a smaller number (15%) were younger, and much fewer (8%) were older.

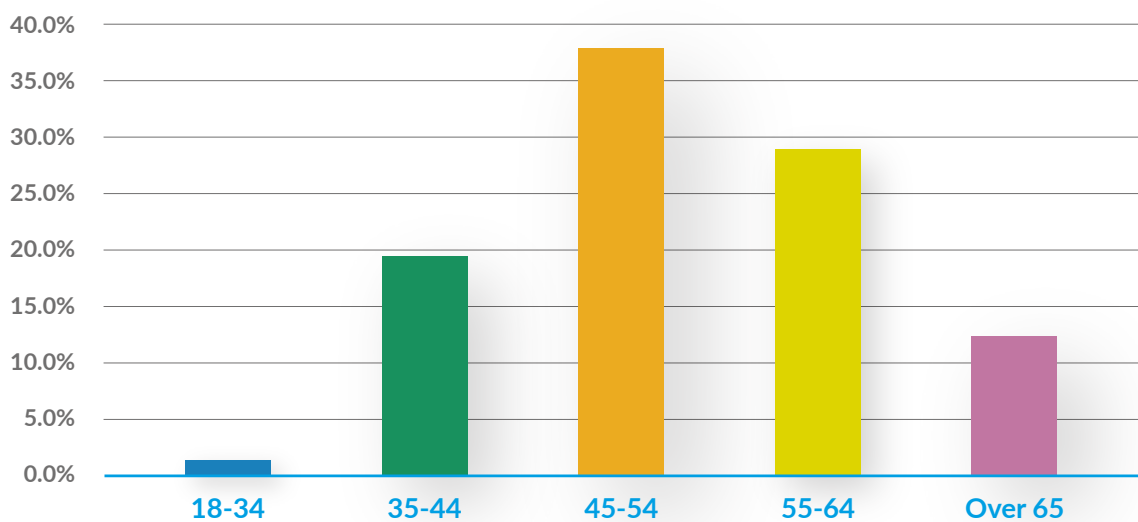
Like 2020, the data highlights the profile of the DMA client base continues to get older. The percentage of those aged between 26-40 was reduced by 1 percentage point.

While the percentage of those aged between 41-65 remained unchanged, those over 65 increased by 1 percentage point compared to the previous year.

Demographic profile² of borrowers who obtained financial advice and assistance from a PIP under Abhaile

Figure A.2:

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



² Percentages relating to age are projections based on ISI data analysis

Age profile:

Figure A.2 above shows the age profile of borrowers who obtained financial advice and assistance from a PIP under Abhaile. The majority of borrowers (87%) were in the 35 – 64 age bracket, while a number were younger (1%) and just over a tenth (12%) were older, up from 11% at the end of 2020.

Length of Mortgage Arrears (borrowers engaging with PIP)

An examination of financial advice vouchers redeemed by PIPs to end 2021 shows that the take-up of Abhaile has been high amongst the cohort of borrowers in long-term arrears of over 720 days (Shown below in Figure A.3).

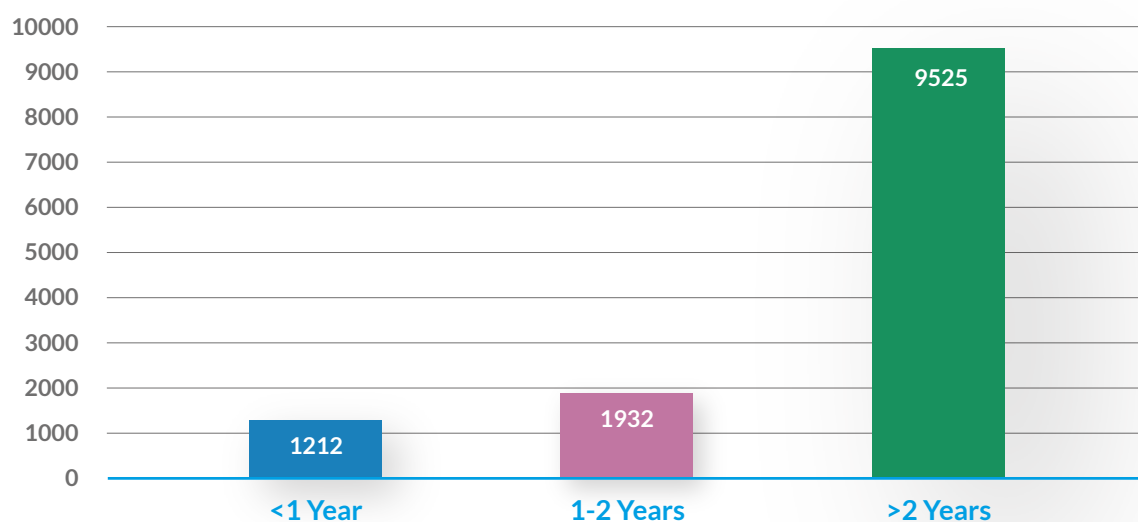
From figure A.3, it is clear to see that in the cohort of borrowers who have availed of the PIP Abhaile service, three quarters (75.2%) have been in mortgage arrears for 2 or more years. This cohort is the priority target for Abhaile, showing that the overall objective of Abhaile is still being met. In fact, the percentage of those in long term mortgage arrears asking for assistance from Abhaile increased by 0.5 percentage points by the end of 2021.

Reason for Borrower Engagement with PIP

Vouchers redeemed by PIPs in the period July 2016 – December 2021 show that borrowers consulted a PIP under Abhaile for various reasons. Figure A.4 illustrates this below.

Figure A.3:

