Mortgage Arrears Among South Mayo MABS' Clients: April 2016 v September 2017

"Substantive engagement but for what return?"

Stuart Stamp,
with the assistance of
Paul Joyce,
in partnership with
South Mayo MABS

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Foreword

The banking crisis in Ireland, following the boom in irresponsible lending created not just a collapse in State finances, but chaos in many households, communities and businesses. European Union concerns have led to much detailed data collection, reports on mortgage arrears and 'solutions' to unsustainable banking debt. However, there has been little detailed examination of the personal situations of those households at the centre of the crisis – those with mortgage difficulties. The *Analysis of Mortgage Arrears Among South Mayo MABS' Clients* by South Mayo MABS in 2016 provided an illumination into these experiences. These rural households had encountered payment difficulties in the early years of the loan, often where brokers, sub-prime lenders and subsequently wound-up institutions were involved. Most borrowers in the study had been offered loans based on 'precarious' income related to construction or services industry work. That research also showed that although there was a willingness by lenders to restructure the mortgage, this only applied where these expected to recoup the full amount of capital and interest, and in no case was a write-off of debt proposed.

This new follow-up study 18 months later - again conducted in association with Dr Stuart Stamp (Maynooth University) and Paul Joyce BL (Free Legal Advice Centres) - shines a light into how these households have fared, and whether recent initiatives have actually helped to keep them in their homes. While it is encouraging to see that in some cases arrears have been settled and repayments commenced, this relates only to a small number. Sadly, we see that in addition to the households who had lost their homes in the earlier study, loss of family home is identified as imminent or likely outcome in some 20% of cases, in the foreseeable future. This is truly a shocking finding. It shows that the most destructive effects of the banking crisis are, in fact, still being exacted on ordinary households. This study makes an enormously valuable contribution to the public interest in addressing this ongoing challenge.

Dr Padraic Kenna,
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Acknowledgements

On behalf of the Board and Staff of South Mayo MABS, I wish to thank Dr. Stuart Stamp and Paul Joyce BL for their work in carrying out this follow up piece of research to our 2016 study "An Analysis of Mortgage Arrears among South Mayo MABS' Clients: A Spatial Dimension to a National Problem?"

The findings of this further study illustrate that some progress has been made in addressing mortgage arrears among the cohort initially examined some 16 months ago. We are pleased to see, for example, that around a third of 'sample' clients supported by South Mayo MABS now have a degree of certainty and security around their housing situations.

However, we remain concerned that existing policy instruments are failing to address the problems of the majority, despite such borrowers engaging with the frameworks and supports ostensibly designed to help them.

On a daily basis, our staff members continue to work hard to support clients going through financial difficulties and to use the experience and knowledge gained to highlight policy issues arising, with the aim of preventing others from encountering similar problems in the future. I wish to both acknowledge and thank them for this.

Finally I would like to thank the Citizens Information Board who support and fund the work of South Mayo MABS.

Caroline Barry
Chairperson South Mayo MABS

Abstract

Although some progress has been made in addressing the mortgage arrears crisis, the number of accounts in arrears for over two years remains seemingly intractable. Lack of data on the borrowers concerned has led many to conclude that such intractability is related to borrowers "not engaging" with lenders. However, what if many are so engaging, but encountering relatively little substantive return from the institutions involved?

In April 2016, we set out to investigate what was happening among a sample (n=50) of this very cohort, namely those in longer-term mortgage arrears who were engaging with their lenders through South Mayo MABS. Inter alia, we identified shorter-term "containment" type arrangements to be the norm, despite arrears having persisted for five years on average. In September 2017, we re-examined these cases to examine the extent to which arrears had been resolved in the intervening 16-month period.

Three discrete groups are identifiable. The first consists of households now relatively secure and in sustainable longer-term arrangements; these tend to be those in better circumstances to begin with. The second cohort comprises a still insecure group, where the eventual outcome is as yet uncertain, while the third consists of those facing imminent or likely loss of the family home. The latter two cohorts tend towards those in poorer circumstances whose loans were drawn down closest to the "bust".

We conclude that many of the socio-economic and institutional causal factors strongly associated with mortgage arrears thereby embody a sort of "double-whammy" in subsequently increasing the likelihood of less than satisfactory outcomes for borrowers from engagement with lenders. From a societal perspective, the implication is that the "framework for engagement" policy approach employed to date may now have run its course, and that the State needs to intervene much more assertively given the current housing and homelessness crisis.

Section 1. Background

This study is a 'follow up' to South Mayo MABS' 2016 report, *A Spatial Dimension to a National Problem*.[1] As part of this research, based on a random and representative case-study sample of (n=50) clients who were then engaging with their mortgage lenders, we examined the way institutions were dealing with arrears' situations in a rural context. Our main conclusion in this regard was that the case-by-case approach promoted by policy and practice, had effectively morphed into a lender-by-lender one, with decision-making power overwhelmingly remaining in the hands of the institutions concerned.

The result for this cohort of clients appeared to be largely a sort of holding pattern, with a preponderance of short-term or trial arrangements, and comparatively few, sustainable, longer-term ones, despite an average arrears period per client of around five years, which had led to observable impacts on the health and wellbeing of the families involved. Although we identified a general willingness to re-structure mortgage arrangements, it appeared this was only where lenders could still expect to recoup the full amount of capital and interest originally factored in. In only two cases had (partial) principal write-downs been proposed (as part of a 'compromise settlement' in each instance).

The households in question were in what might be termed late-middle age, (50 years on average), comprised larger than average households, and contained children who were older relative to the population. Household and individualised incomes were relatively low, poverty and unemployment rates relatively high, and only a few had any 'realisable asset' at all to fall back on. We concluded that this was directly related to precarious income sources at the time of drawdown, and that questionable lending practices and regulatory shortcomings had played a significant role in the accrual of arrears, with brokers, subprime lenders and subsequently wound-up financial institutions featuring strongly within the sample 'narrative'.

There was a further rural or regional dimension as regards purchase-type in that in addition to first-time "peak" buyers, those who had built or inherited their properties, or "traded- up" were also affected by the downturn. Properties purchased were in the main detached or semi-detached houses, often in small towns or remote areas, purchased for relatively modest sums with conventional LTVs[2], but now worth significantly less, and in some cases it appeared, almost unsellable.

A majority were at risk of housing exclusion, in that their mortgages had either been declared unsustainable by lenders or legal proceedings for repossession were in train, and most were experiencing varying degrees of housing stress in terms of repayment pressures. Shelter poverty was widespread to varying degrees, and we posited that the only way most would be able to sustain a minimum or conventional standard of living would be if mortgage repayment costs were substantially reduced, for example by way of interest rate reduction, or principal write-down. We concluded by suggesting that the *spatial elements* to mortgage arrears we had identified may well be replicated in similar counties or regions across the country.

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1 South Mayo Money Advice and Budgeting Service (2016). *A Spatial Dimension to a National Problem? An analysis of mortgage arrears among South Mayo MABS' clients*. Castlebar: South Mayo MABS.

2 Loan to value ratios.

The present study consists primarily of a longitudinal 'follow-up" type enquiry, whereby we use case-file data on each client, and the insights of their respective money advisers in this regard, to focus more on *outcomes* and investigate the extent to which engagements with lenders have resulted in housing security some 16 months on. We begin by setting the context, in terms of policy developments and trends in arrears, re-structures and repossessions, which have occurred in the intervening period.

