

Dealing with Mortgage Repayment Difficulties

**A guide to our Mortgage Arrears
Resolution Process**

Bank of Scotland plc Customer Guide

 **BANK OF SCOTLAND**

We at Bank of Scotland plc (the “**Bank**”) understand that in the current economic climate some of our customers may be experiencing difficulty meeting their mortgage repayments.

If you are having trouble paying your mortgage or think you may have difficulty in the future paying your mortgage, there are a variety of options available that may ease your situation and ultimately help to resolve the issue. This booklet explains the things that you should consider and the actions that we will take to help you.

Our 5 step approach

To meet our obligations under the Central Bank of Ireland’s Code of Conduct on Mortgage Arrears (the “**Code**”), we have a five step process to help customers whose home mortgage is in arrears or is at risk of going into arrears. This is called our Home Mortgage Arrears Resolution Process (“**MARP**”), the steps are:

1. Early communication with you
2. Getting up to date financial information from you
3. Assessing your situation
4. Seeking to reach a resolution on the arrears issue
5. Facilitating appeals from any decision we make

In line with the Code, we will apply our MARP where the property in question is in Ireland and is either:

- the residential property you occupy as your primary residence; or
- the only residential property you own, irrespective of whether you occupy that property.¹

Our customer support

Bank of Scotland plc has appointed Certus to provide customer support and administration services to Bank of Scotland plc and to support Bank of Scotland plc in the management of its business in Ireland and Northern Ireland. Certus has no authority to bind, commit or conclude contractual arrangements on behalf of Bank of Scotland plc but provides customer support and administration services to Bank of Scotland plc and its business in Ireland and Northern Ireland.

Certus has an experienced and dedicated team who work closely with mortgage customers who are experiencing or anticipate difficulties in making their mortgage payments - this is the Certus Collections Team. Certus will be our liaison with you in relation to our MARP.

The Certus Collections Team may be contacted in the Republic of Ireland on **(01) 267 5803**.

Our Home Mortgage Arrears Resolution Process

1. Early communication with you

First and foremost – don’t ignore the problem.

You should contact the Certus Collections Team on **(01) 267 5803** as soon as you know that you are in difficulty or are in danger of, or become concerned about, going into financial difficulties so that we can immediately start working with you to find a solution. We would like to agree a solution with you before you encounter any further difficulties or your situation gets worse.

2. Getting up to date financial information from you – the Standard Financial Statement

When you contact Certus to advise that you are in financial difficulty or are in danger of getting into financial difficulty, or when Certus contacts you in relation to arrears which have arisen, you will be asked to complete a Standard Financial Statement. This will provide us with a detailed picture of your financial situation so it is important that you complete this accurately and in full.

¹ Full details of the Code can be found on the Central Bank of Ireland’s website (www.centralbank.ie).

You may also be asked to provide additional documentation to support the information you have provided, for example Bank Statements including statements from other financial services providers with whom you are or were a customer.

You may wish to seek independent advice to assist with completing the Standard Financial Statement. For example, advice may be available from the Money Advice and Budgeting Service (“MABS”) or other sources.

IMPORTANT INFORMATION

It is important to fill out the Standard Financial Statement accurately, honestly and fully and provide any documentation requested. If you do not, you may be classified as not “co-operating” with us and the 12 month waiting period (moratorium), as specified in the Code, for beginning legal action for repossession of your property will no longer apply to you.

3. Assessing your situation

Certus will pass your Standard Financial Statement to our Arrears Support Unit. Our Arrears Support Unit will use the information provided by you in the Standard Financial Statement as well as any additional information you provide to assess your particular situation on its individual merits. The unit will identify an approach to dealing with your financial difficulties giving careful consideration to:

- Your personal circumstances
- Your financial circumstances - household income, expenditure and domestic budget
- Your overall personal debt
- The information provided in the Standard Financial Statement
- Your current ability to make repayments
- Your previous repayment history
- Any other information that impacts the assessment i.e. illness, disability etc.

4. Seeking to reach a resolution on the arrears issue

Our Arrears Support Unit will explore all options in an attempt to arrange a new repayment plan with you, taking into account both your interests and our responsibilities as the lender.

There are various resolution options available, however, these vary from case to case and are subject to assessment of your individual circumstances. We will determine which option is best suited to your individual circumstances having assessed all of the information provided.

We may decide that it is not possible to reach a resolution. If this happens we will write to you with the reasons for our decision.

If a plan is agreed, it is important that you keep to it – or contact the Certus Collections Team if there is a change in your circumstances that may affect the arrangement. The terms and conditions of your mortgage continue to apply except to the extent they have been modified by the new arrangement.

