

Amicable Debt Settlement in Ireland

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Today I will discuss

- ✓ The evolution of the MABS Service
- ✓ The services offered by MABS
- ✓ Access points for the MABS Service
- ✓ An overview of the money advice process and how we support our clients to reach debt solutions
- ✓ The MABS relationships with the financial industry and service providers and an overview of some protocols that support our work and the achievement of voluntary or amicable debt solutions

The history and evolution of MABS in Ireland

- ✓ The Money Advice and Budgeting Service, known as MABS, was established in 1992 on a pilot basis
- ✓ 1996 to 2018-51 local companies and 2 national companies
- ✓ 2018 Restructured to 8 Regional Companies and 2 national companies
- ✓ MABS is a national service, funded wholly by Government through the Citizens Information Board
- ✓ Over 60 offices throughout Ireland managed through 8 Regional companies, which covers a large geographic or urban area

Organisational Structure

Regional Companies

- ✓ Each Regional Company is a registered charity and lead by a Regional Manager reporting to a voluntary board of Directors. Each regional company operates between 6 and 8 local MABS offices, available in 60+ locations in Ireland

National Traveller MABS

- ✓ National Traveller MABS works to reduce poverty, discrimination and the financial exclusion of Travellers in Ireland and aim to make MABS and Citizens Information more accessible to Travellers.

MABS Supports CLG

- ✓ Support the functions of the MABS network relating to training and quality and work closely with the regional MABS companies. MABS Supports also assists in highlighting policy issues that arise in the course of the money advice work on behalf of clients.

Staff in MABS

- ✓ The MABS Services employ professional, trained staff to deliver services to the citizen.

The Ethos of MABS

- ✓ MABS is the only **free, independent, confidential** and **non-judgmental debt advice/debt counselling service** (known as Money Advice) in operation in Ireland.
- ✓ MABS primary objective is to provide one-to-one advice to people having difficulty managing their money, are in debt or are in danger of being in debt. The role of MABS is one of partnership and support to each client
- ✓ MABS works with clients in a holistic approach. The MABS money advice process does not focus on the debt only, but includes long-term skills development and empowerment of the debtor/client.
- ✓ MABS works to empower people by providing knowledge and skills in relation to managing finances more effectively as well as dealing with creditors
- ✓ MABS Advisers support clients through both advice and advocacy, making representations to creditors as needed. This provides for a balance between creditors and borrowers
- ✓ MABS promotes policy change by reporting on our clients' experiences

The Objectives of MABS

- ✓ Partnership : To develop partnership between statutory, voluntary agencies and other service providers to provide an integrated system of supports that can be accessed by the target group as appropriate to their needs.
- ✓ Community Development: To facilitate the target group to be involved in the planning and implementation of the service locally to ensure that it is responding effectively to their needs.
- ✓ Equal Access: To ensure that the target group has equal access to the MABS Service, regardless of their geographic location.
- ✓ Policy Change : To highlight changes in policy and practice which need to be implemented at local and national level in order to reduce poverty and over-indebtedness.
- ✓ Money Management Education: MABS has responsibility for the promotion and development of education in respect of money management.

Access points

Citizens can contact MABS via telephone, email, the MABS website, WhatsApp or messenger

Website www.mabs.ie

✓ Offering access to self-help tools, contact information for services. Our website offers a Request for Call Back for citizens to ask for a MABS Adviser to contact them

MABS National Helpline 0818 07 2000

The MABS National Helpline is a key channel of service delivery for MABS. Following assessment the Helpline Adviser helps the caller address their issues by

- Providing support, advice and information, supporting through Client Empowerment model
- Referral to MABS Office for advocacy services
- Referral to Personal Insolvency Practitioner to explore Insolvency options

MABS Offices

- ✓ Citizens may contact their local MABS office directly to seek advice and support
- ✓ Local offices work in a similar way to the Helpline, in addition Money Advisers also provide advocacy such as representations to creditors or a Debt Relief Notice application

to
mabs.ie
0818 07 2000

Debt Solutions available through MABS

- ✓ **Voluntary Debt Solutions:** Many people who come to MABS are assisted in reaching a voluntary arrangement with their creditors. Money Advisers support and where appropriate negotiate on behalf of a client to reach a sustainable payment arrangement.
- ✓ **Statutory Debt Solutions :** Following the introduction of Insolvency Legislation in 2012, MABS Money Advisers also act as Approved Intermediaries under Personal Insolvency legislation for clients availing of a Debt Relief Notice.
- ✓ **Gateway to Abhaile (Irish word for home) :** Launched in 2016, Abhaile is a State-funded service to help homeowners find a resolution to their home mortgage arrears. It provides free financial and legal advice and help from experts, accessed through MABS.

