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8 January 2009

**Examination of potential conflicts of interest where mortgage
intermediaries provide property services**

The Financial Regulator has issued the findings of an examination of the mortgage intermediary sector. The purpose of the examination was to look at how mortgage intermediaries handle potential conflicts of interest when also providing property services to consumers.

In keeping with the aim to improve the overall level of compliance across the industry, the Financial Regulator wrote to all mortgage intermediaries with feedback arising from the examination. The issues identified included:

- The examination showed that it was the policy of most intermediaries to avoid potential conflicts of interest and that in the event of a potential conflict of interest arising they would write to the customer advising them of the position before proceeding with the business. All mortgage intermediaries were reminded of the relevant provisions of the Consumer Protection Code in relation to conflicts of interest.
- A number of intermediaries examined did not differentiate between services regulated by the Financial Regulator and those that are not. This lack of differentiation between services was found to have caused confusion, with some customers feeling that the Financial Regulator regulated all services provided by the mortgage intermediary. Intermediaries have been advised of the requirements in the Code not to use their regulatory status disclosure in connection with a product or service not regulated by the Financial Regulator.
- It appeared that a number of intermediaries might not have been familiar with their obligations under the Code, including the requirement to draw up and provide a 'terms of business' document to each consumer prior to providing the

first service to that consumer. Intermediaries were reminded of their obligations in this regard. Where a specific compliance issue arose with an individual firm this was addressed directly with the firm and where appropriate, regulatory action taken.