Please note: *an alternative arrangement may be affordable to you in the short term but could be more expensive over the life of the loan.*

Please note: *you are required to maintain your full contractual repayments until Bank of Scotland plc has processed your request and informed you of their decision.*

Subject to your individual circumstances, the new repayment plan could be:

Interest Only Payments: This is where only the interest is repaid for a specific agreed period of time. Paying interest only results in a lower monthly repayment. However no capital is repaid during the interest only period (i.e. the remaining balance on your loan is not reduced). Note that this may result in you paying additional interest on your account over the remaining term of the loan.

Paying Interest and part of the Normal Capital: This option means that you pay a monthly payment which pays your monthly interest and with any additional amount being used to help reduce the outstanding balance on your mortgage for a specified period of time. Note: your monthly repayments **will** be higher than with an interest only payment, as you are paying both the interest and some of the capital of the loan.

Reduced Payments: This option means that you pay a monthly repayment which is less than the monthly payments agreed in your original mortgage for a specific agreed period of time. At the expiry of the period, the monthly instalment will be

recalculated and adjusted to ensure that the capital and interest will be repaid over the remaining term of the mortgage loan or upon full repayment, if earlier. Note that this **will** result in higher monthly instalments at the end of the specified period than previously paid.

Moratorium: A moratorium is a payment holiday where all or part of the normal capital and interest repayments are deferred for an agreed period of time. Note that this may result in you paying additional interest on your account over the term of the loan.

Extension of the Mortgage Term: This option allows you to extend the life of your mortgage as a means of reducing your actual monthly repayments by spreading the amount owed over a longer period. Note: this applies to capital and interest repayments only and may result in you paying more over the extended term.

Capitalising the arrears and interest: This option means that all outstanding mortgage arrears can be added to the remaining principal balance and repaid over the mortgage term. Note: this option is only available where certain criteria are met.

Changing the type of your Mortgage: This option may be applicable if another type of mortgage rate was better suited to your circumstances i.e. if you are currently on a variable rate mortgage and you changed to a fixed rate.

Once an arrangement is put in place, we will schedule a review at least every 6 months to establish if there has been any change in your financial circumstances since the payment plan was put in place.

IMPORTANT INFORMATION

- Bank of Scotland plc recommends that you **seek independent legal and independent financial advice and you may require further professional advice if you, or your spouse/civil partner are a joint borrower** regarding any proposed mortgage repayment restructure.
- When a resolution approach has been agreed please **ensure that your Life Assurance in place is sufficient** to cover your revised mortgage terms.
- If you have a **full term Interest-Only mortgage** agreement please ensure that you have a suitable repayment mechanism in place as the entire amount that you have borrowed will still be outstanding at the end of the mortgage term.
- Customers who have a **mortgage on a tracker rate product will not be required to move to a different mortgage product** as part of the Mortgage Arrears Resolution Process.

5. Facilitating appeals from any decision we make

If you are unhappy with:

- i. the decision of our Arrears Support Unit;
- ii. our treatment of your case under the MARP process; or
- iii. our compliance with the Code,

you may submit an appeal in writing to the Bank of Scotland plc Appeals Board for an independent review. Your appeal must be made to the Bank of Scotland plc Appeals Board within 21 business days of receiving notification of our decision.

The appeal should be addressed to the "MARP Appeals Processing Unit" in Certus, who act as our liaison, at the following address:

MARP Appeals Processing Unit, Certus, 124-127 St. Stephens Green, Dublin 2, Republic of Ireland.

Certus, on behalf of Bank of Scotland plc, will acknowledge receipt of the appeal in writing within 5 business days of the appeal being received.

Certus will send the appeal to the Bank of Scotland plc Appeals Board in the United Kingdom who will consider your appeal.

We will provide you with regular written updates on the progress of your appeal and we will inform you of the name of one or more individuals appointed by us to be your point of contact in relation to the appeal, until the Bank of Scotland plc Appeals Board make their decision. A final decision will be made by the Bank of Scotland plc Appeals Board within 40 business days of receipt of the appeal. The Bank of Scotland plc Appeals Board will issue a written decision to you within 5 business days of the decision being reached which will explain the terms of any offer being made.

If you remain dissatisfied with the decision of the Bank of Scotland plc Appeals Board you have the right to contact the Financial Services Ombudsman in Ireland. You may also have the right to contact the Financial Ombudsman Service in the UK. See "Useful Contacts" for further information.