Length of Mortgage Arrears since Establishment in July 2016



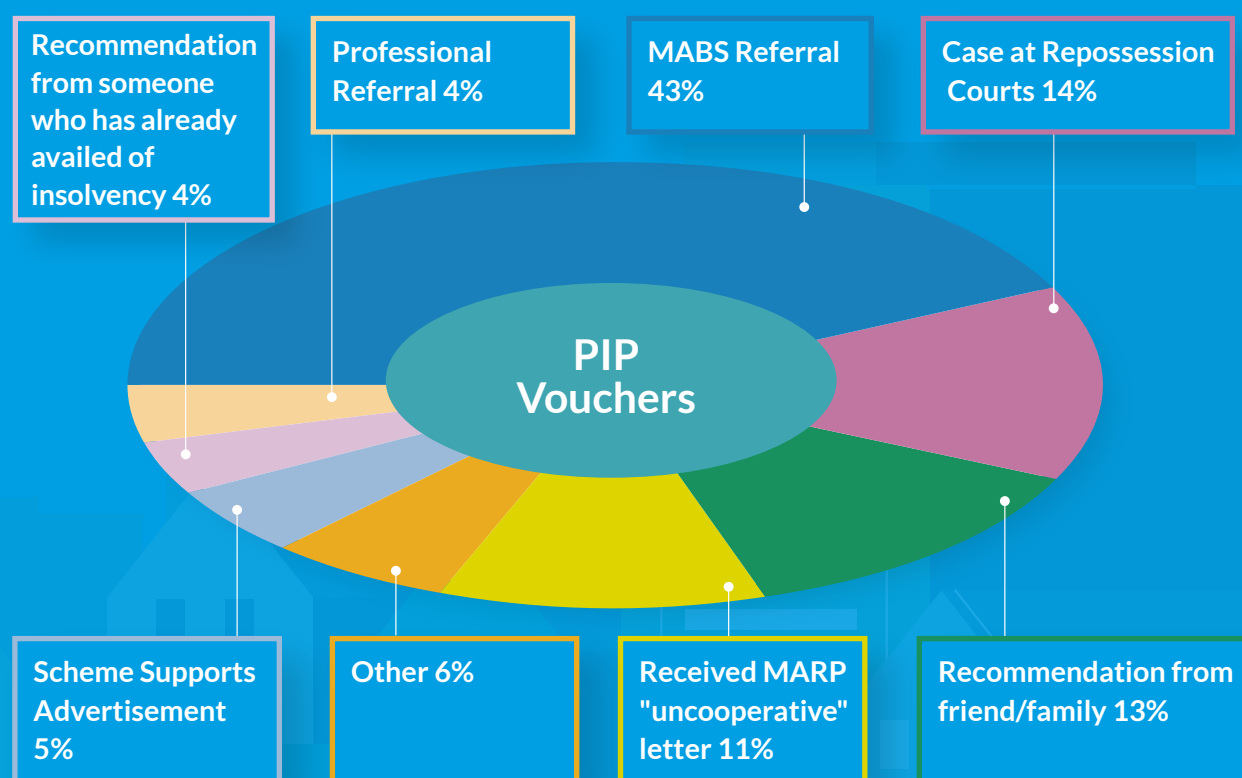
Source: Data provided by ISI

Almost 3 in 5 (57%) borrowers were either before the Repossession Courts (14%) or had been referred from MABS (43%). 1 in 8 borrowers (11%) received a MARP “uncooperative” letter.

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

Figure A.4:

PIP Vouchers (redeemed): Reasons for Engagement from July 2016 to December 2021



Source: Data provided by ISI

Appendix B – Statistical note: calculation of outcomes by ISI

B.1 Overview

This section presents the outcomes achieved for Abhaile borrowers who received financial advice from PIPs since the launch of Abhaile. Due to the volume of vouchers that have been redeemed since July 2016 (12,669), the figures for overall progression and the outcomes for these cases have been estimated.

This has been done by using a projection based on 5 extensive and detailed data samples undertaken by ISI, representing roughly 20% of the total number of vouchers redeemed.

- **Sample 1** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2016 (the quarter in which the Abhaile PIP Service was launched), numbering 652.
- **Sample 2** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2017, totalling 803.
- **Sample 3** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2018, totalling 571.
- **Sample 4** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2019, totalling 536.
- **Sample 5** follows all borrowers whose financial advice PIP vouchers were redeemed in Q3/2020, totalling 374.

ISI examined progression and outcomes in detail for these samples, based on

detailed information supplied by PIPs as of August 2021. This latest data indicates the current status of all the borrowers in Sample 1, Sample 2, Sample 3, Sample 4 and Sample 5 (total 2,936).

After further statistical analysis and cross-checks with other related data, the ISI is satisfied that the outcomes of the August 2021 results of these samples are highly comparable. They appear to be representative of the intervening quarters.

It is important to note that the outcomes identified here in December 2021 are only an interim set of outcomes, representing a snapshot of an evolving process. Given that over half of the cases were identified as 'in progress to a solution' at that point, outcomes continue to be concluded for borrowers who took up advice in all quarters since Q3/2016.

This Appendix:

- presents analyses of the August 2021 data on Sample 1, Sample 2, Sample 3, Sample 4 and Sample 5.
- identifies the overall trends and level of consistency between results from these samples sets out the projected outcomes of all Abhaile PIP advice where vouchers were redeemed up to the end of December 2021 (total 12,669 borrowers) based on percentages calculated by averaging the data collected for sample 1, 2, 3, 4 and 5.

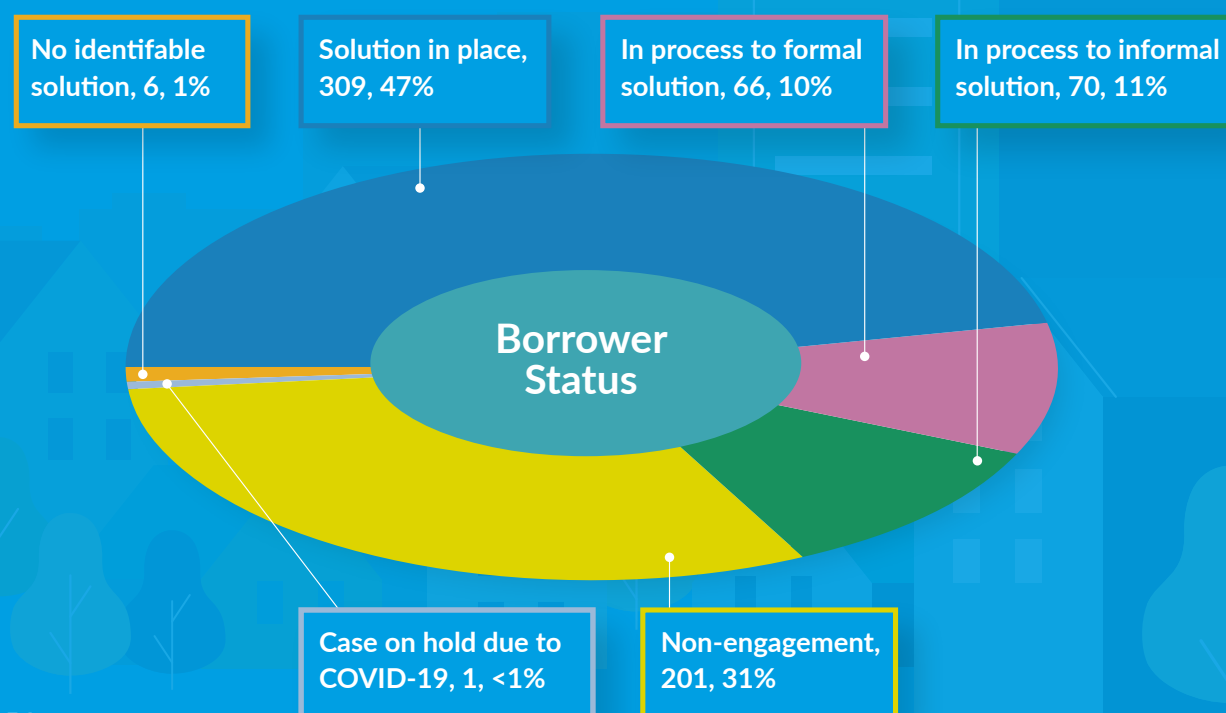
B.2 Outcomes for borrowers in Sample 1

Figure B.2.1 presents an analysis by ISI of the current status (in August 2021) of Sample 1 (the 652 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed in Q3/2016).