Section 2. Policy Context

In addition to MABS itself, there are three main policy interventions relevant to our sample cohort. These are as follows:

- The Code of Conduct on Mortgage Arrears (CCMA) and its associated Mortgage Arrears Resolution Process (MARP), through which the Central Bank sets down rules for engagement between regulated mortgage entities and borrowers in arrears. The CCMA was amended most recently in 2013, arguably more to the benefit of the lender than the borrower. [3]

  As we pointed out in our previous study, only around a third of the clients we examined were in various stages of the MARP[4] with the remainder outside of it for various reasons, including cases where there was an agreed longer-term or trial Alternative Repayment Arrangement (ARA) in place, and where a revised Standard Financial Statement (SFS) had been submitted.

  We also highlighted various issues with how the Code was being applied by lenders in practice, most notably divergences that were identifiable in engagement approaches and practices, a trend that has continued. In essence, lenders continue to pick and choose which options they offer, and to neglect others that may assist borrowers more readily, including in some cases, Mortgage to Rent as described below. Among other recommendations, we suggested an amendment to the CCMA to the effect that lenders should be legally obliged to consider <u>all</u> options set out within the Code, and to demonstrate both to borrowers and to the Regulator how this was done. On the basis of further evidence garnered for the present study (as presented in Section 4 below), we reiterate this recommendation.

- The Personal Insolvency Act (2012) as amended, which, provides *inter alia* for a Personal Insolvency Arrangement (PIA) whereby a Personal Insolvency Practitioner (PIP) can apply on the debtor's behalf for a repayment arrangement that incorporates arrears on the family home. An amendment to the legislation (s115A) provides that refusal of such an arrangement can now be appealed to the Circuit Court. The legislation is currently under review by the Department of Justice and Equality, with take-up of the various options provided being considerably below expectations relative to the scale of the problem.[5]

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3 Free Legal Advice Centres (2014). *Redressing the Imbalance: A study of legal protections available for consumers of credit and other financial services in Ireland*. Dublin: Free Legal Advice Centres. https://www.flac.ie/download/pdf/redressing_the_imbalance.pdf

4 A total of n=15 were in the MARP as of September 2017.

5 See: Insolvency Service of Ireland, (2017). 'Section 141 Consultation, ISI Submission to the Department of Justice and Equality, June 2017'. See: https://www.isi.gov.ie/en/ISI/S141%20Review%20-%20ISI%20Submission%20to%20DJE%20June%202017.pdf/Files/S141%20Review%20-%20ISI%20Submission%20to%20DJE%20June%202017.pdf. Submissions have also been made by other parties, including MABS and the Free Legal Advice Centres (FLAC).

There has been a notable shift within our sample in this regard, as discussed below. Whereas in April 2016 only n=4 clients had sought assistance from a PIP (including in one case from a MABS' PIP[6]) to explore options under the Personal Insolvency Act, that figure had doubled to n=8 as of September 2017, although only one has entered into a legally enforceable PIA under the legislation at the time of writing. This is an area where further research embodying a qualitative element in terms of processes, outcomes and impacts, would be timely to further inform policy development.

- The Mortgage to Rent Scheme (MTR), which is targeted at borrowers in mortgage arrears with private lending institutions who are eligible for social housing support, and whose mortgage is unsustainable. The rate of uptake on the Scheme has remained relatively low despite amendments to it introduced in July 2015, and a further review was undertaken earlier this year, which recommended key actions in terms of increased eligibility, streamlined administration, and communication / awareness-raising. A major development here is the recent announcement of "bulk" purchases by a new Alternative Housing Body (AHB),[7] with another initiative apparently in the pipeline.[8]

  In our previous study, we found that there had been no MTR concluded in Co. Mayo for reasons outlined in our conclusions, most notably that the Scheme as then constituted did not "sit" with those living in once-off housing in remote areas. Furthermore, none of our sample households at all had applied for MTR at that stage. As outlined below, there are now a small minority (n=2) of sample clients in the application process, plus a further South Mayo MABS client who is not part of our cohort. The process, however, remains convoluted and time-consuming, and outcomes are uncertain.

A further development since our previous study has been the rollout of the Government's Abhaile Scheme, of which MABS is ostensibly the core. The Scheme is targeted at those who are insolvent, in mortgage arrears on their principal private residence, and who are at risk of losing their family home. Abhaile has five pillars, two of which involve the issuing of a voucher[9] (often, but more often not, through MABS), one for advice and assistance from a PIP around personal insolvency options, and another for legal advice from a Consultation Solicitor. It also incorporates: a Duty Solicitor Service, whereby a solicitor is present to give general advice in the Circuit Court on the day repossession proceedings are held and to speak on the borrower's behalf; an accountant panel service, which is not up and running at the time of writing; and a PIA court review service to assist borrowers with appeals under s115A, where a PIA application incorporating a family home mortgage in arrears has been refused.

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6 This was a Pilot Project (now concluded) operated through Waterford MABS, which has been positively evaluated and which we recommended be rolled out on a regional basis across the country. Again, we reiterate this recommendation.

7 See: http://www.irishtimes.com/business/financial-services/new-scheme-aims-to-keep-distressed-borrowers-in-their-homes-1.3235512. Our understanding is that the feasibility of such "bulk-type" MTR may be questionable in certain rural contexts.

8 See: https://www.irishtimes.com/business/financial-services/ptsb-plans-mortgage-to-rent-scheme-with-merrion-led-group-1.3237485

9 These are vouchers to the value of €250 per person or €500 for a couple. We understand that of the 8,576 vouchers issued as of 4th September 2017, the source was a PIP (5,455), MABS Money Adviser (1,653), MABS Dedicated Mortgage Arrears Adviser (1,150) and the MABS Helpline (318) (Source: MABSndl).

Although data are available on the number of vouchers issued (over 8,500 as of the beginning of September 2017) little information is currently available as to the outcomes and impacts resulting from this expenditure, again dimensions where qualitative research would be useful. It is our understanding that the Abhaile co-ordinating Departments, namely the Department of Justice and Equality, and the Department of Employment Affairs and Social Protection, are currently reviewing the operation of the Scheme to date. We further understand that an enhanced public awareness campaign is under development.

Given that these developments are in train, we would make a general observation here, namely that the configuration of the Scheme as it stands – and particularly its multi-dimensional and multi-person approach – appears to us to create potential for misunderstanding and confusion among intended beneficiaries, particularly given the known psychological effects of over-indebtedness.[10] Embodying a more "hands-on", *supportive* role for MABS advisers might help to avoid such possibilities, and ensure that a client always knows both "where they are" in the process, and who is advocating for them at a given point.

Only a minority (n=8) of our longitudinal sample have utilised the Abhaile Scheme. The experience of South Mayo MABS money advisers more generally, suggests that there can be problems concerning responsibilities and communication between the parties involved on the ground, that the complimentary and more holistic approach of the money adviser is not being fully utilised within the process as it stands, and that there is a lack of consistency (among PIPs particularly) in terms of approach, process, delivery, outcomes and cost for further work. South Mayo MABS has issued n=54 vouchers to date, the majority with respect to PIPs, with the Consultation Solicitor element being comparatively rarely used.

