



Case Study: A Fresh Start Through the Abhaile Service

Background

In a challenging financial situation, a working parent found themselves with a mortgage that was €37,000 more than the current market value of their home, coupled with arrears amounting to €18,000. Following a separation, the full responsibility of maintaining mortgage payments fell on their shoulders. Although a restructuring of their mortgage provided some initial relief, subsequent increases in mortgage interest rates made meeting these new terms increasingly challenging.

Intervention

Realising the need for expert financial advice, the client reached out to the Money Advice and Budgeting Service (MABS) and was provided with a voucher to consult a Personal Insolvency Practitioner (PIP). The PIP developed a Personal Insolvency Arrangement (PIA) aimed at restoring the client's financial stability while enabling them to keep their home.

This proposal included extending the mortgage term and reducing the debt to reflect the home's current market value, treating the remaining balance as unsecured debt. It featured a period of interest-only payments and outlined a practical plan for the client to contribute €400 monthly towards the PIA, which would cover both the PIP's fee and a portion of the unsecured debt.

Challenges

Despite its merits, the plan initially faced resistance, as the sole creditor did not approve the PIA. Undeterred, the PIP submitted the case for a court review, confident that the proposal satisfied all necessary criteria and warranted approval to avoid further financial deterioration and potential loss of the client's home.

Legal Support and Outcome

Once confirmed eligible for legal aid under the Abhaile service and the section 115A PIA review, a solicitor from the Legal Aid Board's panel represented the client in court. Although the creditor raised objections, the court recognised the long-term sustainability and fairness of the PIA over the creditor's alternative proposal. The court decided in favour of the borrower, approving the insolvency proposal and setting the mortgage interest rate at a low variable rate for the extended term.

Conclusion

This case highlights the crucial role that the Abhaile service plays in helping individuals facing serious mortgage arrears providing access to essential legal and financial advice. The court's approval of the PIA allowed the client to stay in their home and manage their debts in a realistic and sustainable manner. This highlights the effectiveness of customised insolvency solutions in navigating personal financial crises.



Case Study: Effective Debt Management Through the Abhaile Service

Background

A client, previously assisted by the Money Advice and Budgeting Service (MABS) with an alternative repayment arrangement, found themselves unable to continue their mortgage payments due to unforeseen family circumstances. Despite previous efforts to maintain payments, the situation led to a case being heard in the County Registrar's Court in 2023.

Intervention

Initially, the client missed court appointments and did not respond to communications, leading to a proposed Order for Possession by the lender's legal representative. However, once informed of the gravity of the situation—his family home was at risk—the client re-engaged with MABS, spurred into action. With MABS's encouragement, he explored the possibility of a Personal Insolvency Arrangement (PIA) due to his property being in negative equity and accumulating unsecured debt.

A PIA was proposed that significantly adjusted the mortgage balance and interest rates to better reflect the current market conditions and the client's financial reality. The new terms proposed writing the mortgage down to €190,000 to be repaid over 372 months (31 years) at a reduced interest rate of 3% variable.

Solution and Outcome

The revised plan included a payment structure of €648 per month during the PIA on a part-capital and interest basis, with payments set to increase to about €800 per month post-PIA, reflecting a full capital and interest basis. The plan also made allowances for essential living expenses and additional needs such as childcare and medical costs. Crucially, after 18 months of consecutive, successful repayments, all existing arrears were capitalised, marking a significant turnaround in the client's financial management.

The lender accepted the terms of the PIA, agreeing to relinquish possession claims on the property contingent on court approval. This arrangement was facilitated by a €3,000 fee, as part of the Abhaile service.

Conclusion

This case underlines the transformative impact of the Abhaile service, highlighting how essential services such as the PIP voucher, duty solicitor, and court mentor significantly aid individuals in navigating complex legal and financial challenges. The client's successful completion of his PIA in February 2024 highlights how tailored financial solutions can effectively resolve dire financial crises. Displaying how Abhaile can enable individuals to maintain their homes and achieve sustainable financial stability.



Case Study: Long-Term Engagement Leading to Positive Outcomes Through Abhaile

Background

In a challenging financial period starting in July 2016, a borrower faced the threat of a possession order due to perceived non-engagement with her lender, primarily because she had not completed a Standard Financial Statement (SFS). The situation was marked by a significant mortgage arrear of €26,803 and a total outstanding mortgage of €83,487.

Intervention

Prompted by the County Registrar's view that the situation could be resolved, the borrower was encouraged to engage with the Money Advice and Budgeting Service (MABS). Initially hesitant due to privacy concerns and scepticism about the potential help available, the borrower, a woman in her 60s, finally made contact with MABS in December 2016. The MABS team met her warmly, providing reassurance and non-judgmental space to discuss her financial difficulties.

MABS assisted in submitting an SFS to the lender, which led to an offer of a 6-month interim Alternative Repayment Arrangement (ARA) in January 2017. However, this initial arrangement did not consider the borrower's special medical circumstances and was not affordable. The decision was appealed and further engagement with the lender continued over several years, including during her transition into retirement and reduced work capacity.

Challenges and Resolution

Over the ensuing years, the case saw many developments, including various short-term ARAs during the pandemic period. In February 2022, the lender sold the mortgage to a Credit Servicing Firm (CSF)/Non-Banking Entity (NBE), leading to renewed negotiations. By April 2023, these negotiations culminated in the offer of a long-term ARA, which included an extension of the term, capitalisation of arrears, and a reduction in the interest rate.

In September 2023, the County Registrar acknowledged MABS's contributions and struck out the possession proceedings, a testament to the persistent and empathetic engagement facilitated by MABS.

Conclusion

This case illustrates the effectiveness of sustained engagement and advocacy through the Abhaile service. Despite initial setbacks and a lengthy process, the dedicated assistance from MABS enabled the borrower to secure a sustainable, affordable repayment arrangement. This arrangement not only allowed her to stay in her home but also to work towards owning it outright by the end of the term. The journey underscores the dynamic nature of lender policies and the importance of continuous negotiation and adaptation to changing circumstances to achieve positive outcomes.