- Of the 309 borrowers who had solutions in place; 234 (36%) were formal, 207 PIAs and 27 adjudicated bankrupt, while 75 (11.5%) were informal and had Alternate Repayment Arrangements (ARAs) in place.
- Out of 66 in the process to a formal solution; 28 were in 115A review, 37 were considering a PIA and 1 was considering bankruptcy.
- Out of 70 in the process to an informal solution; 7 worked towards an ARA, 36 were pursuing Mortgage to Rent (MTR), 26 were referred back to MABS, and 1 was referred to a 3rd party in pursuit of their informal solution.
- Out of 6 where no solution was identified, all were voluntary surrenders.
- One case is on hold due to COVID-19 related income issues.
- The remaining 201 did not further engage with the PIP either after the recommendation was made or after a certain point in the process.

Figure B.2.1:

Cumulative Borrower status in Aug 2021: 652 borrowers

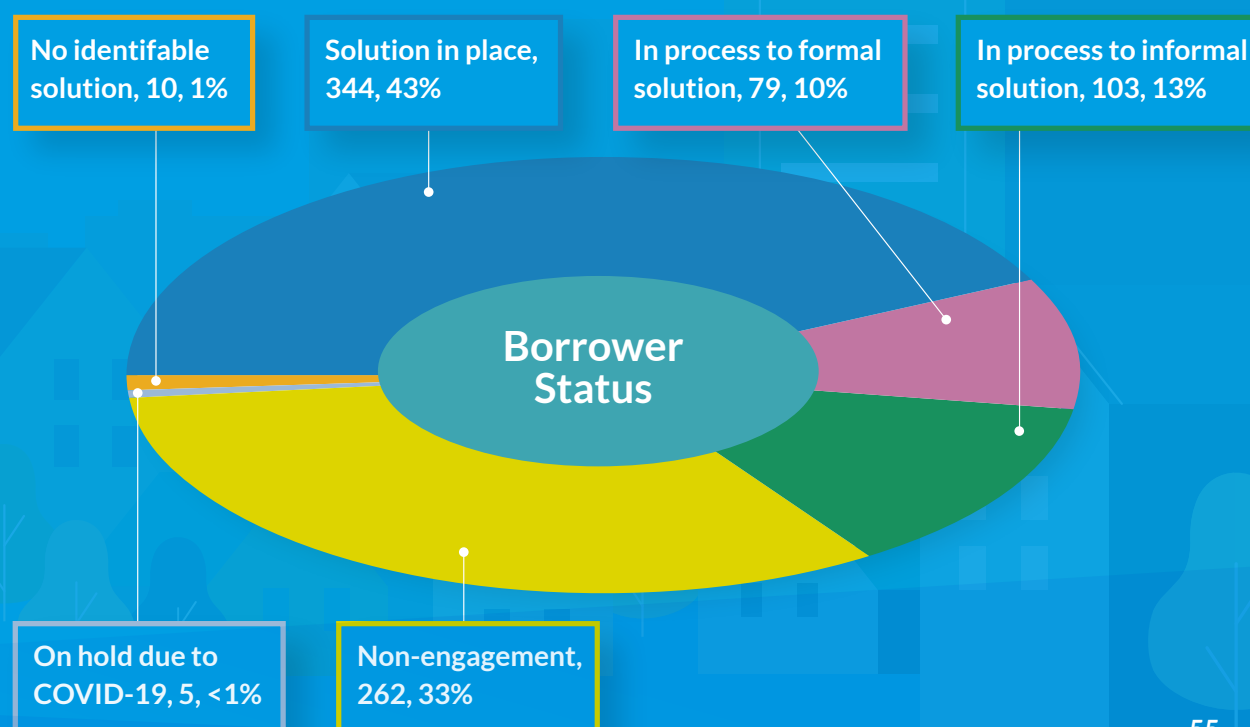


B.3 Outcomes for borrowers in Sample 2

Figure B.3.1 presents an analysis by ISI of the current status (in August 2021) of Sample 2 (the 803 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed during Quarter 3/ 2017).

- Of the 344 borrowers who had solutions in place; 233 (29%) were formal, 210 PIAs and 23 were adjudicated bankrupt, while 111 (14%) were informal and had Alternate Repayment Arrangements (ARAs) in place.
- Out of 79 in the process to a formal solution; 29 were in 115A review, 18 were considering a PIA, 20 plan to reapply for a PIA after their proposal was rejected by creditors, and 12 were considering bankruptcy.
- Out of 103 in the process to an informal solution; 14 were working towards an ARA, 12 were pursuing MTR, 74 were referred back to MABS, and 3 were referred to 3rd parties to pursue their informal arrangements.
- Out of 10 where no solution was identified; 4 were voluntary surrenders, with 6 homes repossessed.
- Five are on hold due to COVID-19 related income issues.
- The remaining 262 did not further engage with the PIP after the recommendation was made.