In contrast, the Duty Solicitor Scheme – often in association with the MABS' Court Mentor Scheme[11] - appears to be working well in terms of providing support and reassurance to borrowers attending Court on their own. We further understand attendance in court to have increased, albeit from a relatively low baseline. These are further aspects where a more qualitative research enquiry from a user perspective would be welcome.

10 These include stress, worry and associated inability to think straight. See for example: Alleweldt, F, Kara, S, Graham, R, Kempson, E, Collard, S, Stamp, S, Nahtigal, N. (2014). *The Over-Indebtedness Of European Households: Updated Mapping Of The Situation, Nature And Causes, Effects And Initiatives For Alleviating Its Impact. Final Report, Part 1: Synthesis of Findings*. Brussels: European Commission.

11 Whereby a MABS adviser is also available in Court to provide advice and support.

Section 3. The continuing mortgage arrears crisis

National statistics collated and published quarterly by the Central Bank, on the basis of information reported to them by regulated lenders, indicate a continuing decline in the number of accounts in arrears for more than 90 days and 720 days respectively (Table 1), which suggests that significant progress is being made in tackling certain 'problem accounts', principally by way of restructures (see below). However, over 50,000 accounts remain in arrears of over 90 days as of the end of June this year. A continuing increase in average arrears within the >720 days category, which now stand at almost €76,500 across the more than 32,000 accounts involved, further illustrates that the mortgage arrears crisis is still a long way from resolution. The data are not broken down on a regional basis unfortunately, so it is not possible to identify trends within Co. Mayo.

Table 1: PDH mortgage accounts in arrears: Q1-2016 to Q2-2017

	Q1 2016	Q3 2016	Q1 2017	Q2 2017
<90 days	26,293	23,212	23,322	21,965
>90 days	59,696	56,350	53,100	51,750
>720 days	35,792	34,551	32,953	32,169
Average arrears (> 720 days)	€58,843	€63,611	€73,710	€76,498

Source: Central Bank of Ireland, Mortgage Arrears Statistics.

Re-structures

The MARP, the cornerstone of the CCMA, remains the principal policy intervention by the State - in the form of the Central Bank - to address mortgage arrears. The Code contains a number of potential "resolutions" to be explored by lenders. Although we get a strong sense of overall industry trends in this regard from the Bank's quarterly mortgage arrears statistics, the data are not broken down by institution, hence rendering it impossible to identify differing lender practices and their helpfulness or otherwise from the borrower perspective. Nor, as with arrears trends, are the data presented by region or county. Overall, there has clearly been a move towards longer-term arrangements[12] - arrears capitalisation and split mortgages - and a trend away from (shorter-term) interest only and reduced payment options (Table 2). As described in Section 4, this development is also evident, although to a more limited degree, among our case study sample.

12 These now comprise over two thirds (n=82,327 or 68 per cent) of all re-structures as of end-June 2017.

Table 2: PDH mortgage re-structures by type, Q2-2016 to Q2-2017

	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Trend
Total re-structures	120,612	121,140	120,944	120,984	120,398	<->
I/O < 1 yr	2,674	2,584	2,336	2,140	1,925	Down
I/O > 1 yr	2,435	2,311	2,168	2,064	1,999	Down
Lwr payment (<I/O)	1,069	1,038	876	754	668	Down
Lwr payment (>I/O)	9,846	9,195	8,242	7,724	6,896	Down
Term extension	15,549	15,360	15,212	15,089	15,371	<->
Capitalisation	36,672	37,555	38,406	38,807	39,167	Up
Moratorium	1,180	1,218	1,263	1,124	1,355	Up
DIS	25	27	26	20	18	<->
Split	26,209	26,652	27,079	27,304	27,512	Up
IR reduction (permanent)	88	115	141	170	216	Up
IR reduction (temporary)	6,809	6,682	6,461	6,554	6,313	Down
Trade down	52	53	59	61	61	<->
Other[13]	18,004	18,350	18,675	19,083	18,897	Up

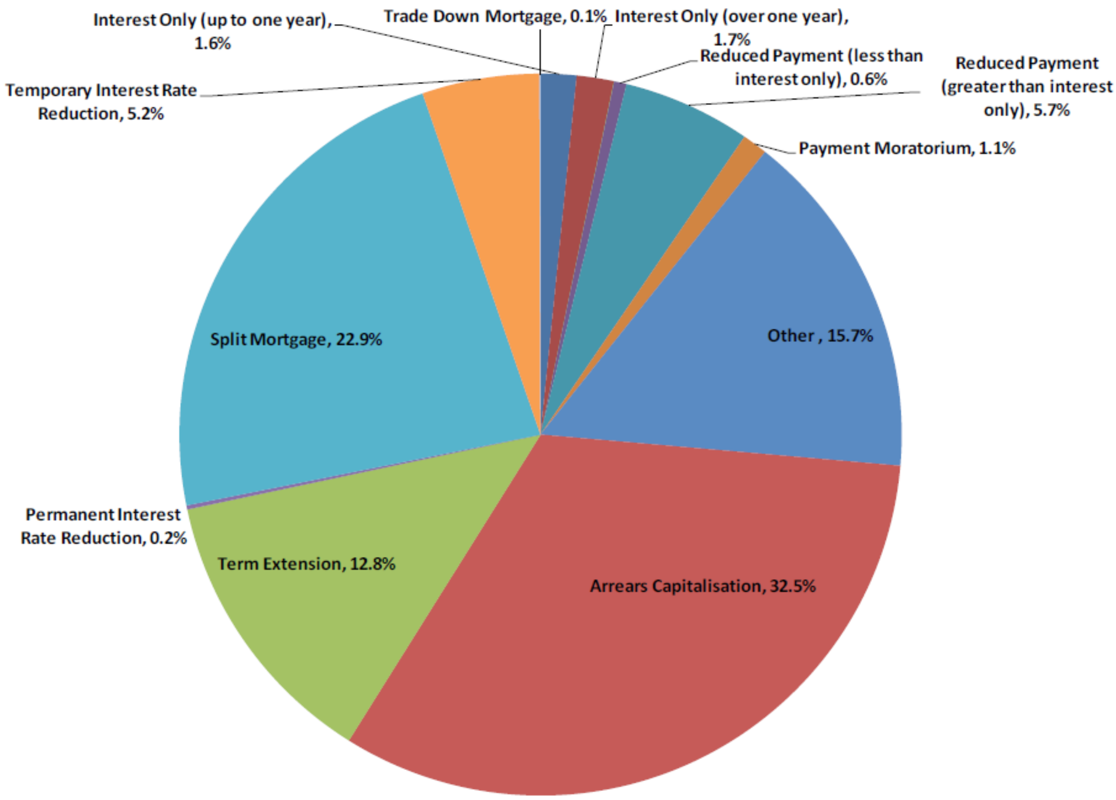
Source: Central Bank of Ireland, Mortgage Arrears Statistics.

13 Other’ is described by the Central Bank as ‘mainly comprising accounts that have been offered a long-term solution, pending the completion of six months of successful payments. When these accounts transition into their permanent arrangement, the figures will be updated accordingly. The ‘Other’ category also includes a small number of simultaneously-agreed term extensions and arrears capitalisation arrangements’. Given the concerns we expressed about the lack of write-downs in our previous study, it is notable that of the list of alternative repayment arrangements in Rule 39 of the CCMA, ‘reducing the principal sum to a specified amount’ is the only one that does not merit its own category.

