Statement by permanent tsb and Springboard Mortgages Ltd.

- **permanent tsb** and **Springboard Mortgages Ltd** write to a total of 1,372 mortgage customer accounts regarding a serious failure in respect of the management of their mortgage accounts
- Major Redress and Compensation Programmes follows enforcement investigation by Central Bank of Ireland
- Chairman and CEO of **permanent tsb** Group Holdings plc ("**permanent tsb**") describe failure as "deeply regrettable" and offer "an unreserved apology on behalf of the Group to all impacted customers"
- The majority of failures for impacted accounts occurred between 2006 and 2011

STRICT Embargo: 9.00am Tuesday 28th July 2015. Following an enforcement investigation by the Central Bank of Ireland, **permanent tsb** has announced the commencement of the **Mortgage Redress Programme**; a major redress and compensation programme to address the position of 1,372 mortgage customer accounts which lost their contractual right to a tracker rate mortgage in circumstances where there was a failure by the Group in the management of the relevant mortgage accounts.

The majority of the impacted accounts (1,152) were accounts of **permanent tsb.** A further 220 were accounts of Springboard Mortgages Ltd, which is a subsidiary of **permanent tsb**.

Impacted customer accounts may have suffered serious consequences as a result of the failures including:

- Having to pay higher mortgage repayments than should have been the case
- Going into arrears that may not otherwise have occurred

- Being engaged in legal proceedings that might not otherwise have been necessary
- In the case of sixty-one of the impacted accounts, customers may have lost ownership of the relevant property linked to the mortgage in situations where they may not have lost these properties if the failures had not occurred.

Comment by Chairman and CEO of permanent tsb Group Holdings plc

The Chairman and Group Chief Executive of **permanent tsb** Group Holdings plc (Alan Cook and Jeremy Masding respectively) described the failure by **permanent tsb** as "deeply regrettable". In a joint statement they said: "the failures which occurred have had very serious consequences for impacted customers and we apologise unreservedly on behalf of the Group to them and to all our customers. We are truly sorry that this has occurred and our absolute focus now is on correcting the position of every impacted customer as speedily as possible."

Mr. Cook and Mr. Masding said that **permanent tsb** was particularly focused on sixty-one accounts where impacted customers lost ownership of their properties: "We acknowledge that the bank's failure may have been a factor in events that ultimately led to some customers losing the property linked to the mortgage. We will do everything in our power to help these customers."

Explaining The Failures

permanent tsb:
The circumstances in which **permanent tsb's** failures arose are as follows:

- **permanent tsb** failed to inform certain customers fully of the consequences of their decisions to break from a fixed rate or discounted tracker rate early. The consequences of breaking early were that customers lost their contractual right to be offered a tracker rate in the future (at the time that their fixed rate or discounted tracker period would have ended) and

- Other customers had a contractual right to be offered a tracker rate at the end of any fixed rate period. However due to a failure by permanent tsb that option was not communicated to them at the end of their fixed rate period.

Springboard:
In the case of Springboard Mortgages Ltd. the failure arose from the application of incorrect interest rates to 220 mortgage accounts.

Details Of Redress + Compensation Programmes:

The Redress and Compensation Programmes for the two institutions differ only in one respect. For impacted customers of **permanent tsb**, as there is no certainty as to what individual customers might have chosen to do had they been informed fully at the

relevant time, **permanent tsb** will seek their instructions on whether they choose to move now to the tracker interest rate provided for in their mortgage loan conditions, i.e. the rate which they might have moved to, but for **permanent tsb's** failures.

The interest rate payable by impacted **permanent tsb** customers has been reduced to the level of the relevant tracker rate mortgage for an interim period to allow them to consider their options.

In the case of Springboard, the failure was that the customer was on an incorrect rate and therefore Springboard has now moved them to the correct rate and is paying the redress and compensation amounts identified.

The details for the two institutions are as follows:

	Customers of	
	permanent tsb	Springboard Mortgages
Redress	**Interest Rates -** Interest rates on impacted accounts have already been reduced to the level they would be at if the customer was on the relevant tracker rate mortgage. This is an interim arrangement that will continue until 30th November 2015 to allow the impacted customer time to consider their options including whether they wish to move to the relevant tracker mortgage rate. Each impacted customer will be given the opportunity to move their mortgage to the correct relevant tracker mortgage rate.	**Interest Rates -** Interest rates on impacted accounts have already been reduced to the level of the relevant tracker rate.
	Balance Adjustment - **permanent tsb** has calculated the amount of extra payments made on the account in question by virtue of not being on the lower tracker rate mortgage they might have been on but for this failure. On instruction from the impacted customer, **permanent tsb** will adjust their mortgage to put the account in the position it would now be in if the customer had been on the relevant tracker rate since the appropriate date and any net refund (if relevant) will be paid by Electronic Funds Transfer to an account of the customer's choice. If an impacted customer is in arrears, their arrears balance may be reduced (or even eliminated)	**Balance Adjustment -** Springboard has calculated the amount of extra payments made on the impacted account in question by virtue of not being on the correct tracker rate mortgage. The account balance has been adjusted to put the account in the position it would now be in if the customer had been on the correct tracker rate. After the impacted customer's account balance has been adjusted there may be a net refund available to be paid by cheque to the customer. If an impacted customer is in arrears, their arrears balance may be reduced (or even eliminated)
	Impacted customers will now be given the opportunity to move their mortgage account to the relevant tracker rate mortgage.	The mortgage accounts of impacted customers have been moved to the appropriate tracker rate

Compensation	Upon instruction from the impacted customer, **permanent tsb** will make a payment of compensation to impacted customers.	Springboard has written to impacted customers enclosing a cheque for payment of compensation.
Right to Appeal	All impacted customers have the right to appeal the offers / payments made to address this situation by **permanent tsb** and Springboard. Regardless of the decision of the appeals panel, customers will be entitled to retain the compensation amount already offered to them. Two appeal panels have been established: (i) one to deal with appeals from impacted customers who have lost ownership of the relevant property or who are now / were previously engaged in legal action with **permanent tsb** or Springboard over their mortgage; and (ii) one to deal with appeals from all other impacted customers. The members of the panels include senior independent representatives from the legal and accountancy professions. For impacted customers who instead wish to make a complaint to the Financial Services Ombudsman or to the Courts, neither **permanent tsb** nor Springboard will invoke any statutory limitation period (that might otherwise apply) for the next 12 months.	
Independent Advice	If a customer wishes to obtain advice in relation to this matter the offer/payment by **permanent tsb** or Springboard respectively will include a sum of money to pay for such advice	

Loss Of Ownership Cases:

Sixty-one accounts, which were impacted by this failure, have seen a loss of ownership of the relevant property since these failures occurred. A review of the relevant cases by **permanent tsb** and Springboard suggests that, in twenty-two of these cases, the customers may have avoided losing their property if these failures had not occurred. The appeals panel may find that the failure was a key factor in more of these cases based on additional information that customers may provide to them.

Impacted customer account holders who have lost ownership of their relevant property will receive compensation payment of €50,000 where the property in question was their Home and €25,000 where the property in question was a Buy-to-Let property. If **permanent tsb's** failure was a key factor in the customer losing the property, any monies still owed by the customer on the mortgage account will be written off.

The Central Bank of Ireland is undertaking an Enforcement Investigation into **permanent tsb** and Springboard Mortgages Ltd. **permanent tsb** is co-operating with this Enforcement Investigation in respect of the two institutions.

Issued on behalf of permanent tsb by Gordon MRM
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