Figure B.3.1:
Borrower status in Aug 2021: 803 borrowers

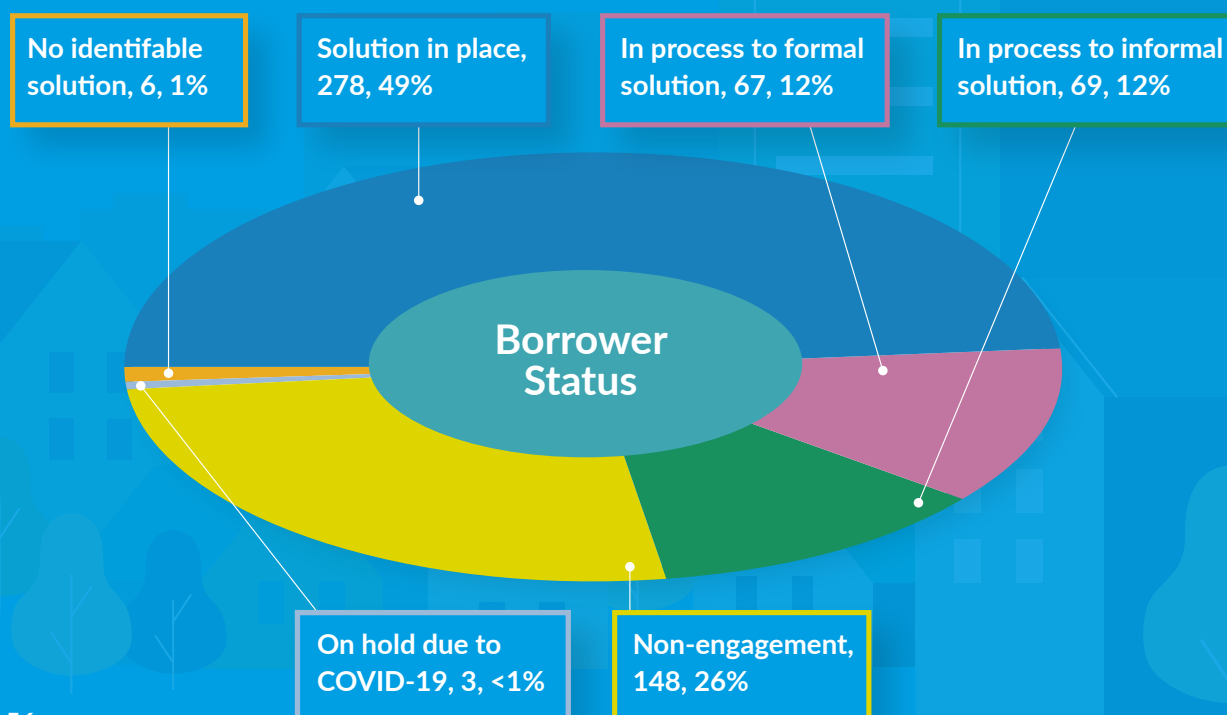


B.4 Outcomes for borrowers in Sample 3

Figure B.4.1 presents an analysis by ISI of the current status (in August 2021) of Sample 3 (the 571 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed during Quarter 3/2018).

- Of the 278 borrowers who had solutions in place; 189 (33%) were formal, 180 PIAs and 9 adjudicated bankrupt, while 89 (16%) were informal and had Alternate Repayment Arrangements (ARAs) in place.
- Out of 67 in the process to a formal solution; 33 were in 115A review, 13 were considering a PIA, 19 plan to reapply for a PIA after their proposal was rejected by creditors, and 2 were considering bankruptcy.
- Out of 69 in the process to an informal solution; 20 were working towards an ARA, 15 were pursuing MTR and 31 were referred back to MABS. Three were referred to 3rd parties to pursue their informal arrangements.
- Out of 6 where no solution was identified; 5 were voluntary surrenders, with 1 home repossessed.
- Three are on hold due to COVID-19 related income issues.
- The remaining 148 did not further engage with the PIP after the recommendation was made or at a further point in the process (such as after PC etc.)

Figure B.4.1:
Borrower status in Aug 2021: 571 borrowers

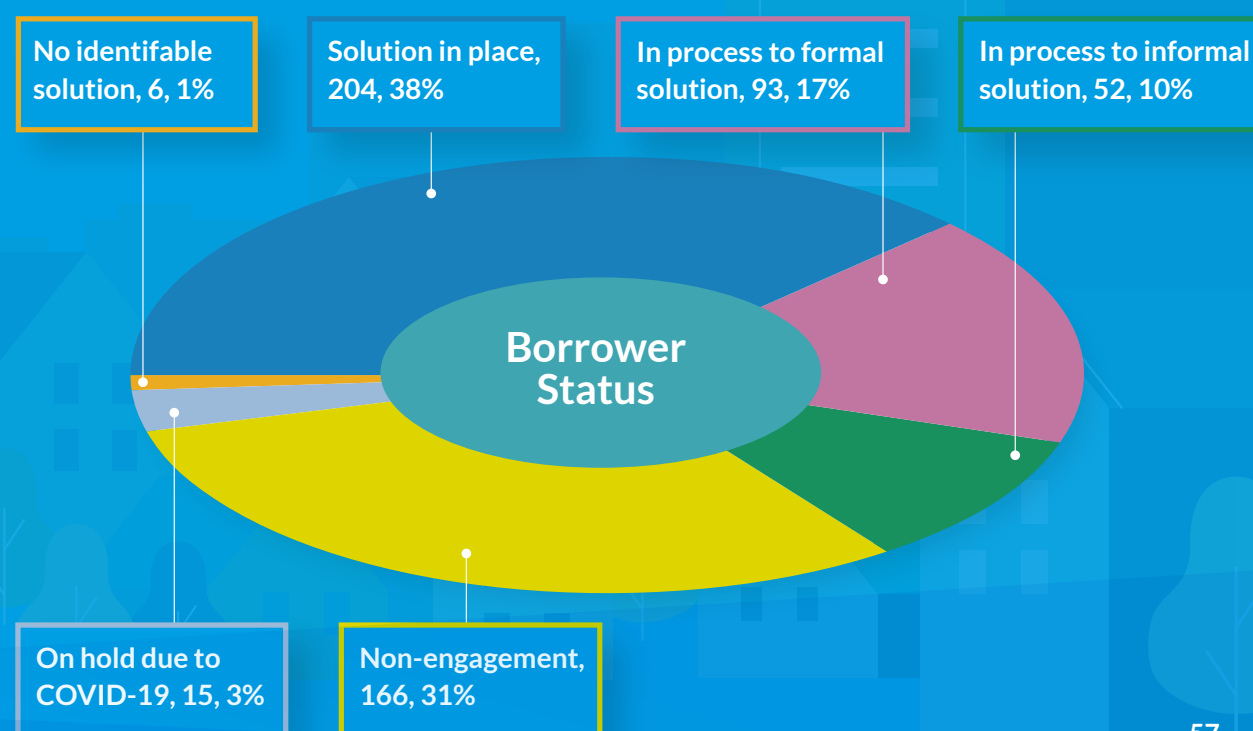


B.5 Outcomes for borrowers in Sample 4

Figure B.5.1 presents an analysis by ISI of the status (in August 2021) of Sample 4 (the 536 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed during Quarter 3/2019).