The MABS Money Advice Process

Research: here we support clients to tell their story, GDPR is explained
Income, expenditure, debts & assets information gathered

Assess: In this stage we support clients to maximize their income, establish their priorities, check enforceability. We support clients to develop their budget

Deciding a plan : at this stage we discuss all options available to the client based on the information they have gathered. We support clients to draw up a financial statement and agree offers to creditors

Review and Close : arrangements are in place and agreeable to creditors, we support clients by providing skills and tools to sustain arrangements. client supported towards financial independence

Monitor Progress : during this stage we support clients in replying to creditors. And assist in appeals or access other solutions

Implement the Plan: Strategies for implementing the budget plan & tackling debt plan put in place. We support clients in putting forward their offers of repayment

Through each stage the client is supported and empowered by skills development and partnership approach

Designing Budgets and Protective Income levels

- ✓ When working with clients to draft a budget and arrive at disposable income values available for creditors, MABS will ensure that the debtor has a protected quality of living
- ✓ This means we ensure that food, housing, light/heat, education, medical and clothing are provided for first in all budgets
- ✓ Since 2012, and the introduction of the Personal Insolvency Act, we use the Reasonable Living Expenses (RLE) in our calculations.
- ✓ You can find details of the RLE and access a calculator tool on www.isi.gov.ie
- ✓ From 2004 to 2012, MABS referred to the Minimum Essential Standards of Living (MESL) as agreed through work of the Vincentian Partnership for Social Justice
- ✓ You can find details of the MESL and access a calculator tool on www.misc.ie

Voluntary or Amicable Debt Solutions

- ✓ Each client is offered all debt solutions available to them and that they are eligible for. MABS works in partnership with the client, therefore we support a client's choice on debt solutions available to them
- ✓ MABS was established in 1992, however Personal Insolvency Legislation was only introduced in 2012.
- ✓ The MABS Service has a long history of voluntary debt solution and arrangements
- ✓ Through our good reputation of being an honest broker and supporting clients in achieving sustainable budgeting, MABS has developed great working relationships with other industries, including banking, utilities and unsecured lending industries.
- ✓ Over the years we have developed protocols, setting out how we work together and offering amicable solutions to debtors

Energy Utility/MABS Operational Protocol

Basic Principles:

- ✓ First engagement in 2004
- ✓ It was designed to improve operational effectiveness of the energy suppliers/MABS engagement
- ✓ enabled and committed the suppliers and MABS to work together effectively to help clients address debt problems in an effective and realistic manner
- ✓ accepted that each supplier adopts a different approach to debt recovery and each case of indebtedness is unique
- ✓ recognised the concepts of full disclosure and debt settlement
- ✓ Protocol focused is on process –but obviously the goal is to avoid disconnection
- ✓ Due to the success of the Protocol, the Commission for the Regulation of Utilities refers providers to MABS in many Codes of Practice for Utility Suppliers

MABS and the Banking and Payments Federations of Ireland (BPMFI) Protocol

Basic Principles:

- ✓ The aim in working with banks to develop our first protocol in late 2008 was to put in place, '*mutually acceptable, realistic, affordable and sustainable*' solutions for over-indebted borrowers.
- ✓ We agreed to work within defined timeframes, to use a Standard Financial Statement (SFS) and participating institutions agreed to halt legal action for the period during which MABS and borrowers were working to put in place an arrangement.
- ✓ In 2014 we updated the protocol in light of the new personal insolvency legislation and the concept of debt settlement, as opposed to long-term debt management, was introduced and creditors recognised the relevance of amicable debt settlement
- ✓ In 2020 the Protocol was extended to include mortgage debts
- ✓ We have regular meetings with the members of the banking industry to monitor, review & refine the protocol and make changes as needed

MABS and the Banking and Payments Federations of Ireland (BPMFI) Protocol

What is it not?

- ✓ An actual hard law, in the form of an Act or a Statutory Instrument
- ✓ A statutory code (for example the Code of Conduct for Mortgage Arrears)
- ✓ This means that banks can not be compelled to apply it.

So what is it?

- ✓ A “soft”, voluntary, goodwill-based understanding between MABS and the subscribing lenders.
- ✓ The protocol, plus an explanatory memo, are available on the BPMFI and MABS websites. You don't have to be a client of MABS to avail of it. A debtor can take a self-help approach.

The Abhaile Scheme (Abhaile is Irish for home)

The aim of Abhaile is;

- ✓ To help insolvent mortgage holders who are at risk of losing their homes,
- ✓ To identify and put in place solutions to their mortgage arrears,
- ✓ To keep them, wherever possible, in their own homes.
- ✓ Under the Scheme MABS now has put in place a network of Dedicated Mortgage Arrears Advisers (DMAs) who work with borrowers to achieve a non-statutory amicable solution
- ✓ In addition to the DMA Advisers in MABS, under Abhaile MABS works in partnership to establish panels of professional advisers with The Insolvency Service of Ireland, the Legal Aid Board and a panel of accountants to ensure borrowers have access to Insolvency Solutions
- ✓ Abhaile introduced a Court Mentor Scheme (manned by MABS) to support clients attending repossession proceedings

Code of Conduct and other policies

Referring a borrower or customer in difficulty to MABS is included in a number of codes of conduct and other protocols including;

- ✓ The Code of Conduct for Mortgage Arrears
- ✓ Consumer Protection Code
- ✓ Residential Tenancies Board: New 10-step process for landlords and tenants in a rent arrears due to impact of Covid-19
- ✓ Moneylenders Code of Conduct
- ✓ Energy Provider Codes of Practice
- ✓ Transport for Ireland : Toll Charges
- ✓ Based on the success of the BPFi protocol in particular, MABS is currently working with other creditors such as Local Authorities and Credit Unions to develop more protocols for amicable solutions

Thank you for your attention today
Further information will be
available in the breakout session

However, if you are attending other
sessions, please contact me
gwen_harris@mabs.ie for further
information