

Consumer Protection Code 2012

- What should you consider?

Following a 2015 study, the Central Bank identified that **21% of borrowers** surveyed could **make savings by switching their mortgage**. The changes to the Consumer Protection Code ("CPC") are aimed at providing increased transparency to new and existing customers, with certain provisions aimed specifically at the switching process.



These changes, which will come into effect on **01 January 2019**, reflect an increased focus by the Central Bank on the influences on consumer decisions. It is expected that future analysis in this area will be on the agenda of the Central Bank going forward.

1. Fixed Rate Expiry

- Lenders are required to notify customers 60 days prior to expiry of their fixed rate of the rates available to them.
- This has increased from 30 days under current CPC requirements.

What should you consider?

- Do current systems allow for the production of fixed rate expiry communication in this time frame?



2. Loan-to-value ("LTV")

- Requirements regarding the annual statements of all customers on a variable rate (other than a tracker rate) have been updated as part of this Addendum. Lenders are required to notify customers whether they are able to move between LTV bands on receipt of an up-to-date valuation.

What should you consider?

- Do you currently have the capability to provide this information?
- Do your current processes and systems allow for an analysis of variable mortgages and the requirements for switching between LTV bands?
- Do your current annual statement templates require a n update to include all information required by this Addendum?



3. Interest Comparison

- Lenders must provide a total interest payable comparison to existing customers upon request.

What should you consider?

- Do your current cost of credit calculators allow you to provide this information?
- How can you leverage current data available to provide this information to customers?



4. Timelines

- Lenders must acknowledge a complete mortgage application within 3 days for new and existing customers
- Lenders must make a decision within 10 days of receipt of all required documentation.

What should you consider?

- Can you leverage your current processes to allow for acknowledgment of receipt of a completed application within 3 days?
- What is your average time required to make a decision regarding a mortgage application?
- Are there automated tools that can assist in the decision making process?
- Where it is possible to make a decision within this time frame you must notify the customer of the reason for this and provide them with an expected time frame.



5. Incentives

- Existing provisions are being extended for the benefit and protection of all mortgage holders, including new and switching customers. These provisions include requirements for lenders to quantify the implications of incentives, set out the advantages and disadvantages, the period of time for which the incentive is available and other key information.

What should you consider?

- Is the nature of your advertising of incentives for new and existing customers transparent?
- Do you need to consider a review of current incentives offered based on CPC requirements?
- Are you providing customers with sufficient information regarding the total cost of availing of the incentive?



6. Standard Information

- Lenders are required to provide all customers with specific information regarding the operation of the mortgage application and switching process on their website. This will include mortgage application forms and top-up application forms, where provided by the lender.
- Specific to switchers lenders must provide a guide to mortgage switching to customers. This should include how the lender will engage with the customer and a general statement that the customer should consider whether their existing insurance policy can be maintained.

What should you consider?

- Does your standard suite of documentation include all those required by this Addendum?
- You must notify customers of their right to request a list of rates available to them based on their LTV.



These changes focus on providing customers with the information and tools to make an informed decision regarding their mortgage. They are reflective of the Central Bank's intention to consider the influences on customers' decision making in the mortgage market.

Contact Us:

Please call us if you would like to discuss the most efficient and compliant implementation processes to suit your needs.

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