

<b>CONSULTATIVE CONSUMER PANEL</b>
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**Minutes of meeting of 7 December 2009**  
**Venue: Central Bank**

Attendees: Raymond O'Rourke (Chairman)  
Kathleen Barrington  
Michael Culloty  
Noel Mulcahy  
Fidele Mutwarasibo  
Sean O'Sullivan  
Fiona Reynolds

Also in attendance: Lillian Fleming (acting Secretary)

Apologies: Frances Byrne  
James Doorley  
John Maher  
Eileen Walsh

1. **Apologies** were noted as above.
2. The **Minutes** of the meeting of 16 November 2009 were agreed.
3. Under **Matters Arising**, in relation to the transposition of the Consumer Credit Directive, it was agreed that the Chairman should write to Mary Carrick, Department of Finance requesting that the department consults the Consumer Panel as soon as it has taken into account the advice of the Financial Regulator on this transposition especially in relation to its authorisation and supervisory functions under the Directive. In particular, the Panel would be keen to give its views on the draft text of the legislative regulations aimed at transposing the Directive.
4. The Panel noted the **presentation on the Code of Conduct on Mortgage Arrears** which was delivered by Eimer O'Rourke, IBF. Ms. O'Rourke outlined how the current financial crisis was impacting on mortgage holders and how mortgage lenders were engaging with their customers to alleviate the problems being experienced by them. It is the policy of mortgage lenders to encourage customers who are experiencing problems caused by changing financial circumstances to engage with the mortgage holder at an early stage who will assist them in prioritising their expenditure. It was noted that a large percentage of people in mortgage arrears have multiple debt problems. The effectiveness of the Code of Conduct on Mortgage Arrears ('the Code') was also discussed. It was noted that the judiciary around the country are not fully aware of the existence of the Code and also that the observed application of the code by lenders is patchy. While the Code states that a third party may liaise with a mortgage lender on behalf of a borrower who is experiencing difficulties, few borrowers are aware of this. It was agreed that a sub-group of the

Panel would be established before the next meeting to consider this area further. Ms. O'Rourke agreed to provide figures to the Panel on the level of repossessions. The Panel thanked Ms. O'Rourke for a very informative presentation on a complex issue.

5. Mr. Adrian O'Brien, Deputy Head of Consumer Protection Codes Department also delivered a presentation to the Panel on **the Code of Conduct on Mortgage Arrears**. The presentation set out the background to the Code, including the main amendment to it reflected in the Government Announcement of 21 December 2008 that the recapitalised banks agreed to "wait at least six months from the time arrears first arise, before the enforcement of any legal action on repossession of a customer's primary residence." The main features of the Code were addressed in the presentation i.e. contact with the borrower, assisting the borrower in addressing an arrears situation, and legal action. The presentation also looked at how a regulated entity should conduct its dealings with customers. The monitoring and enforcement of the Code was also examined, in particular, through themed inspections, and it was noted feedback on Arrears and Repossessions during 2009 will be provided to Industry and published on our website shortly. It was also noted that a themed inspection on the Code of Conduct on Mortgage Arrears will commence in December 2009. The Panel thanked Mr. O'Brien for his presentation.
6. A presentation on **Section 35 of Credit Union Act, 1997** ('the Act') was delivered to the Panel by James O'Brien, Registry of Credit Unions ('RCU'). Brendan Logue and Elaine Byrne were also in attendance at the presentation. The presentation examined the Statutory Requirement and the purpose of the Act and also looked at the 2007 Amendment. The current issue in relation to the Act were discussed, in particular, how once again credit unions are seeking to have Section 35 limits relaxed. Arrears are increasing significantly and there is pressure on credit unions to facilitate members now in financial difficulty. Credit Unions want to reschedule loans over longer periods but the number of loans that can be rescheduled is restricted by Section 35 limits. The Panel noted the RCU position that while the RCU accepts that credit unions must facilitate members who are in financial difficulty, the financial stability of credit unions must not be put at risk. The RCU requires objective decision making, honest accounting and prudent lending. It is working with ILCU and CUDA towards an acceptable solution. Any further relaxation of Section 35 must maintain the protections in relation to liquidity and credit risk. The Panel thanked Mr. O'Brien for his thorough and honest update on this issue.
7. Members were asked to submit final comments on the **Performance Review of the Financial Regulator 2008/2009** to the Chairman. The final submission will be released before Christmas.
8. Fiona Reynolds briefed the Panel on potential breaches of the Consumer Protection Code which had come to her attention. Ms. Reynolds agreed to provide the Chairman with a note on this issue.
- Under **AOB**, it was agreed that the Chairman should meet with Patricia Moloney to get clarification on the contents of her letter of 4 December in relation to **Monetary Penalties**. Each member should specify to the Chairman what they consider the money in the Monetary Penalties Special Reserve Account should be spent on and the

Chairman will then write to Ms. Moloney advising her of the Panel's decision in this regard.

- The Panel agreed that the Chairman should write to the Patrick Honohan congratulating him on his appointment to the position of Governor of the Central Bank and welcoming his recent speech to Financial Services Ireland where he highlighted the issue of consumer protection. It was also agreed that the Chairman should invite the Governor to meet either the Chairman personally or to attend a future meeting of the Consumer Panel.
- It was agreed to invite a representative of the Irish Credit Bureau to attend a future meeting of the Consumer Panel.
- The ISE will be asked to provide an update on the status of electronic shares vis-a-vis the situation which occurred in Morroghs where holders of electronic shares did not get the benefit of the shares as they went to the benefit of the liquidator of the company.

#### **Actions arising from the Consumer Panel meeting of 7 December 2009**

<b>Action by</b>	<b>Members Interested</b>	<b>Description</b>
To be confirmed	All	Independent Review of effectiveness of the Consumer Panel
Chairman	All	Letter to Patrick Honohan re. appointment
Chairman	All	Letter to Mary Carrick re Transposition of Consumer Credit Directive
Chairman	All	Letter to M. Deasy re remuneration
Chairman	All	To meet with P. Moloney to discuss Monetary Penalties letter and budget
Fiona Reynolds	Fiona Reynolds	Note to Chairman on SDMF
All	All	Final comments on Performance Review Report
Secretary	All	Invitation to Irish Credit Bureau to attend future meeting
Secretary	All	Presentations to be arranged re Transparency rules
Secretary	Noel Mulcahy	Update on Chapter VII
Secretary	Kathleen Barrington	Update from ISE on

		Morrogh issue
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**The next meeting of the Consumer Panel will be held on 11 January 2010 @  
10.30am**

**Prepared:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Lillian Fleming**  
**Acting Secretary**

**Approved:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Raymond O'Rourke**  
**Chairman**