



Provision of an European Platform for the Prevention of Over-indebtedness by the Increase Accessibility and the Improvement of effectiveness of Debt Advice for Citizens (PEPPI)



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WEBINAR 1

Legal framework for debt advice in Ireland

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The Money Advice and Budgeting Service MABS Ireland

Today I will discuss:

- The structure of the MABS Service
- The funding of the MABS Service
- Who can access MABS
- Consumer rights to debt advice in Ireland



The Evolution of MABS

- The Money Advice and Budgeting Service, known as MABS, was established in 1992 on a pilot basis as community project.
- 5 Pilot MABS Projects were funded by the Department of Social Welfare.
- The pilots were established to combat concerns about money lending in low income families outlined in a 1988 report.
- These pilots were evaluated in 1995 and a decision to roll-out service nationwide was taken by the Irish Government.
- Today there are 8 regional companies and 2 national support companies, with 60 locations across Ireland
- All MABS staff are paid employees, MABS has no volunteers



How is MABS funded?

- From 1992 to 2009 MABS was funded from the Department of Social Welfare.
- Service funding was secured on a 3 Year basis following submissions by each MABS company supported by a project work proposal
- In October 2008, the Minister for Finance announced that the service would be assigned to the Citizens Information Board⁹⁹ (CIB), with the Department retaining overall policy and financial responsibility for MABS. The legislative basis for this change is set out in the Social Welfare (Miscellaneous Provisions) Act 2008.
- Today MABS remains 100% funded by the Citizens Information Board or CIB who has responsibility for organising debt services in Ireland.



How is MABS funded?

28.— Section 7 (as amended by section 4 of the Citizens Information Act 2007) of the Act of 2000 is amended—

- to support the provision of a service to be known, in the English language, as the Money Advice and Budgeting Service or, to provide advice to individuals for the purpose of the management, avoidance, reduction and discharge of personal debt and in relation to money management,
- to promote and develop the provision of the Money Advice and Budgeting Service and to provide information in respect of such provision,
- to promote and develop education in respect of money management,
- to compile and publish data relating to the provision of the Money Advice and Budgeting Service,
- to promote and disseminate awareness and information to the public relating to the provision of the Money Advice and Budgeting Service,
- to undertake, or commission, research relating to debt and money management



The objectives of MABS

To achieve the functions set out in the Act our objectives are as follows :

✓ MABS primary objective is to provide one-to-one advice to people having difficulty managing their money, are in debt or are in danger of being in debt.

✓ Partnership : To develop partnership between statutory, voluntary agencies and other service providers to provide and integrated system of supports that can be accessed by the target group as appropriate to their needs.

✓ Community Development: To facilitate the target group to be involved in the planning and implementation of the service locally to ensure that it is responding effectively to their needs.

✓ Equal Access: To ensure that the target group has equal access to the MABS Service, regardless of their geographic location.

✓ Policy Change : To highlight changes in policy and practice which need to be implemented at local and national level in order to reduce poverty and over-indebtedness.

✓ Money Management Education: MABS has responsibility for the promotion and development of education in respect of money management



Who can access MABS?

- The MABS Service is accessible to all people living in Ireland who are currently experiencing debt issues or want support in general budgeting but have no debts.
- MABS is free to all
- MABS has a number of services that can be accessed including
 - Debt Advice via MABs offices or National Helpline
 - Debt counselling and advocacy via MABS offices
 - Debt Solutions via MABS offices
 - Money Management Education
 - Self-Help tools and consumer information via Social Media, MABS website, Helpline or MABS offices



Statutory Debt Solutions available

- Each client is offered all debt solutions available to them and that they are eligible for. MABS works in partnership with the client, therefore we support a client's choice on debt solutions available to them
- MABS can offer voluntary debt solutions and access to statutory solutions
- Under the Personal Insolvency Act 2012 there are a number of statutory solutions available
 - Debt Relief Notice.
 - Debt Settlement Arrangement.
 - Personal Insolvency Arrangement
- Each solution has different eligibility criteria as set out in the 2012 Act



