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Central Bank of Ireland

Eurosystem

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Settlement Agreement
between the Central Bank of Ireland and 1) Patricia
Clinton t/a Innovative Mortgage Service and
2) Mr Frank Clinton (as a person concerned in the
management of Innovative Mortgage Service)

The Central Bank of Ireland ("the Central Bank") entered into a Settlement Agreement on 11 March 2011 with Patricia Clinton trading as Innovative Mortgage Service ("the firm") formerly a regulated financial services provider and Mr Frank Clinton, a person concerned in the management of the firm, in relation to breaches of regulatory requirements contained in the Consumer Protection Code ("the Code") and the Consumer Credit Act, 1995, ("the Act").

The 11 breaches were identified by the Central Bank during the course of a targeted inspection. Up until 14 August 2009, when the firm ceased business as a mortgage intermediary, the firm and Mr Clinton carried on the business of a mortgage intermediary without regard or knowledge of the obligations imposed by the Code and the Act, and consequently:-

- Failed to act with due skill, care and diligence in the best interests of the firm's customers.
- Failed to draw up and provide each customer with a Terms of Business prior to providing a service to those customers.
- Failed to gather and record sufficient information from a consumer, appropriate to the nature and complexity of the

product or service being sought, to enable the firm to provide a recommendation or a product or service appropriate to that consumer.

- Failed to provide consumers with a written statement of suitability prior to providing a product or service to those consumers.
- Failed to have in place proper procedures for the handling of consumer complaints.
- Failed to provide consumers with details of all charges, including third party charges, which would be passed on to such consumers, prior to providing a service to that consumer.
- Failed to maintain up-to-date consumer records.
- Failed to provide customers with a written indicative comparison of the total costs of continuing with their existing loan facilities and the total cost of the consolidated facility being offered.
- Failed to have adequate systems and controls in place to ensure compliance with the Code.
- Failed, where a fee was charged in respect of the making, accepting or administering of an application for a loan, to ensure that a statement of reasonable prominence was provided to the consumer as required by Section 132 of the Act.
- Facilitated unauthorised business, by allowing unauthorised persons to transact mortgage intermediation business through the firm.

The Central Bank imposed disqualification period on each of Mr Frank Clinton and Mrs Patricia Clinton from being a person concerned in the management of a regulated financial service provider for 3.5 years with immediate effect.

The penalties imposed in this case reflect the importance the Central Bank places on consumer protection and the requirement for regulated entities to have knowledge and understanding of their obligations. The Central Bank also views the facilitation of unauthorised business particularly seriously.

The Central Bank recognises the parties' full cooperation during the course of the investigation and settling at an early stage in the administrative sanctions procedure. This cooperation was taken into account in deciding the appropriate penalty to impose.

The firm's authorisation as a mortgage intermediary was revoked by the Central Bank on 14 August 2009, at the request of the firm and prior to the commencement of the administrative sanctions procedure examination.

The Central Bank confirms that the matter is now closed.

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Regulated entities operating without knowledge of their regulatory obligations, such as the Consumer Protection Code (Code), are an unacceptable risk not only to their customers but also to the Central Bank achieving its statutory objective and high levels goals of ensuring that the best interests of consumers are protected and the effective regulation of financial institutions.

Compliance with the Code is mandatory. Entities which fail to comply with the Code should expect, in line with our stated enforcement policy, a vigorous application of our enforcement effort, with these matters being investigated fully, followed through to a conclusion with proportionate and robust sanctions being applied, where appropriate. As stated in our Enforcement Strategy, enforcement action can have a powerful deterrent effect on groups of smaller entities (e.g. low impact entities) where we do not have a close supervisory relationship.

The Code (in place since 2007), is designed to protect consumers in their dealings with regulated entities. The Code applies across a wide variety of industry sectors and seeks to ensure that the same level of protection is offered to consumers regardless of the type and size of entities they are dealing with.