



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

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Ms Holly Cairns TD
By email only

24 April 2020

Dear Deputy Cairns,

I refer to your email dated 9 April 2020 on mortgage moratoria (payment breaks).

The public health emergency created by the COVID-19 pandemic has resulted in significant economic disruption and is a cause of significant stress for households and businesses.

The Central Bank is focused on safeguarding stability and protecting consumers through this extraordinary time, seeking to ensure the financial system does not amplify the effects of the pandemic. Governor Makhlouf noted in [his statement of 19 March](#) that the financial system must work well for everyone. Consumers must be protected, particularly those who may experience financial difficulties at this time.

The Central Bank continues to have extensive engagement with the lenders it supervises and the representative body, the Banking and Payments Federation of Ireland (BPF), on matters related to COVID-19. The three-month payment breaks announced by lenders provide breathing space for borrowers in light of the severe shock to income experienced by many households and businesses.

The Central Bank expects lenders to clearly explain to their customers the implications of a payment break; for the term, payment schedule, and costs of the loan. The Central Bank has communicated its expectations to the BPF outlining that at the end of the agreed payment break, borrowers should be given the option to either (i) repay the loan within the remaining term or (ii) extend the term of the loan. This choice should apply for all loans, including mortgages, and the impact of both options on the overall cost of credit and monthly repayments should be fully explained to the customer, noting that borrower circumstances and the appropriateness of each option will differ. As part of our supervisory work, we will monitor compliance with this expectation and take action, where our expectations are not met.

Thank you for contacting us on this topic. We will continue to engage actively with lenders in order to ensure that they have a consumer-focused approach and act in their customers' best interests. This topic forms an important part of our ongoing engagement with lenders and the BPF.



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The Central Bank has launched a dedicated [COVID-19 online hub](#) with information for consumers, businesses and firms. We plan to update the hub to reflect the rapidly evolving European and domestic response required to safeguard stability and protect consumers. We hope you, and your constituents, will find it useful.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Alan Dwyer". The signature is fluid and cursive, with the first name "Alan" and the last name "Dwyer" clearly distinguishable.