The most recent data published by the Central Bank (Chart 1) clearly illustrates institutional preference for three particular types of re-structure:

Chart 1: Mortgage re-structures on Principal Dwelling Houses, Q2-2017.

Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-June 2017



Source: Central Bank of Ireland.

A considerable number of re-structures, however, appear not to be working. As can be seen from Table 3 below, the “failure” rate in certain categories, particularly arrears capitalisation, is significant, with just under one in eight restructures overall failing to meet the arrangement terms. This form of restructure involves the borrower now paying more per month than he or she was obliged to pay when the arrears problem first occurred. Such borrowers would generally need to have experienced an appreciable improvement in their financial circumstances to sustain such an arrangement, and we suspect this rarely to be the case.

Table 3: Percentage of PDH restructures 'meeting the terms of the arrangement': Q2- 2017

	Yes (%)	No (%)
Interest Only (< 1 year)	89.9	10.1
Interest Only (>1 year)	94.6	5.4
Deferred Interest Scheme	72.2	27.8
Reduced payment (<I/O)	76.9	23.1
Reduced payment (>I/O)	90.6	9.4
Interest rate reduction (Temp)	92.0	8.0
Interest rate reduction (Perm)	75.5	24.5
Moratorium	94.1	5.9
Arrears capitalisation	78.2	21.8
Term extension	92.9	7.1
Split mortgage	93.7	6.3
Other	86.7	13.3
TOTAL	87.0	13.0

Source: Central Bank of Ireland, Mortgage Arrears Statistics.

These data do not, however, tell us *why* re-structures apparently work for many but not for such large minorities. The findings of our previous study in terms of widespread precarity of employment, lower than average incomes often coupled with relatively higher living costs for larger than average families, and lender reluctance to accept any form of a "hit", may offer some explanation for this phenomenon in a rural context at least.

Even where borrowers are keeping to their arrangements, it should be noted that these may not necessarily be sustainable over the longer-term, a caveat re-iterated by the Central Bank in each of its quarterly reports:

> *It is important to note that 'meeting the terms of the arrangement' is not a measure of sustainability, as not all restructure types represent longer-term sustainable solutions as defined within the Mortgage Arrears Resolution Targets. For instance, short-term interest only restructures are, in general, not part of longer- term sustainable solutions… inability to meet the terms of the arrangement implies that the restructure agreement put in place may not have been suitable.*

Legal proceedings

According to Central Bank statistics, on average, around 1,350 legal proceedings per quarter have been issued over a 15-month period to enforce a debt or security on a PDH mortgage (Table 4). It is our sense that this number is likely to increase in the coming months as property prices increase, mainstream banks resolve outstanding issues, and so-called 'Vulture Funds" look to address non-performing loans.

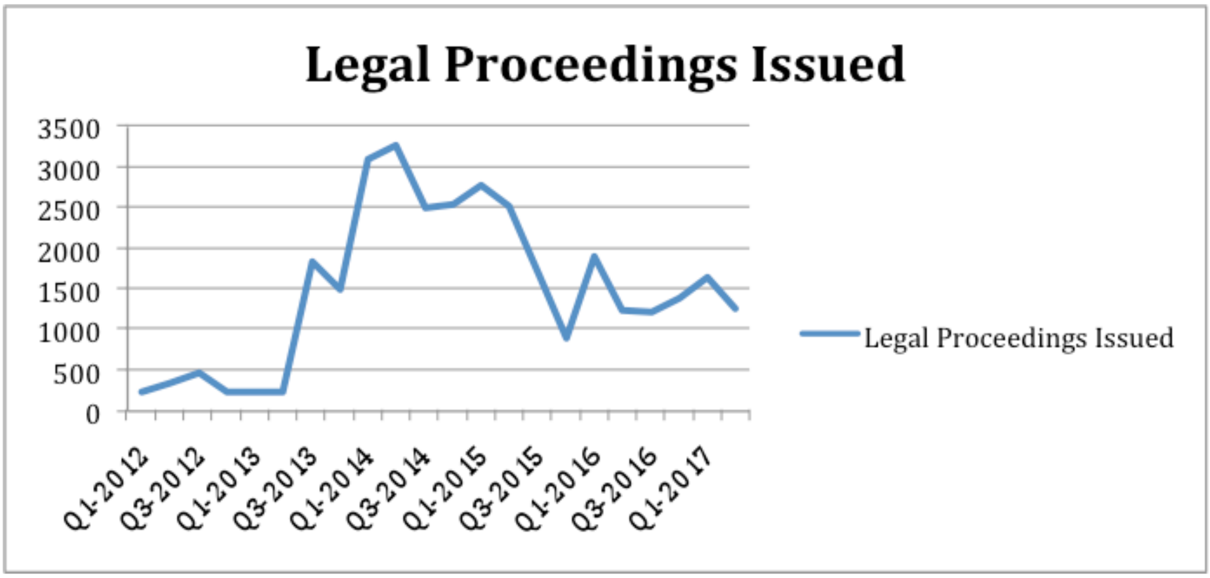
Table 4: Legal proceedings issued on Principal Dwelling Houses: Q2-2016 to Q2-2017

	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017
Number	1,243	1,210	1,397	1,645	1,262

Source: Central Bank of Ireland, Mortgage Arrears Statistics.

Since Quarter 1 2012, when the Central Bank began to publish such data, over 33,000 legal proceedings are reported to have been issued by lenders in respect of principal dwelling houses (Chart 2).

Chart 2: Legal proceedings issued in respect of PDH, Q1-2012 to Q2-2017



Source: Central Bank of Ireland, Mortgage Arrears Statistics.

In our previous inquiry, we reported that legal proceedings had been commenced in over a third of our sample cases, with many having been heard and adjourned, often more than once. We also identified cases where proceedings had been threatened but not commenced, mortgages had been declared unsustainable but legal proceedings had not commenced, and loans were likely to be declared unsustainable in the near future. Thus, and somewhat alarmingly, we concluded that just short of 60 per cent of these households were then at risk of 'housing exclusion'. As a result, our sample households are more likely than not to encounter the legal process with respect to their mortgages.

Loss of home

The data as regards loss of family homes - whether through Possession Orders or voluntary surrenders/abandonments –illustrate a reasonably consistent pattern quarter on quarter since June 2016 as shown in Table 5.

