



## Residential Mortgage Arrears & Repossessions Statistics – Q2 & Q3 2021

### Key Points

- The number of principal dwelling house (PDH) accounts in arrears fell by 1,480 accounts in the third quarter of the year (Table 1). This follows a decline of 2,987 accounts in Q2 and 2,838 accounts in Q1. Overall, the total number of PDH accounts in arrears is down 7,767 accounts or 14 per cent from a year previous.
- The annual decline in total PDH arrears is driven by reductions in both shorter and longer-term arrears cases. Accounts in arrears less than 1 year declined by 300 accounts in Q3, with a reduction of 3,792 accounts year-on-year. Similarly, accounts in arrears over one year declined by 1,180 accounts in Q3, with a decline of 3,975 accounts year-on-year.
- At end-September, some 4.7 per cent of all PDH mortgage accounts were in arrears over 90 days, representing 34,182 mortgage accounts; this is the lowest number of accounts in arrears over 90 days since June 2010.
- Of the PDH accounts in arrears, some 6,650 accounts (or 14 per cent) are currently part of a legal process, with approx. one third (33 per cent) in the legal system for over five years.
- Non-bank entities<sup>1</sup> continue to hold an increasing proportion of PDH mortgages, specifically in relation to PDH accounts in arrears. At end-September, non-banks held 14 per cent of all PDH mortgages outstanding and 67 per cent of all PDH accounts in arrears over 1 year.

**Table 1: Quarterly & Yearly change in PDH accounts in arrears, as at end-September 2021**

	Number of accounts	Q on Q change	Y on Y Change
Total PDH mortgage accounts	722,886	-1,914	-10,415
<b>Number of accounts in arrears</b>	<b>47,681</b>	<b>-1,480</b>	<b>-7,767</b>
Of which days past due:			
- up to 90 days	13,499	251	-2,032
- 91 to 180 days	3,318	-242	-841
- 181 to 365 days	3,801	-309	-919
- 1 to 2 yrs	4,332	-183	-935
- 2 to 5 yrs	7,653	-399	-1,615
- 5 to 10 yrs	9,648	-166	-1,841
- over 10 yrs	5,430	-432	416

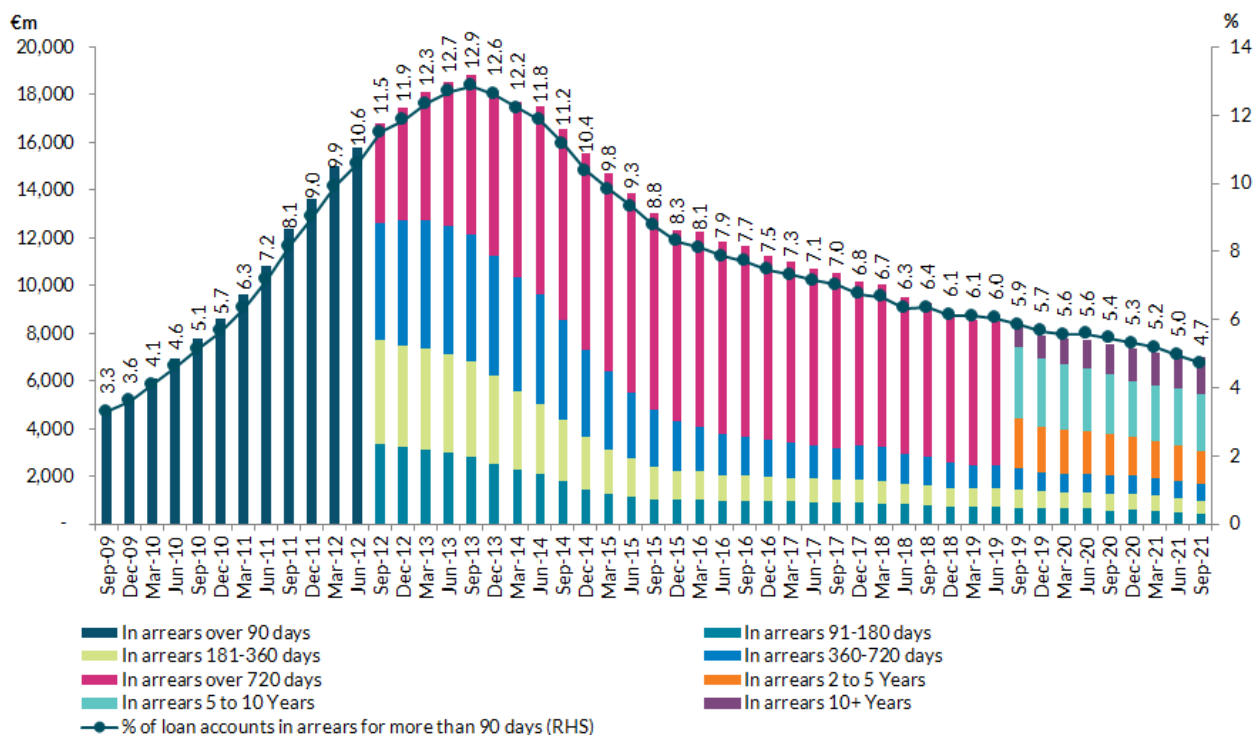
<sup>1</sup> Non-bank entities comprise of Retail Credit Firms and Credit Servicing Firms. More detailed information on these institution groups is available on the Central Bank website [here](#).