- Of the 204 borrowers who had solutions in place; 183 (34%) were formal, 180 PIAs and 3 adjudicated bankrupt, while 21 (4%) were informal and had Alternate Repayment Arrangements (ARAs) in place.
- Out of 93 in the process to a formal solution; 58 were in 115A review, 15 were considering a PIA, and 20 plan to reapply for a PIA after their proposal was rejected by creditors. There were no borrowers considering bankruptcy for this sample as of August 2021.
- Out of 52 in the process to an informal solution; 9 were working towards an ARA, 12 were pursuing MTR, 27 were referred back to MABS, and 4 were referred to 3rd parties to pursue their informal arrangements.
- Out of 6 where no solution was identified; 5 were voluntary surrenders, with 1 home repossessed.
- Fifteen are on hold due to COVID-19 related income issues.
- The remaining 166 did not further engage with the PIP after the recommendation was made or at a further point in the process (i.e. after PC etc.)

Figure B.5.1:
Borrower status in Aug 2021: 536 borrowers

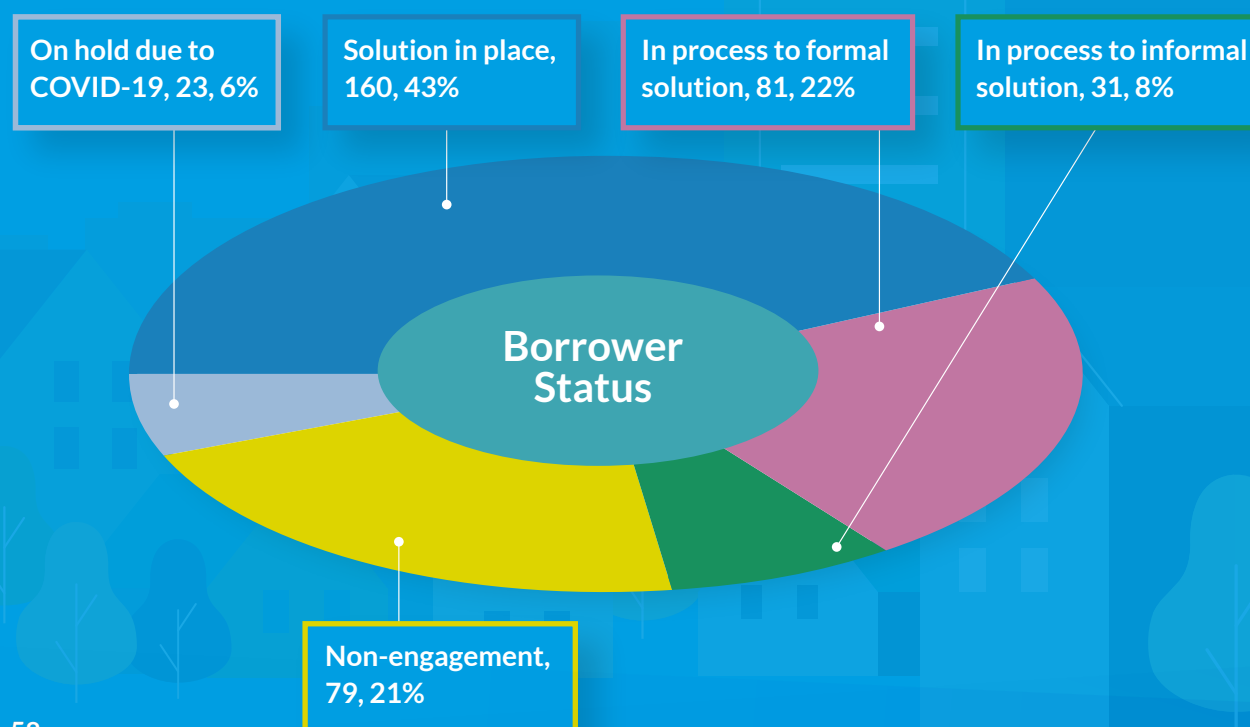


B.6 Outcomes for borrowers in Sample 5

Figure B.6.1 presents an analysis by ISI of the current status (in August 2021) of Sample 5 (the 374 borrowers whose vouchers for PIP financial advice and assistance under Abhaile were redeemed during Quarter 3/2020).

- There are 160 (43%) borrowers that have solutions in place; both formal (27%) and informal (16%) – of these solutions, 101 are PIAs, 58 are informal solutions, and 1 is a case where the borrower has been adjudicated bankrupt.
- 81 borrowers (22%) are working with their PIP to find a formal solution – of these, 42 are in the section 115A review process, 27 are considering a formal solution, 11 plan to reapply for PIAs after their initial arrangements were pursued and rejected, while 1 borrower is considering petitioning for bankruptcy.
- 31 borrowers (8%) are in the process of seeking an informal solution – of these, 15 are working with their PIP on securing an informal arrangement. In addition, 14 have been referred back to MABS for support, while the remaining 2 have been referred on to 3rd parties to pursue informal arrangements.

Figure B.6.1:
Borrower status in Aug 2021: 374 borrowers



- 79 borrowers (21%) did not engage further following receipt of the PIP's recommendation. Please note that PIPs continue to try and engage this cohort on an ongoing basis.
- 23 borrowers (6%) are classified as on hold. Of these 22 borrowers solutions are on hold due to COVID-19 related income issues, while 1 borrower's solution is on hold pending their divorce. In each instance the recommended solution for these borrowers was to proceed with a PIA application.

The percentage of solutions in place has increased 14 percentage points compared to the analysis carried out for the 2020 Deep Dive. The majority of the increase (13 percentage points) is due to an upswing in the number of informal arrangements being put in place. The increase in figures for informal solutions may be related to the decrease in non engagement and those

progressing towards a formal solution. A further reason for the decrease in those progressing towards a formal solution is the cohort of borrowers whose solution is recorded as on hold due to COVID-19 related income issues, as these borrowers were recommended to proceed with a PIA application.

In addition, the percentage of borrowers not engaging has decreased by 8 percentage points, and the rate of those where no solution can be identified was 0% in this sample, down from 1% in the 2020 deep dive. Note, the figures for formal solutions in place and progressing towards a formal solution are on par with the 2020 deep dive report with only a 7% decreased. Some of this decrease may be due to a new outcome category introduced this year to look at cases impacted by COVID-19; 6% of the cases in the sample were on hold due to COVID-19 related income issues.

B.7 Comparison of Sample outcomes for borrowers

Figure B.7.1 sets out a comparison of borrowers' outputs, outcomes, and status in each of the five samples as at the original date of analysis. The analysis is then used to extrapolate the current status of all redeemed PIP vouchers up to the end of Q4 2021.

