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Minister Burton launches report on helping people with mortgage arrears

New research on the impact of mortgage arrears on MABS

Joan Burton TD, Minister for Social Protection today (Thursday) launched a new report from the Waterford Money Advice and Budgeting Service (MABS) on helping people with mortgage arrears.

The Minister said: "The dramatic housing boom and equally dramatic housing bust that followed have had very significant social and economic consequences. Among these has been a very substantial increase in mortgage arrears and negative equity, resulting in turn in a marked increase in demand for the services of the Money Advice and Budgeting Service (MABS)."

"MABS staff daily witness the negative impacts on client lifestyle and their personal and familial well being. Significant numbers of MABS clients reported that the stress generated by their indebtedness problems had negative implications for their physical health, their relationships with their spouse or partner and children and undermined the quality of their family life," she said.

Waterford MABS with the support of the Citizens Information Board and MABSndI commissioned the research on mortgage debt and arrears among MABS clients. The report, *Lifting the Load – Help for People with Mortgage Arrears*, was prepared by Simon Brooke and Michelle Norris. The research focused on the experiences of MABS clients who were having difficulties repaying their mortgages.

The research aims were to document the difficulties that MABS clients are experiencing in relation to mortgage arrears, explore the impact of current supports available to people and the application of options for the resolution of mortgage debt difficulties and to make recommendations based on the findings of this research.

Interviewees fell broadly into three groups:

- People experiencing short-term repayment difficulties, due to illness, difficulties with other debts, or short-term unemployment.
- People needing medium-term help (five to seven years) because they have to retrain in order to gain employment, but have a good prospect of paying their mortgage if they do so.



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- People whose mortgages are non-viable. That is, they are unlikely to ever pay off their mortgage: because they shouldn't have been given a mortgage in the first place; because their employment prospects are poor due to age or illness; or because they have many large additional debts.

Current arrangements including forbearance and mortgage interest supplement address the issues of those in short term difficulty. Interviewees stated that the banks and social welfare authorities have become more efficient in dealing with their cases in recent months.

The research found a more serious problem was that existing arrangements do not meet the needs of people who need medium-term support or have non-viable mortgages. In the case of the latter forbearance can worsen their situation by increasing the debts they owe on dwellings which are likely to be repossessed ultimately.

The research identifies a number of potential solutions to the problems of these households including extending Mortgage Interest Supplement and Mortgage to Rent Schemes. "The research is an important contribution to the debate on how to resolve the personal debt crisis," Minister Burton concluded.

PRESS RELEASE ENDS

Notes to editors:

Further information on the report is available from Michael Doherty at Waterford MABS on 051 857929.

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