## Residential Mortgages on Principal Dwelling Houses

### Arrears

At end-September 2021, there were 722,886 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €98.2 billion. The reported outstanding balances / arrears balances were subject to slight upward valuation changes applied in June 2021. Of the total stock, 47,681 accounts were in arrears, representing a decrease of 1,480 accounts (or 3 per cent) over the quarter. This follows a reduction of 2,987 accounts in Q2. At end-September 2021, some 34,182 accounts (4.7 per cent) were in arrears of more than 90 days (Chart 1).<sup>2</sup>

Chart 1: PDH Mortgage Accounts in Arrears over 90 Days



**Note:** The breakdown of arrears greater than 90 days is not available pre-September 2012. The breakdown of arrears greater than 720 days is not available pre-September 2019.

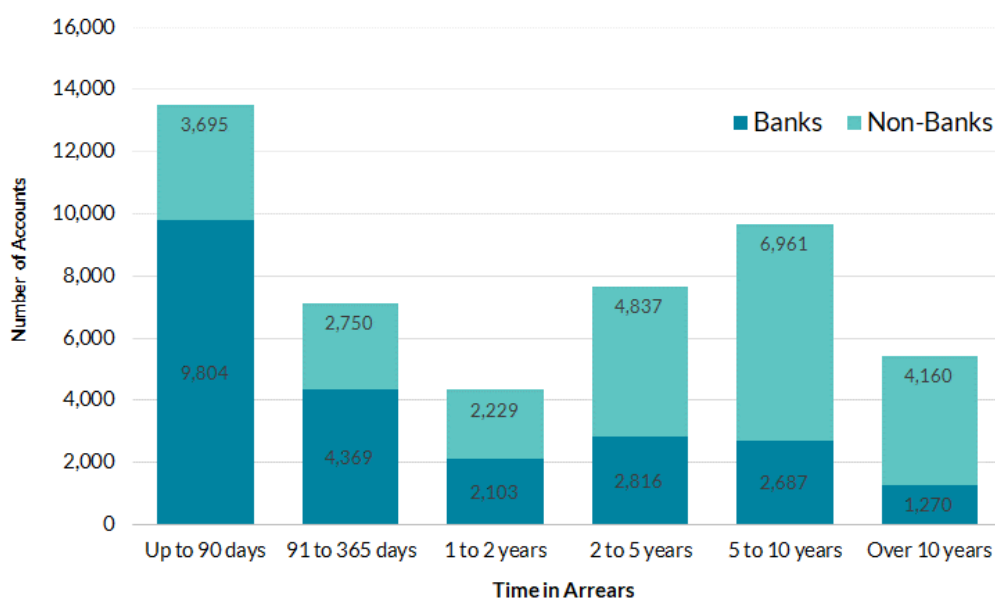
The outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €7 billion at end-September, equivalent to 7.1 per cent of the total outstanding balance on all PDH mortgage accounts. Accounts in long-term mortgage arrears i.e. over one year, accounted for 57 per cent of all accounts in arrears at end-September. Of the total number of PDH accounts in arrears, 16 per cent (or 7,653 accounts) were overdue by between 2 and 5 years, 20 per cent (or 9,648 accounts) were in