The sample surveys, carried out by ISI in August 2021, provide up-to-date data. They represent an extensive data-gathering exercise that cannot be carried

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

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

Of the 5 samples, 41% of borrowers in sample 1, 37% in sample 2, 38% in sample 3, 29% in sample 4, and 43% in sample 5 had a solution in place. These proportions are very comparable.

Figure B.7.1:

Solution/ Arrangement Status	* Sample 1 Q3/2016 = 652 borrowers	* Sample 2 Q3/2017 = 803 borrowers	Sample 3 Q3/2018 = 571 borrowers	Sample 4 Q3/2019 = 536 borrowers	Sample 5 Q3/2020 = 374 borrowers	Projections Q3/2016 - Q4/2021 (Averages)
In progress to informal solution	104 (16%)	184 (23%)	135 (24%)	51 (9%)	31 (8%)	2,027 (16%)
In progress to formal solution	109 (17%)	159 (20%)	135 (23%)	171 (32%)	81 (22%)	2,889 (23%)
Solution in place	267 (41%)	301 (37%)	217 (38%)	153 (29%)	160 (43%)	4,763 (38%)
No longer engaging	152 (23%)	142 (18%)	74 (13%)	154 (29%)	79 (21%)	2,635 (21%)
No solution identified	20 (3%)	17 (2%)	10 (2%)	7 (1%)	0 (0%)	203 (2%)
On hold	-	-	-	-	23 (6%)	152 (1%)
Total	652 (100%)	803 (100%)	571 (100%)	536 (100%)	374 (100%)	12,669 (100%)

*Figures provided for samples 1 and 2 give the status as at Q3 2019. They are not directly comparable to samples 3, 4 and 5, which relate to the respective status in Q3 of the year following voucher redemption.

Regarding a borrower's journey towards a solution (outcomes), 33% of borrowers in sample 1, 43% in sample 2, 47% in sample 3, 41% in sample 4, and 30% in sample 5 were in progress to a solution. Borrowers were continuing to work with their PIP or, in a small number of cases, referred back to DMAs within MABS. The breakdown between those in progress to a formal solution (in a PIA court review, working towards a PIA, or considering bankruptcy) was very similar between all samples.

The proportion not engaging with the PIP, after receiving financial advice, was 23% for borrowers in Sample 1, 18% for sample 2 and 13% for sample 3. This trend reversed in sample 4 at 29%. There is evidence in the sampling that the initial shock of COVID-19 had a considerable impact on the flow of borrowers through the insolvency solution. There is evidence in sample 5, where non-engagement was at 21%, that the trend for this category is returning to typical norms experienced in previous years.

The number of borrowers who had surrendered their homes (2% of borrowers on average over the 5 years) or had their homes repossessed by the lender (less than 0.5%) was highly comparable in all samples.

Overall, the analysis shows that the service continues to assist our target cohort.

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

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

On this basis, ISI is satisfied that the August 2021 (sample 5) results, with sample 1, sample 2, sample 3, and sample 4 are highly comparable. They appear to be representative of outcomes for the intervening quarters.

Figure B.7.1 averages those proportions which already correspond closely. It uses these to predict the outcomes and status of the total 12,669 borrowers whose Abhaile vouchers for PIP financial advice were redeemed up to the end of December 2021.

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: 38% (total 4,763 borrowers), In progress to a solution: 39% (4,916 borrowers), Not engaging (following financial advice): 21% (2,635 borrowers) and Surrender or repossession of home: 2% (203 borrowers). Included for the first time this year is On Hold due to COVID-19: 1% (152 borrowers).

Noting: the sample outcomes identified represent a snapshot in time (August 2021). Given that just under half of the cases were classified as ‘in progress to a solution’, outcomes will continue to be concluded after December 2021 for borrowers whose vouchers were redeemed in the previous quarters.

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

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

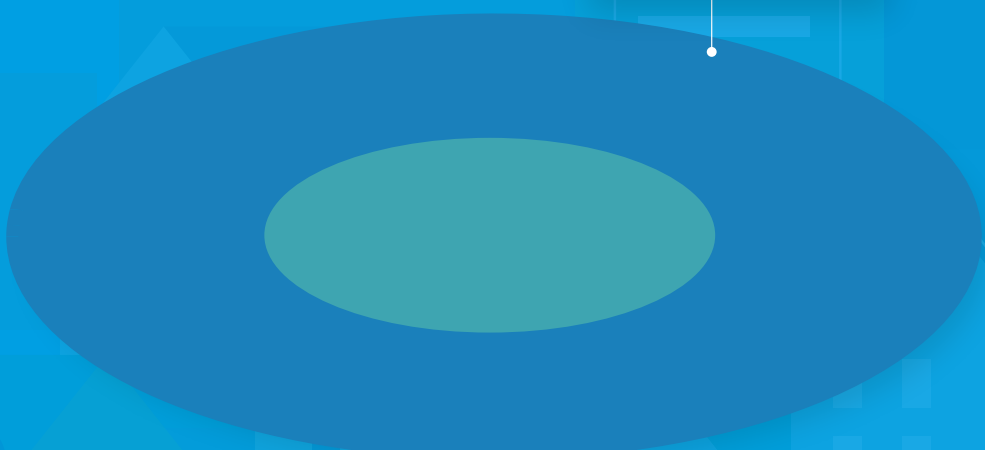
The ISI conducted a point in time exercise (August 2021) which examined in detail the data on outcomes obtained for 374 borrowers who had PIP advice vouchers redeemed vouchers in Q3 2020. The outcomes included 101 PIAs put in place.

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 101 PIAs.

- In this sample all of the borrowers (100%) who entered into a PIA have been able to remain in their family homes as part of the solution to their financial difficulties.
- There were no voluntary surrenders, outside of Mortgage to Rent which allows the borrowers to remain in their home.