Some helpful advice

Some steps you should consider:

- If you are struggling with your financial commitments, you should pay all your 'priority' bills first, such as your mortgage, utility bills (electricity, gas, water), insurances, tax, child support maintenance and housekeeping and essential goods or services (e.g. travel to work). You should ensure that you pay these essential bills before making any payments towards credit cards or loans.
- Check whether you are eligible for any state benefits or tax credits which could help to increase your income. In particular, if you are unemployed or are working on reduced pay, you may be entitled to the Mortgage Interest Supplement. We also recommend that you investigate whether you can claim Mortgage Interest Relief on the tax that you pay. Please see the useful contacts section of this booklet which will help you find further information on these State Supports.
- If you have an insurance policy, such as income protection insurance, check whether this could help with your payments.
- Seek debt advice from an accredited debt advisor if you would like help with managing your finances.
- Make sure you keep all joint mortgage holders, spouses/civil partners and anyone acting as a guarantor on the mortgage, up to date with what is happening.
- Get back to us quickly if we try to contact you to discuss your mortgage.
- Seek independent advice when completing your Standard Financial Statement and when considering any new repayment plan we may offer you.

Steps you should never take:

- **Ignoring missed repayments:** As soon as you are aware that there is or may be a problem you should contact Certus in the Republic of Ireland on **(01) 267 5803** immediately.
- **Ignoring correspondence or calls from Certus or Bank of Scotland plc:** We want to support you in identifying options to help ease your financial situation. Ignoring communications from us could result in you becoming exempt from certain protections provided by the Code, such as the 12 month waiting period (moratorium) before we can bring legal action for repossession of your property which applies for borrowers who co-operate. For more details of these protections and how they can be lost, please see the Central Bank's consumer guidance note "Mortgage Arrears - A Consumer Guide to Dealing with Your Lender" available at www.centralbank.ie.
- **Failing to provide financial information:** It is important that we have an accurate, honest and full view of your financial situation in order to present the most appropriate options to ease your financial situation.
- **Handing back your keys:** This will not absolve you from your mortgage obligations, please ensure to contact Certus and seek independent legal advice before taking such action. If the value of your home is less than you owe, you will still be liable for the shortfall including any accrued interest, charges and certain other costs.

IMPORTANT

Bank of Scotland plc mortgage customers in the Republic of Ireland who experience financial difficulty or are concerned about meeting their mortgage repayments should contact Certus in the Republic of Ireland immediately on **(01) 267 5803**.

Useful Contacts

Bank of Scotland plc

This booklet may also be obtained from our website which also includes additional information for customers of Bank of Scotland plc in Ireland and a copy of the Standard Financial Statement.

www.bankofscotland.co.uk/ireland

Bank of Scotland plc Mortgage Appeals Board

You may submit an appeal in writing to the “Bank of Scotland plc Appeals Board” in the United Kingdom within 21 business days of receipt of notification of our decision. The grounds of appeal are set out in **Step 5** of our MARP, see above.

The appeal should be addressed to the “MARP Appeals Processing Unit” in Certus, who act as our liaison, at the following address:

MARP Appeals Processing Unit, Certus, 124-127 St. Stephens Green, Dublin 2, Republic of Ireland

Certus will send the appeal to the “Bank of Scotland plc Appeals Board” in the United Kingdom who will consider your appeal.

Certus, on behalf of Bank of Scotland plc, will acknowledge receipt of the appeal in writing within 5 business days of the appeal being received.

Certus Collections Team

You should contact the Certus Collections Team if you miss a mortgage repayment or if you believe that you may have difficulty meeting your mortgage re-payments.

Certus Collections Team, Certus, 124-127 St. Stephens Green, Dublin 2, Republic of Ireland
Telephone in Republic of Ireland: **(01) 267 5803**

Irish Bankers Federation (“IBF”)

The IBF and MABS have developed a website which provides independent information and advice for homeowners who are experiencing difficulty with their mortgage repayments, and for those who anticipate problems in the future.

www.helpinghomeowners.ie

Money Advice and Budgeting Service (“MABS”)

MABS is a free confidential and independent service in the Republic of Ireland for people in financial difficulty.

Telephone in Republic of Ireland: **1890 283 438**

www.keepingyourhome.ie
www.mabs.ie

Central Bank of Ireland

The Central Bank’s website provides independent information on financial products and details of financial services providers. On the website you can find the text of the Code as well as a consumer guidance note “Mortgage Arrears-A Consumer Guide to Dealing with Your Lender” which you may find useful.