<sup>2</sup> The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders and credit service providers. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

arrears by between 5 and 10 years, while 11 per cent (or 5,430) were in arrears greater than 10 years. The number of accounts in long-term arrears declined by 1,180 accounts over the quarter. This follows on from a decline of 1,186 accounts in Q2. Overall, accounts in long-term arrears have declined by 3,975 accounts or 12.8 per cent year-on-year. For accounts in arrears over ten years, this cohort recorded its first quarterly decline since the collection commenced in Q3 2019, with a decline of 432 accounts. This decline was in part caused by the reclassification of some accounts over the quarter. Notwithstanding, the series still shows a decline of 74 accounts after this is adjusted for.

At end-September 2021, non-bank entities accounted for 14 per cent of the total stock of PDH mortgage accounts outstanding. Some 21 per cent of all PDH accounts held by non-banks were in arrears over 90 days, and 19 per cent were in arrears of over one year. For non-banks, a greater proportion of PDH accounts held are in longer-term arrears when compared to banks (Chart 2).

**Chart 2: PDH mortgage accounts in arrears, as held by banks and non-banks, as at end-September**



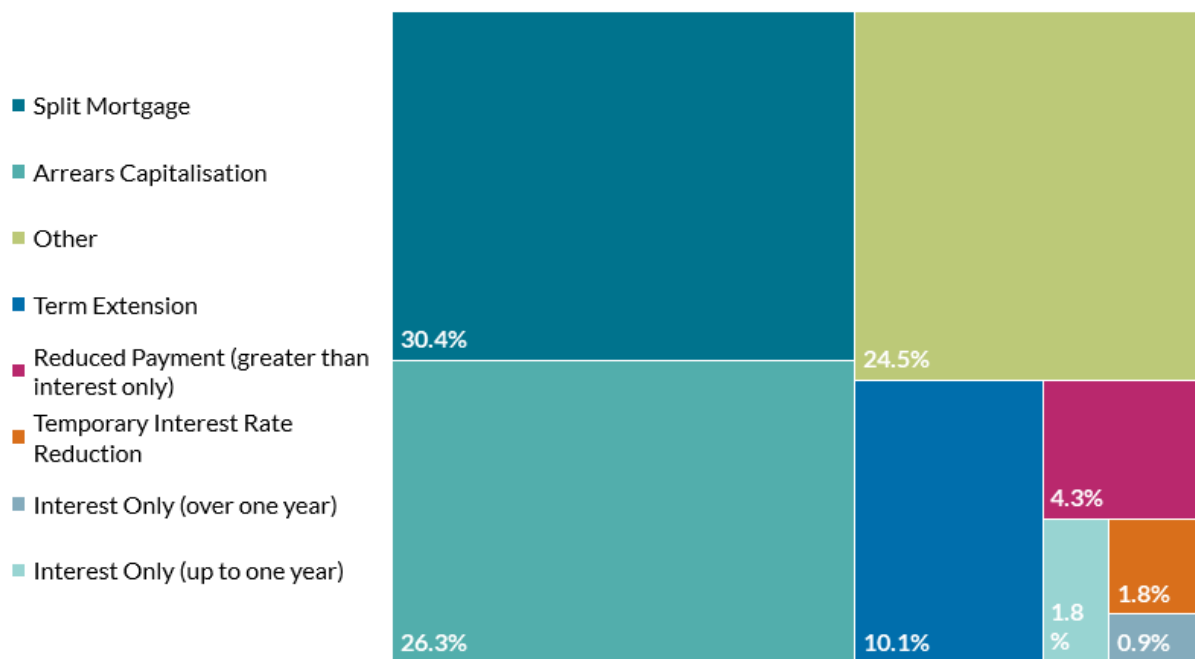
### Restructuring Arrangements<sup>3</sup>