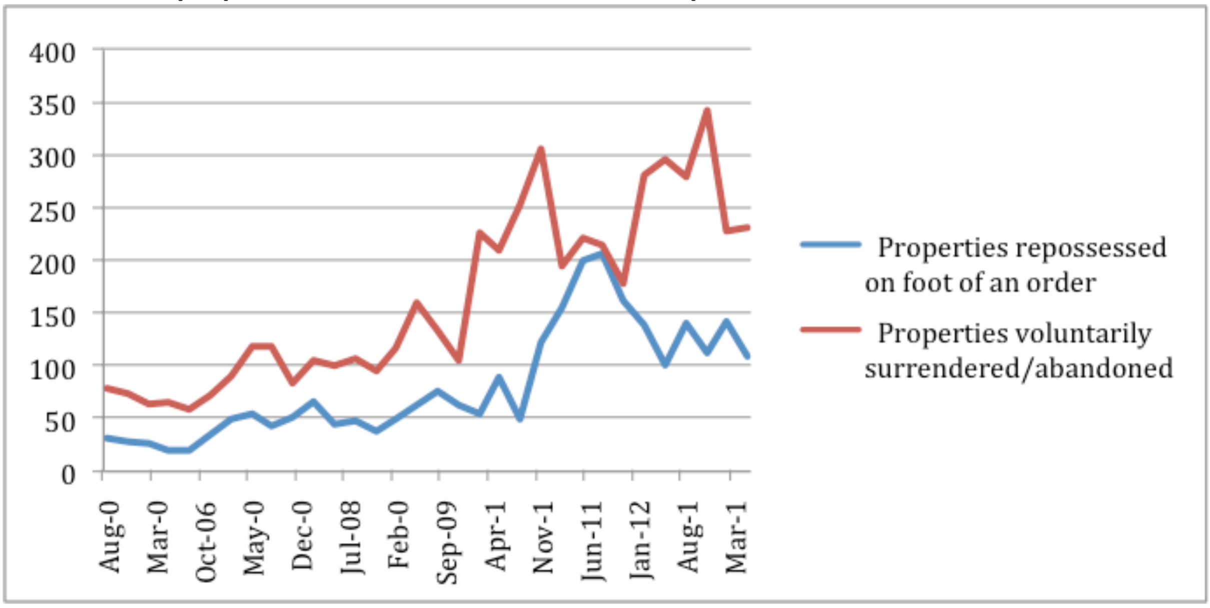
Table 5: Reported repossessions and voluntary surrenders/abandonments: Q2-2016 to Q2-2017

	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17
In possession (at quarter end)	1,784	1,678	1,693	1,740	1,739
Repossessed by Order	101	141	112	142	109
Voluntary surrender/abandoned	296	280	343	228	231

Source: Central Bank of Ireland, Mortgage Arrears Statistics.

Since September 2009 – when data were first published by the Central Bank - a total of 2,585 PDH properties are reported to have been repossessed on foot of a court order, with a further 5,214 voluntarily surrendered or abandoned (Chart 3), a combined total just short of 7,800.

Chart 3: PDH properties surrendered/abandoned/repossessed, Q3-09 - Q2-2017



Source: Central Bank of Ireland, Mortgage Arrears Statistics.

Again, our sample appears to mirror the national trend in that although forming a relatively low percentage in total, more households were facing voluntary sale or surrender (n=4) than actual repossession (n=2) at the time of our re-enquiry in September 2017.

Local repossession and related activity

Data gathered and collated by South Mayo MABS[14] in respect of monthly hearings in Castlebar Circuit Court, provide a snapshot of three discrete things, namely: (i) The outcomes of proceedings including the number of repossessions, which again are relatively low; (ii) The limited extent to which state policy, in the form of mortgage arrears and personal insolvency interventions, is impacting in the Courts with regard to late stage mortgage arrears, and; (iii) Differing lender practices, as identifiable by the number of cases being brought by different institutions.

Taking each of these in turn, we see firstly (Table 6) that in line with national trends, a Possession Order is granted in only a small minority of cases, with a similar number being transferred to the Judge's List. [15] Around two thirds (67 per cent) of cases are adjourned at each sitting, presumably either to await further developments, or for certain actions to be taken by the parties. Outcomes involving a policy-related intervention, such as the Abhaile scheme, or the involvement of a Personal Insolvency Practitioner, are identifiable in just 8 per cent of cases

Table 6: Repossession hearings in Castlebar Circuit Court: January to July 2017 by identifiable outcome

Lender	Order granted	Struck out	Transfer to Judges list	Technical changes[16]	Abhaile scheme/ PIP/PC/ MABS	Adjourn	Total
Ulster	2	7	0	15	8	87	119
PTSB	6	8	3	0	5	44	66
EBS	2	6	1	6	11	38	64
BOI	2	2	3	0	10	36	53
Start	0	3	0	7	2	32	44
AIB	0	4	3	0	1	35	43
Mars	0	3	0	8	1	24	36
Pepper	1	1	2	2	4	16	26
KBC	4	2	2	0	2	12	22
S-Board	0	0	2	5	1	10	18
Shoreline	0	1	4	2	0	5	12
Senior	0	0	1	0	0	0	1
TOTAL	17	37	21	45	45[17]	339	504

Source: South Mayo MABS

[14] These figures are recorded by the Dedicated Mortgage Arrears Adviser (DMA), Vivienne Molloy, at each sitting.

[15] These could be cases involving the filing of a defence or a point of law.

[16] Nearly all of these cases (n=43) involved Ex-Parte applications either for a change of name with no transfer of ownership of the mortgage to a new entity under Rule 18 of the Circuit Court Rules and for a transmission of interest and a new Plaintiff under Rule 22 of the Circuit Court Rules. The remaining (n=2) cases involved leave to come off record.

[17] These were mainly cases where a PIP was involved or were the outcome was Abhaile-related.

The Central Bank again "aggregates" its data for publication, and does not break it down by lender, thereby in a sense "masking" trends in repossession activity (and more broadly, differences in engagement practice as discussed further below). The picture that emerges in Table 6 illustrates that mainstream lenders are instigating the bulk of repossession activity in Co. Mayo. However, in comparison to their relatively small market shares, non-mainstream entities are together responsible for around a quarter of all cases heard to date in 2017. Interestingly, the above lender breakdown is also reflected among our sample of MABS clients.[18]

It is notable that mainstream institutions were involved in the majority of cases (94 per cent) where an Order was granted, where the outcome concerned a policy-related intervention such as Abhaile or personal insolvency (82 per cent), and where a case was struck out (78 per cent). In contrast, non-mainstream entities formed a majority (51 per cent) in cases involving technical title or name changes, and a substantial minority (43 per cent) where a case was transferred to the Judges List.

Looking over a slightly longer period than that covered by the above data (Table 7), it is noteworthy that of the n=39 Possession Orders made between May 2016 and July 2017, the majority (56 per cent) relate to Principal Private Residences (PPR).[19] We presume those Orders relating to vacant, unoccupied and unfinished properties also concern PPRs.[20]

Table 7: Details of Orders Granted: Castlebar Circuit Court, May 2016 to date

	PPR	Vacant/Unoccupied	Unfinished	Buy To Let
N=39	22	11	3	3

Source: South Mayo MABS

Summary

Taken together, the data presented in this Section paint a picture of a problem that, although declining, remains a significant feature of Irish society, and one which continues to give cause for concern at local and regional level also. These data further suggest that policy interventions are not working for large numbers of Irish households, and in our previous study, we strongly suggested this is directly related to socio-economic and institutional factors.

What is striking, is that national trends in terms of re-structures, legal proceedings, and loss of home - appear to be mirrored within our sample. Equally, the regional trends in terms of the profiles of the lenders involved in legal proceedings are also reflected. This suggests to us that their experiences may well be applicable to considerable numbers of households across the country.

In the Section that follows, we present our findings in respect of outcomes over time for our sample of South Mayo MABS clients, and use a homelessness-related typology to identify the extent to which lender engagement is resulting in housing security or insecurity (including risk of – and indeed actual - housing exclusion) for the households concerned. We then further explore potential factors, which may help to explain varying outcomes for different categories of client, before reaching some overall conclusions.

18 The sample (n=50) breakdown by lender profile is as follows: Ulster Bank (n=9), PTSB (n=9), Start (n=7), EBS (n=5), Pepper (n=5), Mars Capital (n=4), KBC (n=4), AIB (n=3), Bank of Ireland (n=2), Haven (n=1). In a further case, the institution was not identifiable.