Figure C.1:
Treatment of Principal Private Residence



Borrower remains
in PPR, 100%

Breakdown of Mortgage Restructures in Personal Insolvency Arrangements

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

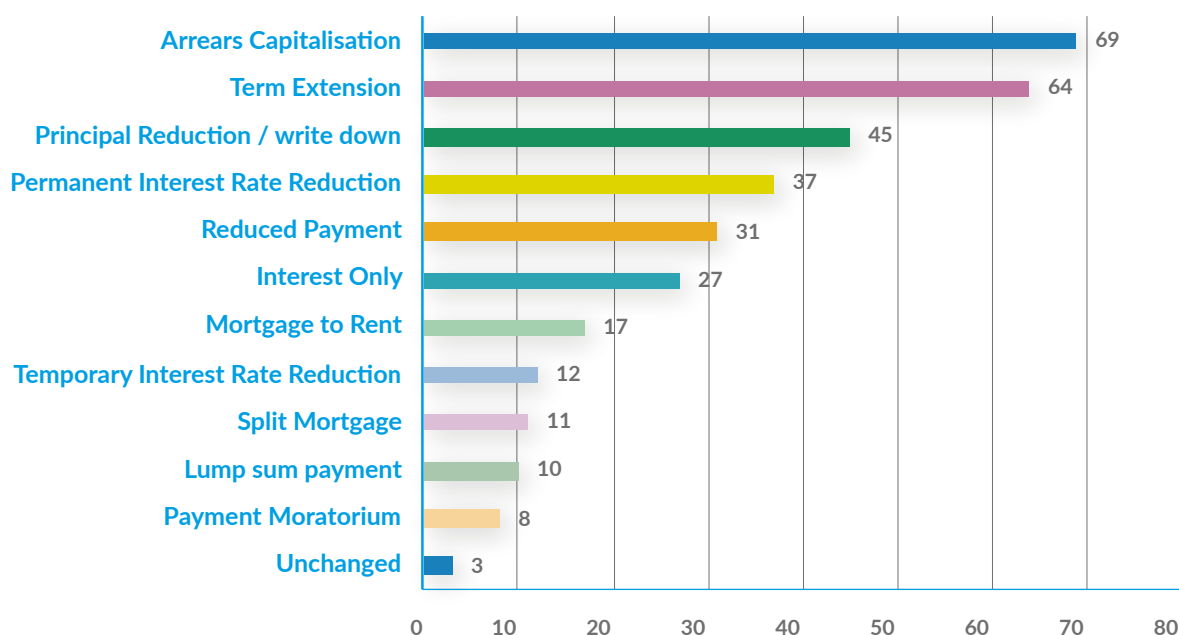
- The average mortgage debt across the 101 PIAs was €230,209.
- The analysis shows that 44.6% (45) of borrowers secured a reduction in

the principal sum of their mortgage ('write-down'), and the average principal reduction was €136,089.

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

Figure C.2 -
A point in time analysis of 101 PIAs with restructures (Q3 2020)

Restructured PPR Mortgage by Restructure Type



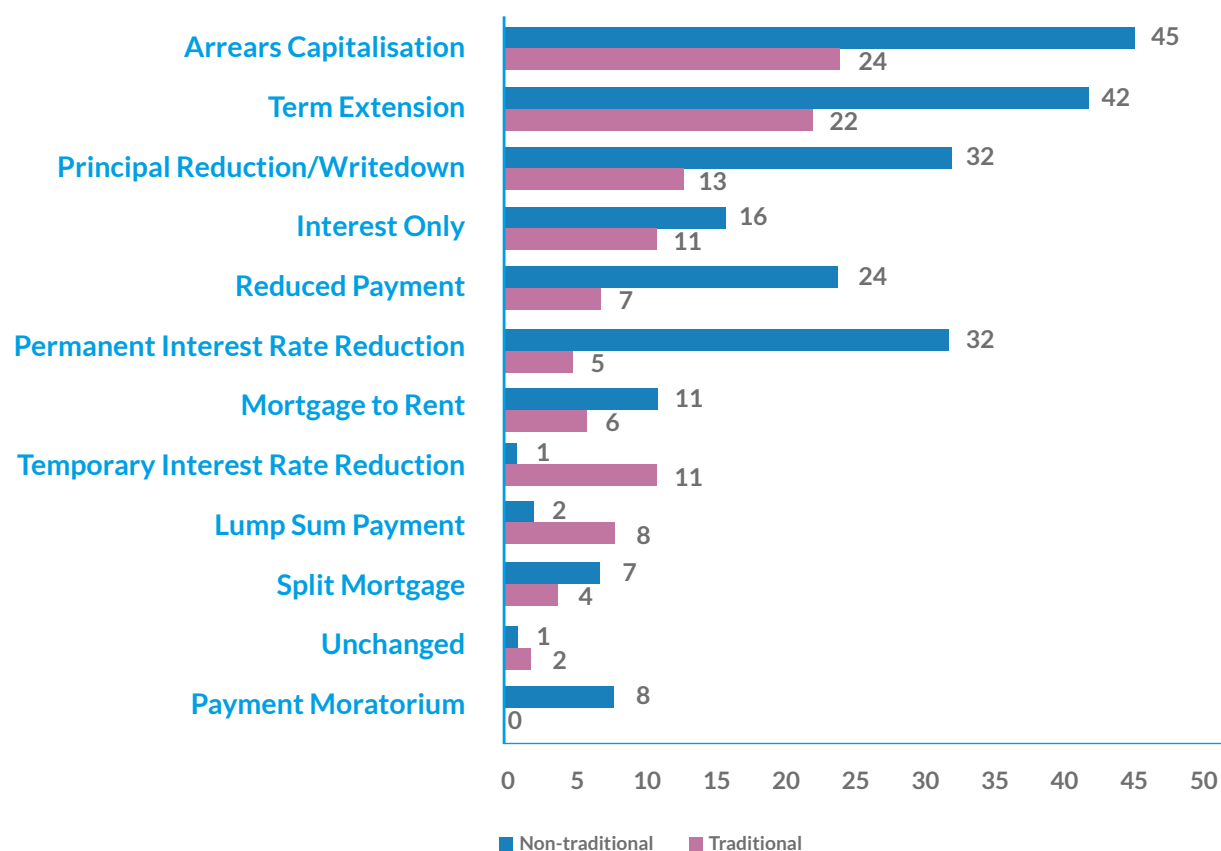
Mortgage restructure types have been further broken down by creditor type for the 101 arrangements:

- Arrears capitalisation and term extension were tied as the most prevalent restructure type found in arrangements.
- Traditional creditors had more lump sum payments than non-traditional creditors.
- The top two restructure types are the same across creditors but for the third most popular restructure type-principal reduction/write down

Figure C.3 -

**A point in time analysis of 101 PIAs with restructures (Q3 2020):
breakdown of restructure by lender type**

PPR Restructure Type and Lender Type



is tied for third with permanent interest rate reduction among non-traditional creditors while being outright third for traditional creditors

- Permanent interest rate reduction, reduced payment, and mortgage to rent are restructure types seen in more arrangements involving non-traditional creditors.