Telephone in Republic of Ireland: **1890 777 777**
www.centralbank.ie

National Consumer Agency

The National Consumer Agency provides statutory consumer information and performs the education functions of the Central Bank of Ireland. This includes providing information on the Code. The following websites provide useful information for consumers:

www.itsyourmoney.ie
www.consumerconnect.ie

Citizens Information

The Citizens Information Board is the statutory body in the Republic of Ireland which supports the provision of information, advice and advocacy on a broad range of public and social services including health, employment, social welfare and money.

www.citizensinformationboard.ie

Department of Social Protection

The website of the Department of Social Protection provides information relating to Job Seekers Allowance, Mortgage Interest Supplement and other welfare benefits in the Republic of Ireland for which you may be eligible for.

www.welfare.ie

Office of the Revenue Commissioners

The website of the Revenue Commissioners will provide you with information on all tax credits and benefits you may be entitled to in the Republic of Ireland, including Mortgage Interest Relief.

www.revenue.ie

Legal Aid Board

The Legal Aid Board provide legal aid and advice on matters of civil law to persons unable to fund such services from their own resources.

www.legalaidboard.ie

Financial Services Ombudsman

The Financial Services Ombudsman is a statutory officer who deals independently with unresolved complaints from consumers about their individual dealings with all financial service providers in the Republic of Ireland.

Write to: *The Financial Services Ombudsman Bureau at 3rd Floor, Lincoln House, Lincoln Place, Dublin 2, Republic of Ireland.*

Telephone in Republic of Ireland: **1890 88 20 90 / (01) 662 08 99**

Email: enquiries@financialombudsman.ie.

You may find further useful information available at: www.financialombudsman.ie.

Financial Ombudsman Service (UK)

The Financial Ombudsman Service (UK) is an official independent expert in settling complaints between consumers and businesses providing financial services in the United Kingdom.

Write to: *Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR, UK.*

Telephone from Republic of Ireland: **00 44 300 123 9 123**

Email: complaint.info@financial-ombudsman.org.uk.

You may find further useful information available at: www.financial-ombudsman.org.uk.

Fees and charges

The Bank's fees and charges may change from time to time and certain other terms and conditions apply.

You may wish to familiarise yourself with the most up to date fees and charges as may be applicable to your loan please refer to:

www.bankofscotland.co.uk/ireland

1. Other fees

In addition, customers will have to pay any costs we incur to third parties that we instruct to recover any money owed to us, or that we instruct to create or protect our security, or to protect our legal rights. Examples of costs which may be incurred by us, but for which the customer will be liable include:

- Solicitor's charges and other legal fees including outlays;
- Registration fees; and
- Possession management fees.

2. Redemption fees - early repayment or changing from a fixed interest rate early

Where you repay all or part of your mortgage loan during a fixed interest rate period, or switch to a variable or other fixed rate, a breakage fee will be payable by you based on the following formula:

$$(A - B)/365 \times C \times D$$

where:

A: Is the cost of funds to the Bank, at the date of making the loan at a fixed rate

B: Is the cost of funds to the Bank, at the date of redemption of the loan, for the remaining period of the loan at a fixed rate

C: Is the remaining term of the loan at the fixed rate in days

D: Is the current balance of the loan at the fixed rate of interest

If **B** is greater than **A** at the date of redemption of your mortgage loan, no redemption fee will be payable.

Please note carefully the following information relating to Irish Housing Loans covered under the Irish Consumer Credit Act 1995 and the Consumer Protection Code.

WARNING: PLEASE NOTE THAT IF YOU DO NOT MEET THE REPAYMENTS ON YOUR LOAN, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING.

WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

Variable Rate Loans:

THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.

WARNING: THE COST OF YOUR MONTHLY REPAYMENTS MAY INCREASE - IF YOU DO NOT KEEP UP YOUR REPAYMENTS YOU MAY LOSE YOUR HOME.

Interest-Only Mortgages:

WARNING: THE ENTIRE AMOUNT THAT YOU HAVE BORROWED WILL STILL BE OUTSTANDING AT THE END OF THE INTEREST-ONLY PERIOD.

Fixed Rate Loans:

WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED-RATE LOAN EARLY.

Endowment Loans:

WARNING THERE IS NO GUARANTEE THAT THE PROCEEDS OF THE INSURANCE POLICY WILL BE SUFFICIENT TO REPAY THE LOAN IN FULL WHEN IT BECOMES DUE FOR REPAYMENT.

EARLY SURRENDER OF THE INSURANCE POLICY IN RESPECT OF THE ENDOWMENT LOAN MAY RESULT IN A RETURN TO THE BORROWER WHICH WOULD BE LESS THAN THAT PAID IN PREMIA AND OTHER CHARGES.

Debt Consolidation Mortgages:

WARNING: THIS NEW LOAN MAY TAKE LONGER TO PAY OFF THAN YOUR PREVIOUS LOANS. THIS MEANS YOU MAY PAY MORE THAN IF YOU PAID OVER A SHORTER TERM.

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Telephone calls may be recorded to confirm instructions given and for quality control and training purposes.

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