

# **DEMAND THE MATH<sup>1</sup> / KNOW THE TRICKS**

## **DEMAND ALL THE MATH**

Emerging evidence in Irish courts shows that credit servicers increasingly rely on **summary figures** to “prove” mortgage debts:

- They are lumping together
  - o principal, interest, and fees
  - o without full amortization schedules,
  - o rate sources,
  - o or payment-by-payment ledgers.

This is a **recipe for financial disaster for unsuspecting borrowers & shortcuts the granular proof that is required** to safeguard those same borrowers.

### **Courts should be demanding to see The Math (details):**

- step-by-step interest calcs (e.g., Euribor + margin),
- sworn custodian verification, and
- unredacted folios/assignments.

## **THE TRICKS**

The following are some examples of things to pay attention with your loan as they are just some of the ways banks /servicers are putting borrowers in to Default

### **Failure to honour mortgage modifications**

- one common issue arises when credit servicers fail to properly honour existing mortgage modifications or forbearance agreements transferred from previous lenders.
  - o They might reject reduced payments as insufficient, even if those payments comply with prior Central Bank-approved arrangements in Ireland or CCA-compliant terms in the UK, quickly building up arrears and triggering collection actions

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<sup>1</sup> Copied from a sample of posts on X by @mlorm and reformatted by [www.irdefrauded.com](http://www.irdefrauded.com)

## Misapplied Payments

- Payments that are often misapplied due to “IT glitches” or “internal policies” during servicer switches.
  - For instance, funds get held in suspense accounts, diverted incorrectly to an escrow account or labelled as “partial payments”. All very inventive.
  - This artificially inflates the arrears balance with added late fees, a frequent problem seen in post-2008 UK & Ireland mortgage or rather “income stream” transfers

## Service change – leading to flagged delinquency

- After a servicer change, sometimes a loan(s) can be wrongly flagged as delinquent on credit reports even without any missed payments.
  - This leads to improper default notices, harming borrowers’ credit scores and paving the way for possession proceedings.
  - Is your mortgage on central credit registers with **no legitimate contract** to support its very existence.

## A Payment Holiday?

- Servicers have been known to (sometimes) encourage borrowers to take payment holidays or deliberately miss payments to qualify for relief schemes, such as tracker mortgage adjustments.
- Once induced into this position, the servicers then (sneakily) pursue enforcement on the resulting default.

## Bank / Mortgage Company Cancels the direct debit

- Another tactic to engineer defaults is that the mortgage company/bank cancels the borrower's entire direct debit, so the mortgage payment isn't collected.
  - If the borrower doesn't notice when the next (2nd) payment is due and missed, then the bank sends out the repossession claim.
- In another case only the interest was charged each month
  - The payment system was modified by the bank so the principal was intentionally not withdrawn from the account creating a loan-to-value covenant default and dispute a few years later as the loan balance never declined

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## Escrow Account Mismanagement

- Escrow account mismanagement is another tactic, where servicers fabricate shortages by deliberately failing to credit refunds and some have been known to pocket rebates.
- These practices breach Ireland's Mortgage Code and the UK's FCA MCOB requirements, creating default triggers without borrower fault.

## Dual or Multiple Tracking

- Known as dual or multiple tracking, servicers are known to sometimes pursue arrears on **restructured loans**, while simultaneously enforcing the original balances, which drives up totals through the inappropriate layering of fees.
  - This has drawn scrutiny from UK courts for pre-action protocol violations.
  - What about Irish courts?

## Unauthorised fees

- During disputes, **unauthorized** fees accumulate rapidly- things like inspection costs, legal fees, or admin charges without the transparency required.
- The escalating balance becomes unaffordable, forcing a manufactured default that primes the loan for repossession.

## NAMA background

- It has emerged that certain banks did not (or do not) properly credit payments to accounts, in order to **fraudulently engineer defaults** (similar to examples above) and
- It has emerged that certain loans that entered NAMA did so when the borrowers were actually owed significant funds by the original lender.

**After the extraordinary bank bailouts, the totals are identified on the next page, why are the NAMA files not being sent to the State Archives?<sup>i</sup>**

We recommend you contact your local TD and representative and ask

- what are they covering up
- is there a relationship to #epstein / mandalson and their cronies buying vastly undervalued loans
- what was the source of their funds?

| <b>Institution</b> | <b>State Cost</b> | <b>ELA Usage</b> | <b>Promissory Notes/Collateral Issue</b> |
|--------------------|-------------------|------------------|--|
| Anglo Irish        | ~€29.3B           | ~€41B            | ~€25.3B in promissory notes              |
| INBS               | ~€5.4BI           | Incl. w/ Anglo   | Incl. w/ Anglo                           |
| AIB                | ~€20.8B           | Moderate         | Heavy ECB usage, limited ELA             |
| Bank of Ireland    | ~€4.8B            | Moderate         | Relied on ECB, not promissory notes      |
| EBS                | ~€1.1B            | Low              | Absorbed by AIB                          |

ELA Usage (Peak)

Chart copied from: <https://www.irldefrauded.com/regulatory-oversight-failures/>

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<sup>i</sup> This NAMA opinion piece is added by [www.irldefrauded.com](http://www.irldefrauded.com)