19 Again, the source here is the MABS' Dedicated Mortgage Arrears Adviser (DMA).

20 In some of these cases, it is our understanding that the borrowers have moved abroad.

Section 4. Mortgage arrears outcomes for case study clients

In this Section, we draw both on casework records relating to the n=50 "case study" clients and the insights of money advisers working with these clients over time. It should be noted that the majority (n=31) of such clients are no longer active users of the Service, their cases having been discharged for various reasons. We focus here on identifiable outcomes as opposed to impacts, as this "follow-up" is not in essence a qualitative inquiry. The baseline data in respect of the n=50 clients - as of April 2016 - is shown in Table 8 below.

Table 8: Types of repayment arrangement as at April 2016

Situation (April 2016)	Number of clients
Short-term arrangements	**(17)**
Reduced payment (including interest and part-capital)	10
Moratorium	3
Interest only	3
No payment- awaiting lender decision	1
Trial arrangements	**(7)**
Reduced payment pending split	1
Full payment pending capitalisation	1
Increased payment pending split	2
Increased payment pending capitalisation	3
Long-term arrangements	**(9)**
Capitalisation + Term extension	3
Split mortgage	2
Economic concession rate	1
Positive equity arrangement	1
ARA (but not specified)	2
Resolved	**(1)**
Arrears settled	1
Loss of family home	**(15)**
Consent to repossession	2
Voluntary sale/surrender	2
No ARA (declared unsustainable)[21]	11
Not verifiable	**(1)**

Source: South Mayo MABS mortgaged client analysis, April 2016

[21] In n=5 of these cases, "trial" proposals had been put forward at the time of writing. These were as follows: reduced payment pending split (n=2), full payment pending capitalisation (n=1), reduced payments followed by increase when circumstances improve (n=1), and return to full payment following the securing of employment (n=1).

Overall, the majority of clients were either in arrangements of some sort, negotiations or submitting proposals at the time of our initial inquiry. When we examine developments over the subsequent period, a number of things become apparent. Firstly in line with national trends, there is evidence of an institutional shift away from short-term arrangements and towards longer-term ones, with capitalisations, split mortgages and term extensions leading the way. What is striking here is that, in South Mayo at least, lenders appear more likely to combine some or all of these elements. So, although we identified 5 split mortgage resolutions, only one was a straightforward "split" (see Table 9); furthermore, arrears capitalisation was an element of n=7 long-term arrangements, but in no case was it the sole one.

Secondly, there has been a notable increase, albeit small in number, in resolved cases where arrears have been settled and full payments have re-commenced; a total of n=4 such client households are now in this situation. These cases, together with those involving longer-term ARAs, contain welcome elements of hope and certainty for the households in question. However, there remain a considerable cohort of clients in much more uncertain situations, for example those in short-term or trial arrangements (n=7 or around one in seven)[22], those referred to a PIP but with no arrangement in place (n=7) [23], and those where clients have lost contact with the service at the time of writing (n=3).

[22] Notably, these are clients *still* in short-term arrangements after many years of being in arrears. One of these cases is, however, nearing the conclusion of an extended trial, and the client in question is reasonably "housing secure" in the opinion of the money adviser concerned.

[23] A Personal Insolvency Arrangement (PIA) was in place for just one client, a further n=2 were in the PIA application process at the time of writing, and n=4 others had been referred to a PIP. The remaining client was appealing a proposed PIA that had been rejected.

Table 9: Types of repayment arrangement: April 2016 v September 2017

Mortgage arrears situation	Number of clients (April 2016)	Number of clients (September 2017)
Short/medium-term arrangements	**(17)**	**(5)**
Reduced payment [24]	10	2
Moratorium	3	-
Interest only	3	1
No payment- awaiting lender decision	1	-
Short term ARA		1
Reduced interest rate (medium-term)		1
Trial arrangements	**(7)**	**(4)**
Payment pending split	3	2
Payment pending capitalisation	4	1
Payment at reduced interest rate pending capitalisation	-	1
Long-term arrangements	**(9)**	**(15)**
Capitalisation + Term extension	3	3
Capitalisation + reduced interest rate	-	2
Capitalisation following lump sum arrears payment	-	1
Term extension	-	1
Split mortgage	2	5[25]
Economic concession rate	1	-
Positive equity arrangement	1	-
ARA (but not specified)	2	1
Revised mortgage post-term		1
PIA completed		1
Resolved	**(1)**	**(4)**[26]
Arrears settled	1	4
Mortgage to Rent		**(2)**
Applications	-	2 (pending)
Loss of family home	**(15)**	**(9)**
Repossession	2	2
Voluntary sale/surrender	2	4
No ARA (including declared unsustainable)	11	3
Referral[27]	**(0)**	**(8)**
PIP	-	7
Solicitor	-	1
Not verifiable/Don't know/In progress	**(1)**	**(3)**

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

24 One was a short-term and the other a medium term arrangement.

25 The majority (4 out of 5) split mortgage arrangements comprised another element; one included capitalisation plus term extension, one embodied a term extension, and the remaining two incorporated a principal write-down.

26 These comprise: receipt of a settlement claim within the family (n=1), family assistance (n=1), and (n=2) cases where arrears were small to begin with.

27 We understand that at least n=5 of these involved legal proceedings (all adjourned at present).

What again emerges clearly from the data, and from money advisers' experiences in assisting clients both before and since our previous study, are divergences in practice between lenders, together with a lack of consistency or standardisation in terms of approach towards borrowers, including in relation to split mortgages[28] and Standard Financial Statements[29] to cite just two examples. The treatment of borrowers who are separated has recently emerged as a particular issue for some South Mayo MABS clients, and one that is again being dealt with inconsistently by institutions. We further understand that backlogs in a small number of institutions are leading to both communication and processing delays, thereby further compounding already difficult situations, and leading to frustration amongst client and adviser alike.

More worryingly, in addition to (n=2) clients who had already lost their homes, we identified loss of the family home as the imminent (n=6) or likely (n=4) outcome in a considerable number of instances.[30] These break down into a series of individual cases as follows:

- Possession Order granted by consent, client exploring a Debt Settlement Arrangement for shortfall (house now gone);
- Possession Order granted with "Stay", as client did not engage (the "stay" period is due to expire shortly);
- Voluntary surrender: Order granted with "Stay" (again, this period is due to expire shortly);
- Voluntary surrender with bankruptcy being explored to write off the shortfall (house now gone);
- Voluntary surrender: Order granted with "Stay", with insolvency being explored to write off the shortfall;
- Voluntary sale: clients trying to sell with full and final settlement, but will opt for Voluntary Surrender if not;
- In the PIA process (referred to a PIP), but trying to sell;
- In an Alternative Repayment Arrangement (ARA), involving an Interest Only Mortgage, arrears capitalised and reduced interest rate, but clients want to sell eventually;
- Clients have defaulted on an ARA of a "trial" nature (to reduce interest rate down to 4 per cent);
- No ARA in place;
- Clients are in an arrangement with their lender (involving a reduced interest rate, the capitalising of arrears and paying Interest Only), but are looking at selling as two judgments are also registered against their property and they are in positive equity;[31]
- Clients lost contact with MABS following separation, and are trying to sell.

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28 With regard to availability, warehousing and review practices specifically.

