



Submission by the Professional Insurance Brokers Association

(PIBA)

To the

Commission of the European Communities

On the

Green Paper, Mortgage Credit in the EU

COM(2005) 327 final

The Professional Insurance Brokers Association (PIBA) was formed in 1995 and has quickly grown to become the largest body for insurance brokers in Ireland. PIBA has a membership of over 822 brokerage firms and is the largest representative body in the insurance intermediary sector in Ireland.

PIBA represents the insurance brokers to government departments and the Financial Regulator. PIBA also keeps its members informed and up to date on regulatory changes and other matters affecting their businesses.

PIBA welcomes the opportunity to respond to the EU Commission Green Paper (GP) Mortgage Credit in the EU and rather than submit a full and comprehensive document PIBA wish to give a summary of how the relevant issues raised affect our members.

Should the Code of Conduct be replaced by binding legislation or remain voluntary?

PIBA members will be already subject to an interim code of conduct for mortgage business. In July 2006 the Irish Financial Regulator intends to introduce the Consumer Protection Code which will apply rules to all financial services providers when selling similar financial products. This will include mortgage intermediaries, our members, and lenders. Imposing an EU wide code of conduct will no doubt duplicate provisions and lead to confusion in the market.

What information should be given to consumers?

The Consumer Protection Code will stipulate exactly what information will be given to customers both pre and post contractual.

Should an information provision regime apply only to lenders or to others such as brokers too? How can compliance with any such regime (binding/voluntary) be ensured?

The Consumer Protection Code will stipulate who is responsible for providing specific documents to the consumer. PIBA feel that that if any information provision is introduced on a 26th Regime basis that due consideration should be given as to who should be responsible for which piece of information. Brokers are unable to access certain information and are dependant on the lender. Any provision should take account of this.

Should the provision of advice to the borrower be made compulsory or be a matter of choice?

In Ireland mortgage intermediaries give broad based advice on all mortgages for which they have an appointment and must specify why the chosen lender was in the best interest of the client. PIBA believe that lenders should give and document the reason for advice to a client as this would create a level playing field.

Should conditions be applied to any advice actually provided, whether under duty or by choice?

In Ireland mortgage intermediaries must give advice and act in the best interests of their client.

The Commission welcomes views on the merits of providing separately information on all costs not specified in the APR, and of the effects of the APR in concrete terms such as cost per month or the overall cost of the loan.

PIBA believe that simple comparative measures are best. PIBA feel that the APR is a good and simple measure and that the Commission should be careful not to overload consumers. The cost per month can change as not all countries are in the Eurozone.