A total stock of 68,718 PDH mortgage accounts were categorised as restructured at end-September 2021, representing 10 per cent of total PDH mortgage accounts outstanding. The total number of restructure arrangements fell by 2,207 accounts (3.1 per cent) over the quarter and continues a long-term trend of decline. There were 3,518 new restructure arrangements agreed during the third quarter of 2021, down from 4,361 in Q2 and 4,572 in Q1. Arrears Capitalisation and Reduced Payment (greater than interest only) accounted for the largest share of new restructure arrangements, at 847

<sup>3</sup> See [Annex 2](#) for further information on restructuring arrangements/forbearance techniques and meeting the terms of the arrangement.

and 472 accounts, respectively. For the outstanding stock of restructures, Split Mortgages<sup>4</sup> accounted for the largest share, representing 30 per cent of all restructured mortgage accounts at end-September (Chart 3). While the share of accounts on temporary restructure arrangements remained low, at 11 per cent.

**Chart 3: Restructured PDH Mortgage Accounts by Restructure Type, as at end-September 2021**



The data on arrears and restructures indicate that of the total stock of 47,681 PDH accounts that were in arrears at end-September, 11,740 accounts (25 per cent) were classified as restructured. The remaining 75 per cent of accounts in arrears were not part of a restructure arrangement at end-September 2021. Accordingly, some 83 per cent of restructured accounts were not in arrears at end-September 2021.<sup>5</sup> At end-September, 88 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement, up slightly on recent quarters.<sup>6</sup> This means that the borrower is, at a minimum, meeting the agreed monthly repayments according to the current restructure arrangement.

<sup>4</sup> Where a borrower is on a split mortgage restructure arrangement, the mortgage will be split into two parts. Repayments are made on one part (Part A), while the remainder is warehoused (Part B) to be repaid / reviewed at a later date. This implies that one split mortgage arrangement will be reported as two mortgage accounts within the statistics.

<sup>5</sup> Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement.

<sup>6</sup> Meeting the terms includes restructured accounts not in arrears and accounts in arrears but meeting the terms of the current restructure arrangement.

Table 2 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-September 2021, broken down by arrangement type.<sup>7</sup> The figures show that of the total stock of accounts in the arrears capitalisation category, some 17.9 per cent of PDH accounts are not meeting terms of current restructure arrangement, i.e. the arrears balance has increased since the arrangement was put in place. As the figures in Table 2 only reflect compliance with the terms of the current restructure arrangement<sup>8</sup>, a higher percentage of compliance among shorter-term restructures could be expected.

**Table 2: Percentage of Restructures 'Meeting the Terms of the Arrangement', as at end-September**

%	PDH	BTL
<b>Total</b>	<b>88.2</b>	<b>86.9</b>
Interest Only - up to one year	86.3	90.9
Interest Only - over one year	90.2	82.8
Deferred Interest Scheme	100.0	n/a
Reduced Payment (less than interest only)	89.1	72.7
Reduced Payment (greater than interest only)	89.6	84.1
Temporary Interest Rate Reduction	87.5	96.3
Payment Moratorium	97.2	98.8
Arrears Capitalisation	82.1	76.2
Term Extension	92.4	93.2
Permanent Interest Rate Reduction	86.9	70.0
Split Mortgage	93.5	91.3
Other	85.8	89.1

Non-bank entities held 19,780 restructured PDH mortgage accounts at end-September 2021. Of these restructured accounts, 83 per cent were meeting the terms of the arrangement.

### **Borrower Engagement and Legal Status**

Engagement between borrowers in mortgage arrears and the holder of their loans has proven to be an important step in the successful resolution of mortgage arrears. To assess the current level of engagement, data is collected on restructured and non-restructured borrowers, and whether such borrowers are co-operating or not co-operating with their loan holder in order to agree a resolution. For non-co-operating borrowers, the data is further broken-down to identify whether legal proceedings have commenced or not.

