

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

Investment Funds in the Irish Property Market.

Wednesday, 21 June 2023

Opening Statement of David Hall, Co-Founder Irish Mortgage Holders Organisation

Chairman and committee members,

Thank you for the invitation today. I don't intend going over what I presented recently when I appeared before you and I am very aware of your own knowledge of the issue to hand.

I'm honoured to be joined by Grainne Irwin and James Byrne who will tell you their own stories and the horrific impact on them and their families of high mortgage rates now being charged by a vulture fund, Pepper.

Today is about Grainne and James story which reflects the experience of tens of thousands of ordinary mortgage holders.

Each time I appear here or on any platform I remind everyone that these are real people who have been and are being impacted, humans and fellow citizens who did nothing wrong. Tens of thousands have been sold to vultures without their consent and indeed in some cases it's unknown who owns their mortgage. These customers have exhausted their own financial reserves having been gouged by high interest rates. The Central bank is fast asleep and horrifically conflicted. The Central Bank's definition of non-performing loans and their capital policy has caused much of this pain for mortgage holders who have been sold. They remain silent on any help to those affected and are in my view not fit for purpose to protect consumers. They must be questioned on these decisions and what their plan is for the next wave of customers who will undoubtedly fall into mortgage arrears. Has anything been learnt?

Grainne and James embody what is right about mortgage holders who got into difficulty. They did the right thing, engaged, and faced up to their financial challenge. They agreed a restructure with PTSB and made the agreed payments. They were then sold by the state-owned bank PTSB to the vulture fund Pepper. Grainne and James represent thousands of mortgage holders who did the right thing and sacrificed much to pay their mortgage and are now being crippled by high interest rates being charged by pepper. They and all those being gouged by Vultures deserve help. I would be interested to have the committee analyse any extra profits banks or vultures are making from these rate rises.

Mr James Byrne – Opening Statement

Hi my name is jimmy. I'm married with two kids and here's the background to my story.

Employed since I left school and with the same company for 20 years serving the public as a bus driver. Bought my house in 2006 with a re-mortgage in 2007 for €350,000 and believed all I had to do was work hard and pay off the mortgage. Crash happened in 2008 and we got into trouble with my wife losing hours and pay and eventually losing her job. At that time we kept engaged with PTSB and broke free from a fixed rate to a variable rate with their blessing. Eventually through working side by side with PTSB, we got a split mortgage and the arrears were capped at a large interest rate. We were just happy to keep a roof over our head, and agreed with PTSB as we naively believed they were working in our best interest, despite the numerous phone calls treating us with re-possession.

While in one of the meetings with a PTSB manager, we were told that our tracker rate of 3.25% wasn't a tracker rate as it was too high. We challenged it with their "independent" complaints team who are PTSB employees and they admitted they guessed the rate but it was the rate none the less. That is the base line for our current situation with Pepper Finance. Our rate on a split mortgage is now @ 7.25%.

Just on the split. Our full mortgage was €350,000, our agreement/split was to warehouse €197,000 and through working hard in 2019 moved €89,000 and in 2021 moved €37,000 from the warehoused amount. That total today is €66,000 and we make full payments on the remaining €273,000. This was done while with PTSB. We were working with the banks when someone in PTSB judged that as a non-performing loan, even though our appeal was with the FPSO. Who makes these decisions? I don't know, but there was no way to appeal it or no way to stop the loan going to pepper. By the time we received notification it was already a done deal.

At first I didn't really mind my loan transferring to pepper as we were told that all rights and entitlements would go with it. I know I've a loan to pay and didn't really care who I paid it too. That was until the rates shot up and we tried to fix the rate, but pepper "can't" do that. I asked them how much they paid for my Mortgage, they won't tell me. I asked who owned my mortgage, but again they won't tell me. They said they couldn't as they were sold as a portfolio and not individually priced. I can go into a shop and look at all the tins of baked beans, they're all the same, but there are all individually priced.