Debt Solutions available through MABS

- Voluntary Debt Solutions:
- Many people who come to MABS are assisted in reaching a voluntary arrangement with their creditors. Money Advisers support and where appropriate negotiate on behalf of a client to reach a sustainable payment arrangement.
- Statutory Debt Solutions :
- Following the introduction of Insolvency Legislation in 2012, MABS Money Advisers also act as Approved Intermediaries under Personal Insolvency legislation for clients availing of a Debt Relief Notice.
- Gateway to Abhaile (Irish word for home) :
- Launched in 2016, Abhaile is a State-funded service to help homeowners find a resolution to their home mortgage arrears. It provides free financial and legal advice and help from experts, accessed through MABS.



Voluntary or Amicable Debt Solutions available through MABS

- MABS was established in 1992, however Personal Insolvency Legislation was only introduced in 2012.
- The MABS Service has a long history of voluntary debt solution and arrangements
- Through our good reputation of being an honest broker and supporting clients in achieving sustainable budgeting, MABS has developed great working relationships with other industries, including banking, utilities and unsecured lending industries.
- Over the years we have developed protocols, setting out how we work together and offering amicable solutions to debtors
- A number of Codes of Practice and Consumer Protection Codes provide for referral to MABS



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The Abhaile Scheme (Abhaile is Irish for home)

The aim of Abhaile is;

- To help insolvent mortgage holders who are at risk of losing their homes,
- To identify and put in place solutions to their mortgage arrears,
- To keep them, wherever possible, in their own homes.
- Under the Scheme MABS now has put in place a network of Dedicated Mortgage Arrears Advisers (DMAs) who work with borrowers to achieve a non-statutory amicable solution
- In addition to the DMA Advisers in MABS, under Abhaile MABS works in partnership to establish panels of professional advisers with The Insolvency Service of Ireland, the Legal Aid Board and a panel of accountants to ensure borrowers have access to Insolvency Solutions
- Abhaile introduced a Court Mentor Scheme (manned by MABS) to support clients attending repossession proceedings
- The Scheme remains under review until December 31st 2023



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MABS and the Banking and Payments Federations of Ireland (BPFI) Protocol

What is it not?

- An actual hard law, in the form of an Act or an Statutory Instrument
- A statutory code (for example the Code of Conduct for Mortgage Arrears)
- This means that banks can not be compelled to apply it.
- So what is it?
- A “soft”, voluntary, goodwill-based understanding between MABS and the subscribing lenders.
- The protocol, plus an explanatory memo, are available on the BPFI and MABS websites. You don't have to be a client of MABS to avail of it. A debtor can take a self-help approach.



Protected income and designing budgets

- When working with clients to draft a budget and arrive at disposable income values available for creditors, MABS will ensure that the debtor has a protected quality of living
- This means we ensure that food, housing, light/heat, education, medical and clothing are provided for first in all budgets
- Since 2012, and the introduction of the Personal Insolvency Act, we use the Reasonable Living Expenses (RLE) in our calculations.
- Reasonable Living Expenses (RLEs) are guidelines to help ensure that a borrower in mortgage arrears maintains a reasonable living standard while trying to resolve their debt problems. You can find details of the RLE and access a calculator tool on www.isi.gov.ie



Other Codes and Protocols

Referring a borrower or customer in difficulty to MABS is included in a number of codes of conduct and other protocols including;

- The Code of Conduct for Mortgage Arrears
- Consumer Protection Code
- Residential Tenancies Board: New 10-step process for landlords and tenants in a rent arrears due to impact of Covid-19
- Moneylenders Code of Conduct
- Energy Provider Codes of Practice
- Transport for Ireland : Toll Charges
- MABS is currently working with other creditors such as Local Authorities and Credit Unions to develop more protocols for amicable solutions



Thank you for your time

Any Questions?



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