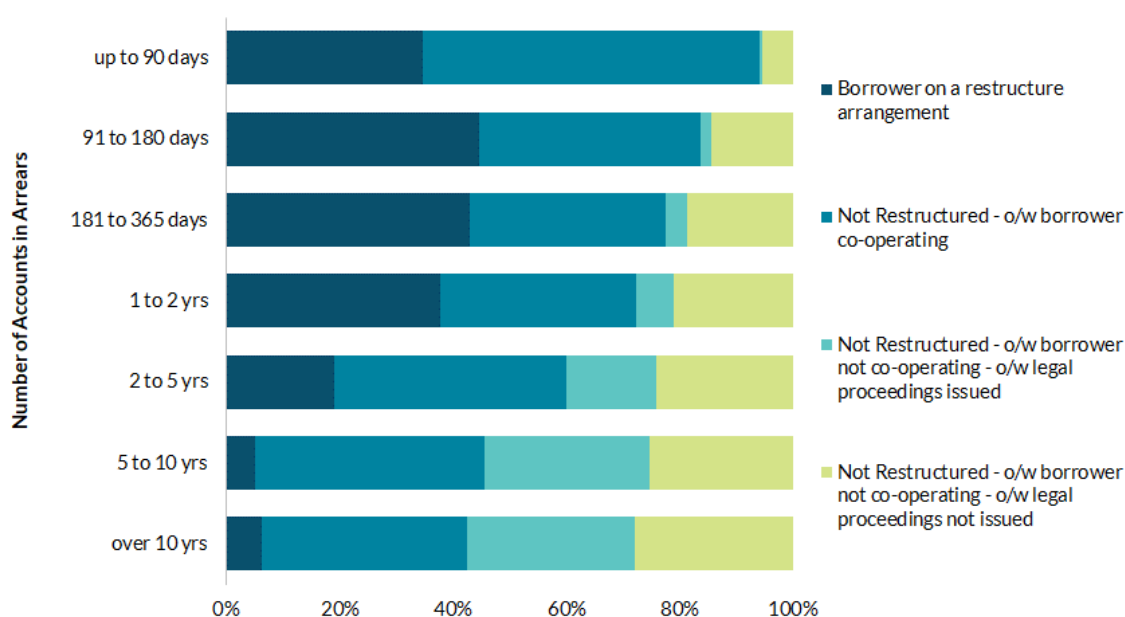
<sup>7</sup> It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

<sup>8</sup> For Payment Moratoriums, a small number of accounts are reported as not meeting the terms of the arrangement due to an increase in a borrowers arrears balance since the previous quarter-end.

Chart 4 below, illustrating PDH borrower engagement by arrears cohort, shows that the higher the arrears accumulated, the more likely it is that a borrower is not in a current restructure arrangement, and is classified as not co-operating.

Of the 27,063 PDH accounts in arrears over 1 year, 15 per cent (3,928 accounts) have a restructure arrangement in place, while 39 per cent (or 10,504) of accounts were not in a restructure, but were classified as co-operating. The remaining 47 per cent (12,631 accounts) were not in a restructure nor co-operating with their lender, and legal proceedings have been issued in just under half (47 per cent) of this 'not in a restructure nor co-operating' cohort.

**Chart 4: PDH borrower engagement by arrears cohort, as at end-September 2021**



**Note:** 'Co-operation' status is defined in line with the [Code of Conduct on Mortgage Arrears](#) (CCMA), which sets out strict criteria in relation to when loan owners can classify borrowers as not co-operating. In such cases, loan holders must formally notify the borrower of the implications of being classified as not co-operating, including that it may commence legal proceedings for repossession of the property.