29 Variations in the application of reasonable living expense guidelines as regards education and transport costs within a rural context are a particular issue.

30 As an aside, we understand that a homelessness issue is emerging in Co. Mayo, with 6 families (comprising 8 adults and 16 dependents), and 5 single persons living in emergency accommodation as of 30th September 2017 (Source: Mayo County Council).

31 This was an "Interest Only" mortgage with a sale to be carried out at the end of 25 years, which is what we understand the clients plan to do.

For the purposes of analysis, and drawing on the FEANTSA typology of homelessness,[32] we now compare three sets of clients in order to explore factors which may be contributing to differing types of outcome for different categories of client. The three categories used for this purpose are as follows:

(i) Those at imminent or likely/strong risk of housing exclusion *(IRHE)*, namely those facing probable or possible loss of the family home, together with those who have already experienced this as described above (n=12);

(ii) Those in uncertain or insecure situations in the short to medium term (n=20). This group comprises those in short-term or early 'trial' arrangements (n=6), those referred to a PIP or Solicitor but with no agreement as yet in place (n=8), those where clients are in the early stages of the money advice process or have lost contact with it (n=3), those in the Mortgage to Rent process (n=2), and where an ARA has been proposed by the lender but has not been signed at the time of analysis (n=1);

(iii) Those in reasonably secure situations (n=18), either as their arrears are resolved (n=4), they are (in their money adviser's opinion) in - or about to enter – sustainable longer-term arrangements that do not involve potential sale (n=13), or are in a Personal Insolvency Arrangement (n=1).

Household factors

In Table 10 below, we present findings in respect of three dimensions, namely age, household composition and income. Sample sizes are small – hence there are important caveats here - but there are indications in the data that those client households now in more *secure* situations tend towards those on higher (equivalised) incomes where the main income source is a wage or by way of self-employment, and are less likely to contain older (non-dependent) children.

In comparison, client households *at risk of housing exclusion* incline more towards those in receipt of relatively lower net incomes, also seem to be a little younger, both at the time of initial analysis and at purchase, and are more likely to contain non-dependent children, indicative perhaps that they had children earlier in their lives. The most noticeable feature of the *insecure* cohort is that it contains proportionally more first time buyers (FTB) than the other categories; such households also appear to be relatively larger (in terms of equivalised adults) than others.

The data thus appear to suggest that you have a better opportunity of getting a secure resolution from engaging with your lender if you have a higher (individualised) income and fewer or 'smaller' mouths to feed, and a lesser chance if your household income is lower, you are younger, are a first time buyer, or live in a household comprising relatively more "adults".

32 FEANTSA is the European Federation of National Organisations Working with those who are homeless. See: http://www.feantsa.org/en/toolkit/2005/04/01/ethos-typology-on-homelessness-and-housing-exclusion

Table 10: Household characteristics by degree of housing insecurity

Situation as at Sept 2017	Avg age in years (April 16)	Avg. age in years (D/Down)	Waged/ Self-Employed	Avg. household income (Monthly)	Avg. equivalised income	Avg. equivalised Adults	FTB
IRHE (n=12)	**45.6**	**36.4**	Yes = 5 No = 7	**€2155.21**	€996.77	2.26	Yes=6 No=5 N/S=1
Insecure (n=20)	49.7	38.6	Yes = 7 No=13	€2543.10	€1029.04	2.51	**Yes=17** No=3
Secure (n=18)	52.5	40.2	**Yes = 11** No=7	€2322.22	**€1177.19**	**2.02**	Yes=9 No=9

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

Terms of purchase factors

Again, using our three categories, here we focus on whether 'terms of purchase' factors continue to have an impact down the line in terms of housing security following borrower engagement with lenders. What is striking (Table 11) is that those facing housing insecurity and potential exclusion tend to be those with longer mortgage terms and higher Loan to Value (LTV) ratios to begin with. [33] In other words, the factors that contributed to the onset of mortgage arrears in the first instance also seem to militate against the likelihood of resolution for these client households at least.

Table 11: Purchase factors and degree of housing insecurity

Situation as at Sept 2017	Mortgage broker used	Avg. mortgage terms (years)	Different provider now	Used existing mainstream lender	LTV ratio (% average)
IRHE (n=12)	Yes = 4 No = 5 N/S =3	**27.1**	Yes = 3 No = 9	Yes = 6 No = 5 N/S =1	**93.2**
Insecure (n=20)	Yes = 6 No =11 N/S =3	25.0	Yes = 7 No = 13	Yes = 13 No = 7	85.1
Secure (n=18)	Yes = 8 No = 9 N/S =1	23.5	Yes = 7 No = 11	Yes = 9 No = 9	75.9

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

33 Each of these factors is strongly associated with the onset of mortgage arrears in the first instance. See: McCarthy, Y. (2014). Dis-entangling the mortgage arrears crisis: The role of the labour market, income volatility and housing equity. Dublin: Central Bank of Ireland. https://www.centralbank.ie/publications/Documents/02RT14.pdf. See also: Waldron, R. (2016). The ''unrevealed casualties'' of the Irish mortgage crisis: Analysing the broader impacts of mortgage market financialisation. Geoforum 69 (2016) 53–66.

Two further sets of findings are worthy of note. The first is that degree of housing insecurity appears to be closely related to the time of purchase relative to the "bust". As we see in Table 12, those now most at risk of insecurity and exclusion tend towards those who drew down their mortgages closest to 2008.

Table 12: Housing security by year of purchase

Year	IRHE (n=12)	Insecure (n=20)	Secure (n=18)
1994	0	0	1
1997	0	1	1
1999	0	0	2
2000	0	1	0
2001	0	1	0
2002	0	0	0
2003	0	2	0
2004	1	2	3
2005	2	**4**	**4**
2006	3	**4**	3
2007	**4**	2	3
2008	1	1	1
2009	0	1	
Not verifiable	1	1	

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

Moreover, and closely related to time of purchase, we find that those who paid more for their properties at "peak", and have experienced greater negative equity as a consequence, are also those subsequently more likely to find themselves at risk of housing insecurity and risk of housing exclusion, even though engaging with their lenders (Table 13).

Table 13: Negative equity (as at April 2016) and housing security (as at September 2017)

	IRHE (n=12)	Insecure (n=20)	Secure (n=18)
Negative equity (April 2016)	5	10	5
Positive equity (April 2016)	2	6	13
Not verifiable	5	4	0
Average equity (April 2016)	Negative = -€100,151	Negative = -€18,730	Positive = +€34,737

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

Poverty, housing stress and shelter poverty

Reflecting the narrative of our previous study, the data also indicate that the risk of housing exclusion or insecurity post-engagement is further increased by being *at risk of poverty* (AROP), that is to say having an equivalised or individualised income which is below 60 per cent of the national median (<€1,000 per month on the most recent data for 2015).[34] As shown in Table 14 below, those currently in more secure situations tend to be those more likely to be above the poverty line relative to the other two categories.

Table 14: Poverty and degree of housing security

Situation as at September 2017	Below poverty line (April 2016)	Above poverty line (April 2016)	Not identifiable
IRHE (n=12)	5	6	1
Insecure (n=20)	10	9	1
Secure (n=18)	6	**12**	0

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

[34] Central Statistics Office (2017). *Survey on Income and Living Conditions 2015*. Cork: Central Statistics Office.

