

Joint Oireachtas Committee on Finance,
Public Expenditure and Reform,
and Taoiseach.

15th April 2019

Re: David Hall submission on No Consent No Sale Bill

Opening Statement of David Hall CEO Irish Mortgage Holders Organisation to the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach on the No Consent No Sale Bill.

Chairman, Deputies and Senators thank you for the invitation to address you on Deputy Doherty's No Consent No Sale Bill which you are considering.

The Irish Mortgage Holders Organisation is one of two debt charities within the State. We have helped 10,000 families restructure their mortgages since we established in 2012. It is with this front-line experience I make this address today and with the support of my entire team.

We are at a critical stage in families being fed to Vultures. Deputies can note that I said "families being fed to Vultures" because it is not just loans that are being sold but real families, real people and real lives that are being fed to Vultures, and this is a real social issue. These sales are as a result of incompetence from banks in not offering realistic restructures to customers in mortgage arrears. The Central Bank has been a party to this failure by limiting the bank's options. Banks have resisted the Personal Insolvency legislation and taken legal challenges to various aspects of the legislation to prevent its impact on writing down debt.

We are amidst bureaucratic corruption where large bodies such as the Central Bank and the Department of Finance utter unevidenced statements with authority designed to scaremonger. A state supported system of pitching citizens against each other by misleading commentary about the effects on interest rates if such a bill as this passed. This was recently demonstrated when the same warnings were issued ahead of Deputy McGrath's vulture fund regulation Bill. Also, when repossession numbers were low. Only last week AIB again reduced interest rates. While trying to protect banks they fail to state that this is not an ongoing mortgage arrears issue as it is a historic issue and no such threat currently exists. This can be addressed as a standalone issue.

The Central Bank bizarrely says Vulture funds are OK. This is so inaccurate it's frightening to think they have a consumer protection function. They published a report last October which reported on a period pre mass sales of loans to Vultures by PTSB and Ulster Bank. No competent body knowing such numbers of loans were about to be sold would have chosen such a window to carry out any report on Vultures adherence to a voluntary code unless a particular finding was being sought.

There has been a banking culture of blaming customers for being in mortgage arrears. This has radiated around banks and lead to disgraceful behavior by banks. Banks have forgotten the part they played in destroying thousands of lives and indeed their direct responsibility for the loss of many lives.

As a citizen it is concerning to hear our Taoiseach and Minister for Finance state that Vultures are good and that the protections available for those in mortgage arrears carry from the bank where a loan is sold to a Vulture Fund. This is simply not true. The protections referred to are administrative processes via the Code of Conduct in Mortgage Arrears. This is a voluntary code where the Supreme Court in Irish Life and Permanent PLC and Dunne in 2015 has confirmed its voluntary nature.

Furthermore, there are no mandatory solutions that must be offered under the CCMA. The front-line experience of the IMHO is that whatever CCMA solutions may have been offered by mainstream lenders historically and at present, Vulture Funds simply do not offer solutions at all. Vultures simply want to take the family home, sell the home, and leave with a profit. In addition, in Clarke vs Stepstone Mortgages Judge White ruled that the lender does not have to give the family a solution despite being eligible, in this case it was a mortgage to rent process the family were eligible for. Those who believe banks will conform under a Voluntary Code have a lot to learn. Indeed, the new Irish Banking Culture Board may discover this soon. Banks only respond to severe sanctions, direct regulation and consequences. In addition, and despite it being 2019 the central bank can't accurately report repossession numbers as their current system is flawed.

Vulture Funds are interested in assets and they price their purchase on this value and time frame to repossess and sell.

Banks must take some responsibility for causing this crisis for recklessly lending to borrowers.

Banks have restructured 116,000 family home mortgages. This is welcomed. The spin from the Taoiseach and The Minister for Finance infer that protections transfer. The truth is the protections are simply administrative and do not provide or require any solutions to be provided. This is deeply concerning if the respective officials don't understand the limitations of the Code of Conduct in Mortgage Arrears.

The No Consent No Sale Bill is an extremely important one to apply pressure on Banks to do as they should have done and create aggressive restructuring options rather than the lazy approach they have taken to date. Banks resisted every effort to write off debt although there is a theme of willingness to write down debt for Vulture Funds but not for customers. A spectacular environment was created to welcome Vultures into Ireland including magical charitable and tax status. This showed a policy of intent.

In my view the most egregious step taken by a Bank against customers was PTSB selling restructured and compliant loans to a Vulture Fund.

I believe that a revamped Insolvency Act is required to help battle the Vultures as there has been some recent personal insolvency arrangements which I feel are very good.

By way of example I am including two cases where through iCare Housing of which I am the CEO on a voluntary basis, offered to buy two family homes where the families were deemed eligible for Mortgage to Rent. Without patronising the Committee, I want to remind all that being eligible for Mortgage to Rent means you have a very low income and your home is modest and in line with social housing homes. In the first case Start Mortgages refused an offer of 12% below the open

market value. In the second case Shoreline through Pepper refused an offer of 8% below the open market value. Promontoria doesn't do Mortgage to Rent. PTSB have sold thousands of loans to Start, and Ulster Bank have sold to Promontoria. So, what did the Vultures pay for these loans? 50% discount? Maybe 60% discount? They want their money and they don't care how they get it, we have a housing and homelessness crisis and the above two families will eventually transfer to emergency accommodation. This is how Vultures operate. They are not a friend to families in mortgage arrears.

Now let's go back to the various commentators who have stated Vultures are good to deal with and explain that the Vultures bought loans cheap and thus they are able to do a good deal. This is simply false and there is a serious question of competency around those making these Vulture friendly comments. For clarity, Vultures are great to deal with if you want to sell or surrender your family home to the Vulture Fund and have the debt written off however if you want to keep your home, which most do, then Vultures are not in the business of "deal", restructuring, or long term solutions.

In conclusion, Vultures are bad for Irish families and incompetent commentary about their willingness to do deals adds insult to injury to the families that are affected. If you are in mortgage arrears and facing the prospect of dealing with a Vulture, you are more likely to lose your home. We hear Vulture lover's comment on the numbers of repossession orders granted for banks, versus Vulture Funds to defend their supportive stance, they seem to forget that Banks have been at this since 2009 while Vultures are only really getting started with family homes.

The two cases above have now been terminated out of Mortgage to Rent and moved to be repossessed. These are the true actions of Vultures, not the fairy-tale version promoted by some.

The No Consent No Sale Bill is an essential tool to help families in mortgage arrears as we are facing an avalanche of loan sales to Vultures over the coming twelve months and these families face a very uncertain future. To those who say the Bill is unconstitutional why not let the courts decide rather than joining the herd.

Yours Sincerely



David Hall
CEO

Attending: David Hall, CEO Irish Mortgage Holders Organisation – 0877775577

Observer: Carolyn Cassells, Irish Mortgage Holders Organisation - 0877676040