From this analysis, we can conclude that there was a trend across all creditors for the top two restructure types. We can see an apparent trend in more permanent restructure types such as permanent interest rate reduction more prevalent for non-traditional creditors while the traditional creditors seem to favour temporary reductions or lump sum payments. For the three least used restructure types, there is a broad variance between traditional and non-traditional creditors. It is interesting to note that these trends are in general continuing on from the 2019 & 2020 deep dives.

Appendix D – Abhaile Governance and Oversight 2021

The Department of Justice and the Department of Social Protection jointly coordinate and fund Abhaile. Scheme supports are provided by implementing bodies: the Citizens Information Board (CIB) (which includes the Money Advice and Budgeting Service (MABS)), the Insolvency Service of Ireland (ISI), the Legal Aid Board (LAB), and the Courts Service.

Abhaile is not a statutory body but an inter-departmental and inter-agency coalition of funding and implementing partners.

A Steering Board, co-chaired at Director / Assistant Secretary Level by the Department of Justice and the Department of Social Protection, oversees Abhaile at a strategic level, in accordance with the Government Decision of 5 July 2016. There is also representation on the Steering Board from the Department of Housing, Local Government and Heritage, the Citizens Information Board (which includes MABS), the Insolvency Service of Ireland, the Legal Aid Board, and the Courts Service. Excepting where matters of particular importance arise, that require its specific attention, the Board meet on a quarterly basis and assess all matters in relation to the Oversight, Governance, and Strategy of the Abhaile scheme.

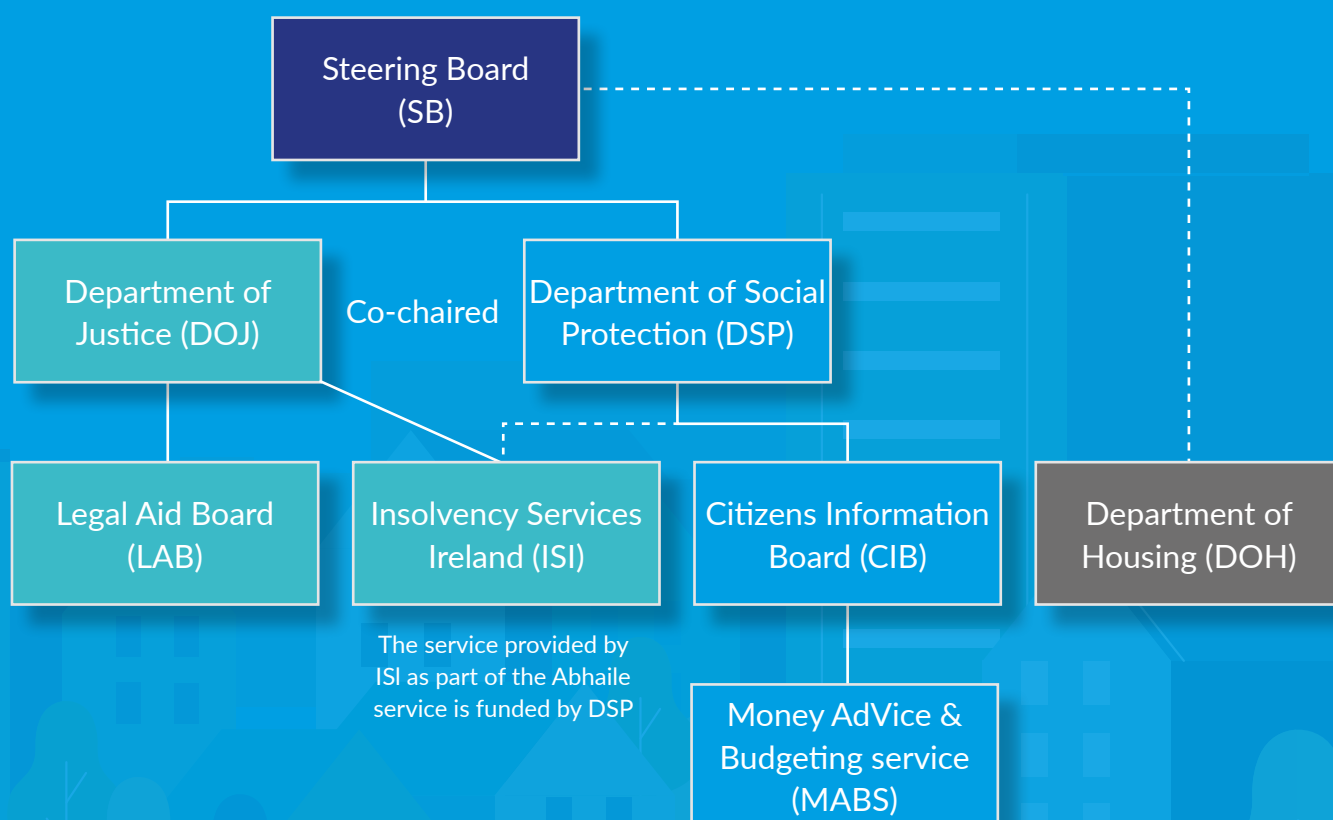
There is also a Joint Working Group co-chaired by the Departments of Justice and Social Protection at Principal Officer Level. The Joint Working Group membership comprises of representation from CIB, MABS, LAB, ISI, and the Courts Service. Similar to the Steering Board, unless matters of particular importance arise that require its specific attention, the Working Group also meet on a quarterly basis. The Joint Working Group focuses on the operation and the efficient and effective delivery of the services of Abhaile. While the Steering Board focuses on high-level policy, resource and strategic matters. The Joint Working Group is accountable to the Abhaile Steering Board.

In 2021, the Departments of Justice and Social Protection commissioned an independent Governance Review of the Abhaile scheme, to be finalised in 2022. The Review assessed the robustness of the existing governance processes and sought to identify any potential enhancements to these structures. An external contractor with expertise in public sector governance undertook the Review. The recommendations arising from the Review are under assessment by the Joint Working Group, with an implementation plan to be agreed and monitored by the Steering Board during 2022.

The Programme for Government agreed in June 2020 includes a commitment to, ‘continue to fund the Mortgage Arrears Resolution Service’. The Abhaile Steering Board is now engaging in a Strategic Review of Abhaile’s operation, objectives and future, in the light of the Programme for Government commitment. Given the multi-agency approach to delivery of the scheme, the present stage in its evolution and the emerging environmental challenges, it is

considered an appropriate time for such an external review of Abhaile to take place and to identify a programme of actions to improve its implementation, efficiency, effectiveness and preparedness to meet future demands.

The outcome of this strategic review, including any recommendations that emerge, are anticipated to be submitted to Government in 2022.



ABHAILE

FREE MORTGAGE ARREARS SUPPORT



Rialtas na hÉireann
Government of Ireland