It is also notable, and reflective of relatively low incomes among the sample as a whole, that n=21 (or 44 per cent) out of an identifiable total of n=48 who have mortgages are below the poverty line. Low "disposable" income can also be an issue. In one case, a client's net income transpired to be too high to meet charitable support guidelines; however their disposable income was much lower on account of having to meet significant medical costs relating to a mental health issue. The charity concerned is now supporting this client indirectly by way of food vouchers.

Housing stress

Here, we apply the same "metric" as in our previous enquiry, and examine the extent to which the levels of housing stress we identified in April 2016 have played out in terms of housing security and insecurity. Again, there is an indication - albeit tentative - that relatively high levels of housing stress appear to be more likely to result in housing exclusion or insecurity (Table 15). The relevant findings here are as follows:

> A majority of client households (5 out of 7 where the relevant costs and income figures are identifiable) in the *risk of exclusion* category had (contractual) housing costs in April 2016 amounting to at least 40 per cent of net household income.;
>
> Almost half (8 out of the 18 where the relevant figures are identifiable) of clients currently in *insecure* situations faced similar situations at that time;
>
> However, only a minority (4 out of the 16 where the necessary data are available) in the now *secure* category faced such levels of housing cost some 16 months ago.

The suggestion here is that once a significant and deleterious change of circumstances occurs (as we described in our previous study), *households that are relatively "less stressed" to begin with are the ones subsequently more likely to find security by way of engagement with their lender.*

Table 15: Housing stress: Contractual mortgage repayments and risk of housing insecurity

Level of housing stress (Apr 16)	IRHE (n=12) Contractual Payment	Insecure (n=20) Contractual Payment	Secure (18) Contractual Payment
Highly viable (<20% of income)	0	1	1
Viable (between 20 and 30% of income)	1	2	5
Prohibitive (between 30 and 40% of income)	1	7	6
Burdensome (between 40 and 50% of income)	2	2	4
High housing stress (between 50 and 60% of income)	1	2	0
Very high housing stress (between 60 and 70% of income)	1	1	0
Risk of housing exclusion (more than 70% of income)	1	3	0
Not verifiable	5	3	2

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

Shelter poverty

"Shelter poverty" is a concept that we previously suggested might be a useful metric for determining sustainability of housing costs. The data here contain the suggestion that those on relatively higher disposable incomes relative to household size and associated costs are more likely to achieve housing security following interactions with lenders than others. In contrast, those with significant *deficits* or income shortfalls appear somewhat less likely to achieve such security despite engaging with their lenders through MABS (Table 16).

Table 16: Shelter poverty and degree of housing insecurity

Situation as at September 2017	In shelter poverty (Apr 16)	Not in shelter poverty (Apr 16)	Average surplus or deficit income (Apr 16)
IRHE (n=12)	9	3	- €351.37
Insecure (n=20)	14	6	-€335.10
Secure (n=18)	10	8	**+€34.20**

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

Lender practice

Another variable, which may be contributing towards outcomes for clients, is of course lender practice, in that some institutions (or types) may be more flexible and accommodating in their approach to borrowers and vice versa. The data here (Table 17) are inconclusive, although one lender does appear to be having a higher "success" rate than other institutions, whereas engagement with another seems rarely to result in housing security. Money advisers in South Mayo MABS have, however, become increasingly aware over time of differing lender practices and the consequences of these for the clients concerned, as discussed earlier.

Table 17: Lender profiles and degree of housing insecurity

	IRHE (n=12)	Insecure (n=20)	Secure (n=18)	TOTAL
AIB	-	-	3	3
BOI	-	2	-	2
EBS	1	2	3	6
Haven	-	-	1	1
KBC	1	2	1	4
MARS Capital	-	1	2	3
Pepper	1	2	1	4
PTSB	4	4	3	11
Start	2	2	3	7
Ulster	3	5	1	9
TOTAL	12	20	18	50

Source: South Mayo MABS mortgaged client analyses, April 2016 and September 2017.

Section 5: Conclusion

Around 16 months have now elapsed since we conducted our previous analysis, at which point arrears among clients were already prolonged - of five-years' duration on average, - and few sustainable "solutions" had been concluded. As this follow-up study shows, although progress is clearly being made, insecurity around the family home continues to be a major issue among this particular cohort of South Mayo MABS clients, chosen last Spring to represent the Service's mortgaged client base overall. Our concerns for the welfare and wellbeing of the individuals and families involved, expressed in that study's conclusions, are reiterated here.

Although MABS' interventions have had significant positive impacts with around a third of client households now reasonably secure in terms of their family homes, just under a quarter are at imminent or likely risk of losing their homes in the foreseeable future (including two client households who have already experienced this). The remainder (four in ten) are experiencing housing insecurity to varying degrees. MABS is providing as much support as it can to such families, and it may transpire that many, if not all, in the currently "insecure" category achieve housing security in the coming months. Nonetheless, the finding that insecurity has persisted, and continues to persist, over such a long period of time, implies the need for an urgent policy re-think in terms of "harder to resolve" cases.

Perhaps most notably, the findings from this follow-up enquiry suggest that the various factors strongly associated with an increased risk of encountering mortgage arrears - in particular those of a socio-economic nature[35] (low income, poverty, unemployment, shelter poverty and housing stress), together with those more related to questionable lending practices (higher LTVs and longer mortgage terms among first-time buyers)[36] - embody a sort of double whammy, in that *such factors also appear to increase the likelihood of less than satisfactory outcomes for borrowers from their respective engagements with lenders.*

There is also emerging evidence of a syndrome here in that those in the greatest trouble now are those whose loans were ostensibly the most irresponsibly issued. These were the mortgages drawn-down closest in time to the "Crash", offered with the longest repayment terms and highest LTV's, and hence more prone towards negative equity post-Crash. The recipients were the youngest in age, the least financially established at the time, and thereby in receipt of lower incomes from more precarious sources. Such borrowers were also those with relatively more (and bigger) mouths to feed; the net result of all of the above was that these householders ended up paying higher percentages of their net incomes on household costs. In short, this is a cohort perhaps emblematic of those who might not have got a mortgage prior to 2005, but who were forced into the private housing market by institutional and/or societal pressures, coupled with a then lack of social housing options.

If our conclusions are applicable to households in arrears more broadly - and we suspect that they might be - the implication is that the "framework for engagement" policy approach employed to date tends overall to favour those in better circumstances at the outset, and to further marginalise those disadvantaged to begin with. For those unfortunate to find themselves in the latter category, the resolution of mortgage difficulties, as opposed to their containment, requires the State to intervene much more assertively in terms of imposing, or

35 See McCarthy, (2014) ibid.

36 See Waldron (2016) ibid.

at the very least strongly proposing, resolutions within the context of a much broader housing supply and homelessness crisis.

As has become increasingly clear to those working in South Mayo MABS, there are identifiable human and economic costs of this ongoing immiseration, although these remain largely un-quantified or even estimated on a national basis. These include negative impacts on children and young people - such as inability to fully participate in social activities, access educational opportunities, or maintain a proper diet - arising from the financial pressures their parents are under. The known, and ongoing, health and social side effects on those directly experiencing prolonged financial difficulties, including physical and mental illness and reliance on prescription medicines, are not just human costs: these also involve costs to the State, costs which could be saved if more decisive action were taken. The time for such action, we conclude, has long since arrived.