So how has this affected me? Well first off financially obvious enough but more than that, it has impacted our marriage, as most arguments are about money. We are raising our kids to do the right things in life but they are at an age where they can see for themselves the strain this puts us under. Health wise let's just say I'm on medication for life over all this due to stress.

Now come the SFS that they want me to fill out, asking what I see as personal questions as to what I spend on shopping, I've 4 mouths to feed here, yet they sit in judgement over things like that. Other thing like surrendering my pension documents to them as proof that I can pay off the mortgage. If I was on a normal rate I can tell you here and now that I wouldn't have a split mortgage now. But that goes back to somebody deciding I was a non-performing loan. And the other option they give is to default on other loans. I have worked hard to try pull my credit rating from the gutter and they want to ensure that's where it goes again.

Anyway to remain proactive on the loan and to get off the pepper roller coaster, I tried everything to get a Switch Mortgage and although failing most times, as most banks won't deal with us as we have split mortgage, BOI agreed in principle to loan me €305 thousand. That would have been a €35 thousand shortfall on pepper's behalf, but everyone here knows they would have made a big profit on that, possibly doubling their money? Only they know. Even the person in MABS I deal with said they would be mad not to accept. They rejected the offer and now I'm really stuck. My mortgage has gone up over €700 euro in 8 months with no end in sight. I'm out of options except one and that's default or some form of insolvency.

There is no discretionary spending in my household, no family holidays since before the pandemic and none on the horizon, every penny now is counted for and it's at the stage where it's being questioned. For the record, people like me have no faith in the political system, as I believe they see us just as banks and vulture funds do... numbers on a spreadsheet, and they do not seem to have the ability to hold them to account. That was until a brave judge in

Tullamore delivered, in my opinion, some form of justice and called out the vulture funds on their tactics and held them to account. That decision gives people like me a sign of hope for the future. We're not running away from our responsibilities, we're not looking for special treatment, we don't want to default on any loan we have. We are just looking for fairness and what everyone else who has a mortgage has....the right to a fix rate at a reasonable rate.

A final note, just to address the statement made by Mr Varadkar when questioned about the latest interest hike. According to one newspaper article he said *"it is only fair to point out that a lot of people who are now suffering from the increased effects of high interest rates would have been on very low interest rates for a prolonged period of time. "And interest rates of between 3 and 5% are actually normal. If you take the longer period of history, they are close to the historical average.*

My Interest rate has never gone below 3.25%, so I think it's only fair to point out that the people who benefited the least from the low rate are now suffering the worst.

Thank you.

Ms Grainne Irwin – Opening Statement

My name is Grainne Irwin and our mortgage was sold without our consent by a state bank that had been bailed out by the taxpayer to the tune of €4 Billion to a Vulture Fund. At the time we were given multiple assurances that any arrangement we had agreed to would be honoured by the vulture fund but this was completely untrue. At this present time our interest rates have risen to 7.5% and according to the ECB there are more increases to come.

We cannot access any of the assistance services as we are not in arrears so we don't qualify.

We were meeting the terms of our arrangement so why was our mortgage deemed to be non performing and subsequently sold? How much was it sold for? Who made that decision and what was the criteria? Since we restructured we have never missed a payment, we've never even been so much as a day late, we cannot draw down any further value from the warehouse account because of the interest so we are literally in purgatory, being constantly punished for doing the right thing. Between the increase in the interest rate, the astronomical cost of electricity and the high cost of living I estimate we are out of pocket over €800 every month.

We have 3 young children who are our whole world, we don't have any family living close by, we have to solve our own problems for the most part, but this is one that we most definitely need help with and the sooner the better because the stress and the upset that this is causing is incredible. We did not choose to be in this position, There are avenues for people who are in arrears but nothing for us. We took out a mortgage with a state bank believing that we were safe with them, We no longer feel that, We are private people so it takes a lot for me to discuss this sort of personal detail in a public setting but I feel so strongly about our situation that it became necessary to be heard.

Thank you.