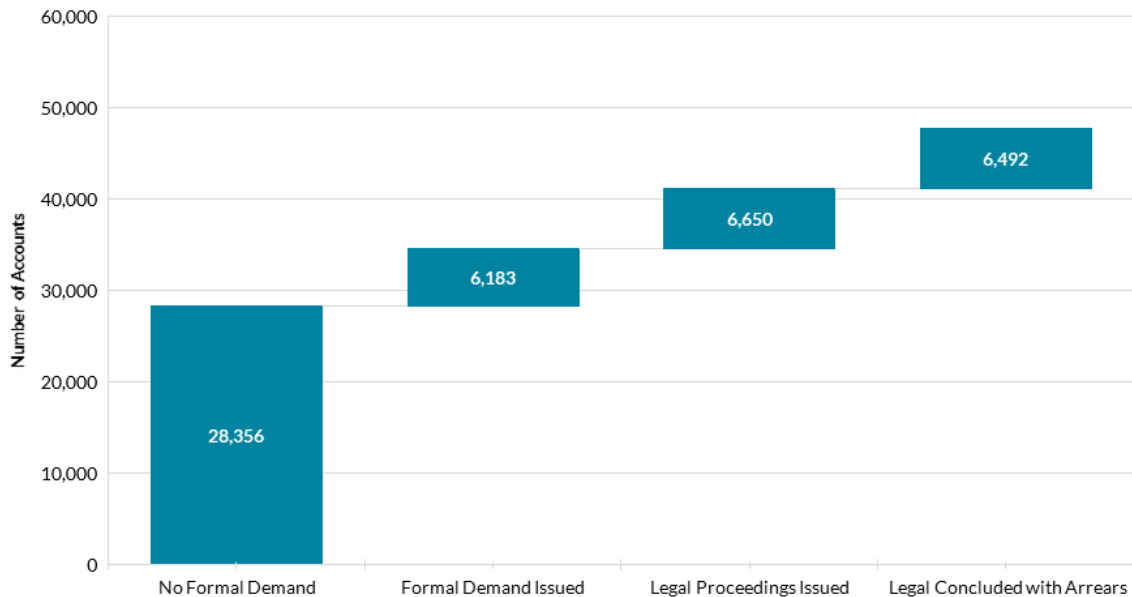
### Legal Activity and Repossessions<sup>9</sup>

During Q3 2021, some 394 PDH accounts entered legal proceedings; this follows from 280 accounts in Q2 and 286 accounts in Q1. The majority of accounts in mortgage arrears are not currently subject to legal proceedings. Some 28,356 accounts in arrears (59 per cent) had no formal demand issued at end-September. A further 6,183 accounts (13 per cent) were at the formal demand issued stage, but legal proceedings had not yet commenced. Some 6,650 PDH accounts (14 per cent) currently have

<sup>9</sup> Legal proceedings record steps to repossess a property and include cases where a formal application has been made to a court to begin repossession proceedings, along with subsequent adjournments and judgement proceedings.

legal proceedings in process; this includes cases at Civil Bill lodgement stage and where the case is still active in the courts system (Chart 5). The number of accounts in legal proceedings has declined by 1,288 accounts from a year previous.

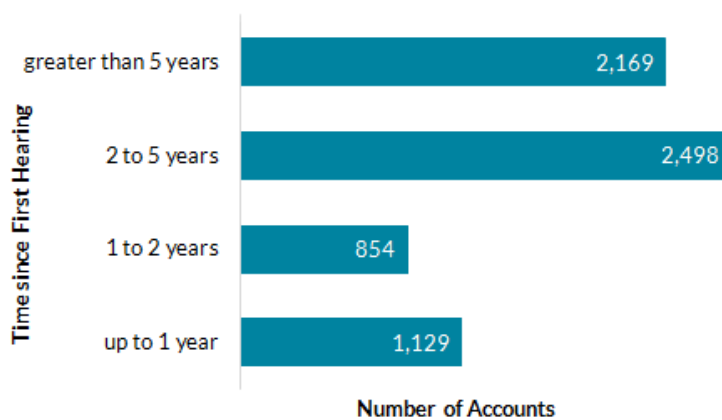
**Chart 5: Legal status of current PDH mortgage accounts in arrears, as at end-September 2021**



**Note:** Formal demand refers to the issuing of a legal letter for demand<sup>10</sup>. Legal concluded with arrears refers to those who have concluded legal proceedings, and currently have an outstanding arrears balance.

Of the cases currently in the legal system, the majority (4,667 accounts) have been in the legal system for over 2 years, with some 2,169 of those accounts in the courts system for over 5 years. Some 854 accounts have been in the legal system for between 1 and 2 years (Chart 6).

**Chart 6: Period accounts have been in the legal system, as at end-September 2021**



<sup>10</sup> More detail is available in the Residential Mortgage Arrears and Repossessions Statistics Explanatory Notes [here](#).

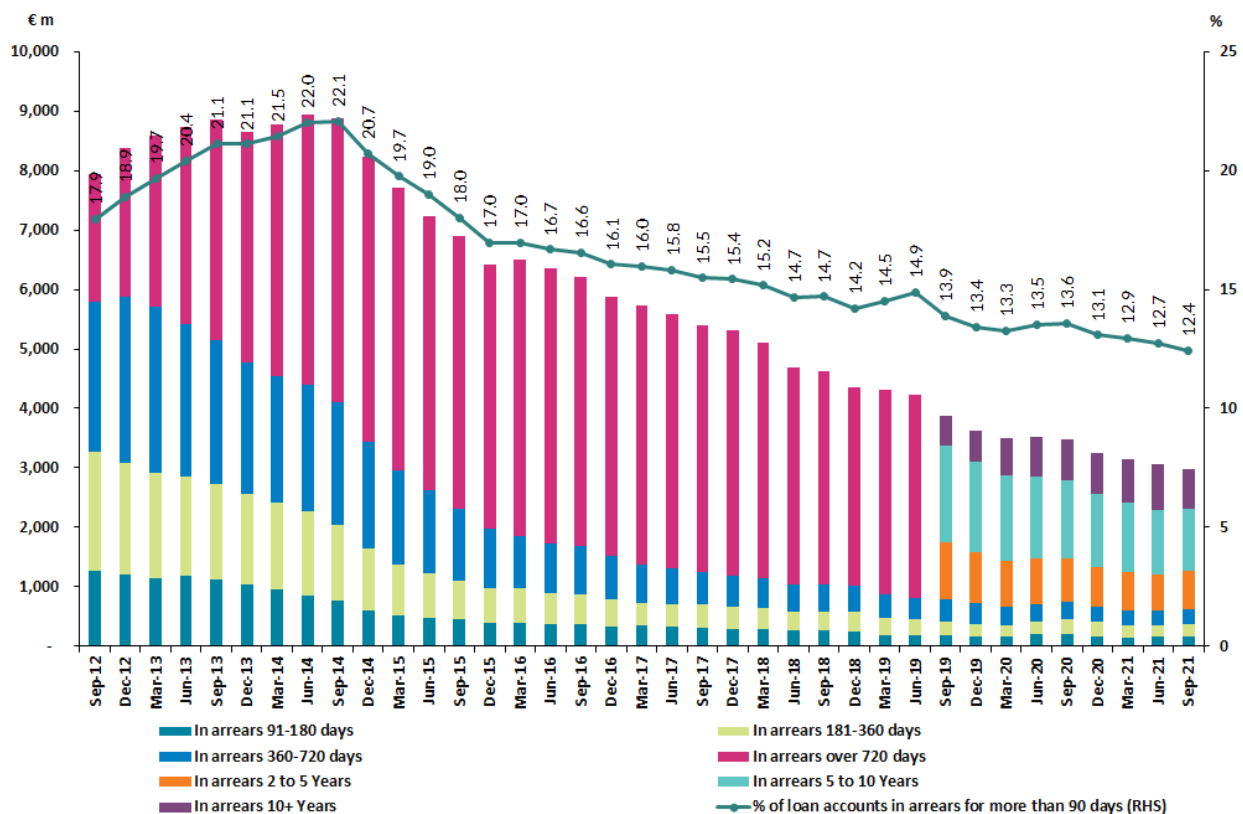
During Q3 2021, the Courts granted an order for repossession or sale of the property affecting 87 accounts. A total of 27 PDH properties were taken into possession by lenders during Q3, down from 33 properties in Q2. Of the total properties taken into possession during the quarter, the majority of properties, at 20, were voluntarily surrendered or abandoned, with the remaining 7 repossessed on foot of a Court Order. During the quarter, 55 properties were disposed of by lenders. As a result, lenders were in possession of 621 PDH properties at end-September 2021.

## Residential Mortgage on Buy-to-Let Properties

### Arrears

At end-September 2021, there were 90,531 residential mortgage accounts for Irish buy-to-let (BTL) properties, with an outstanding balance of €14.1 billion. Some 13,110 BTL accounts were in arrears at end-September, a decrease of 647 accounts or 4.7 per cent over the quarter. Of the total BTL stock, 11,258 accounts or 12.4 per cent were in arrears of more than 90 days (Chart 7), reflecting a decrease of 4.5 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €3 billion at end-September, equivalent to 21 per cent of the balance outstanding on BTL accounts.

Chart 7: BTL Mortgage Accounts in Arrears over 90 Days



**Note:** The breakdown of arrears greater than 90 days is not available pre-September 2012. The breakdown of arrears greater than 720 days is not available pre-September 2019.



BTL accounts in arrears of over one year numbered 9,511 or 11 per cent of all BTL accounts. The outstanding balance on these accounts was €2.6 billion at end-September, equivalent to 18 per cent of the total outstanding balance on all BTL mortgage accounts.

Of the total number of BTL accounts in arrears, 21 per cent (or 2,729 accounts) were overdue by between 2 and 5 years, a further 28 per cent (or 3,683 accounts) were in arrears by between 5 and 10 years and 15 per cent (or 1,907 accounts) were in arrears over 10 years.

At end-September 2021, non-bank entities accounted for 31 per cent of the total stock of BTL mortgage accounts outstanding. Significantly, non-banks held 71 per cent of all BTL accounts in arrears and 82 per cent of BTL accounts with accumulated arrears greater than ten years.

### **Restructuring Arrangements**

A total stock of 9,183 BTL mortgage accounts were categorised as restructured at end-September 2021, reflecting a decrease of 510 accounts over the quarter. Of the total stock of restructured accounts recorded at end-September, 84 per cent were not in arrears, while 87 per cent were meeting the terms of their current restructure arrangement.<sup>11</sup> On the BTL side, the largest two cohorts of restructured mortgages were in term extensions and arrears capitalisation arrangements, respectively. The data on arrears and restructures indicate that of the total number of BTL accounts that were in arrears at end-September, 1,480 (or 11 per cent) were classified as restructured.

Non-bank entities held 2,864 restructured BTL mortgage accounts, which accounted for 31 per cent of all restructured BTL mortgage accounts. Some 77 per cent of non-bank BTL mortgages were meeting the terms of the restructuring arrangement.

### **Rent Receivers and Repossessions**

During the third quarter of 2021, rent receivers were appointed to 148 BTL accounts, bringing the stock of BTL accounts with rent receivers appointed to 4,043 at end-September. There were 326 BTL properties in the lenders' possession at the beginning of Q3 2021. An additional 39 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 3 were repossessed on foot of a Court Order, while the remaining 36 were voluntarily surrendered or abandoned. During Q3 2021, 40 properties were disposed of. As a result, lenders were in possession of 322 BTL properties at end-September 2021.

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<sup>11</sup> Meeting the terms includes restructured accounts not in arrears and accounts in arrears but meeting the terms of the current restructure arrangement.

## Annex 1: Mortgage Arrears Data and Further Information

The mortgage arrears data, along with a set of explanatory notes, are available in the Mortgage Arrears section of the Statistics portal of the Central Bank of Ireland website: <http://www.centralbank.ie/polstats/stats/mortgagearrears/Pages/Data.aspx>.

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

The above guides, that include information on the protections that are available to consumers in financial difficulty, are available to download from the [consumer information section](#) of the Central Bank website.

## Annex 2: Restructuring Arrangements

Forbearance techniques include: a switch to an interest only mortgage; a reduction in the payment amount; a temporary deferral of payment; extending the term of the mortgage; and capitalising arrears amounts and related interest. The figures also include advanced modification options such as split mortgages and trade-down mortgages, which have been introduced to provide more long-term solutions for customers in difficulty.

It is important to note that 'meeting the terms of the arrangement' is not a measure of sustainability, as not all restructure types represent longer-term sustainable solutions as defined within the Mortgage Arrears Resolution Targets (MART). For instance, short-term interest only restructures are, in general, not part of longer-term sustainable solutions. The MART sustainability targets also include a significant number of accounts in arrears which are part of a legal process. These accounts are not classified as restructured within the Mortgage Arrears Statistics. Arrears associated with such accounts are recorded in full in the data.