



# Tracker Review Guide

**Since 2015 Exicon DAC (Exicon) (formerly KBC Bank Ireland DAC) has undertaken a review of Tracker Mortgage Products as part of the industry wide review required by the Central Bank of Ireland. As a result, we identified a number of impacted customers who had an incorrect interest rate applied for either a period of time or for the term of the mortgage.**

On the 16th April 2021 KBC Group NV announced its intention to begin an orderly and phased exit of Exicon from the Irish market. As Exicon will no longer operate in the Irish market, on the 25th May 2023 Exicon and its parent company KBC Bank NV acting through its branch in Ireland agreed the transfer of any remaining accounts and servicing activity to KBC Bank NV Dublin Branch (“KBCD”). On the 13th of September 2023 the Minister for Finance approved the Transfer. On the 1st December 2023 the transaction completed. This means that the Appeals process is now managed by KBC Bank NV, through its Dublin Branch

Since then, KBCD has continued to monitor the conclusion of any outstanding tracker related matters including the resolution of all complaints, the adjudication of all appeals lodged and the resolution of any court cases lodged. KBCD then considers whether there are any outcomes from these decisions that may have an impact on a wider set of customers.

If you have been identified as an impacted customer you will have received a letter outlining the key elements of the KBCD Tracker Redress and Compensation Programme which was established to correct all failures and put your mortgage account back to the position it would have been had those failures not occurred.

If you have received a letter and your loan has been sold you will continue to receive correspondence from KBCD in relation to the tracker mortgage review. We will work with the new lender and /or its agents to ensure any required changes to your mortgage account are implemented.

We understand that having read the letter you may have a number of questions and we hope this guide will help to answer any queries you may have.

The Tracker Review Guide is split into 5 Sections which cover all aspects of the review and corresponds to the information detailed within your letter.

- 1. General Questions**
- 2. Mortgage Interest Rate Changes**
- 3. Financial Summary Statements**
- 4. Redress & Compensation**
- 5. Appeals and Complaints**

At the back of the guide you will also find a glossary of Mortgage Terms which will explain in plain English some of the technical language used to describe aspects of your mortgage account.

We understand that you may want to speak to someone directly and our dedicated team are available on **01-664 6983** Monday to Friday between 9am-5pm.

# 1: General Questions

## What is the KBCD Tracker Redress and Compensation Programme and why have I received this letter?

The letter you received is in relation to a review the Central Bank of Ireland instructed all relevant lenders in Ireland to carry out, including Exicon, in relation to tracker mortgage issues. You have received a letter as an incorrect interest rate was applied to your mortgage account for either a period of time or for the term of your loan. The letter you have received details how your mortgage account will be rectified and how we will compensate you for this failure.

## I previously received a letter, why have I received another letter?

KBCD has continued to monitor the conclusion of any outstanding tracker related matters including the resolution of all complaints, the adjudication of all appeals lodged and the resolution of any court cases lodged. KBCD then considers whether there are any outcomes from these decisions that may have an impact on a wider set of customers.

## How did this failure occur on my mortgage account?

Exicon applied an incorrect interest rate to your mortgage account for either a period of time or for the term of your loan and for this we sincerely apologise. The letter you have received details the exact nature of the failure which occurred on your specific account.

## What customers are included in this review?

Customers who had availed of a Tracker Rate with Exicon or were contractually entitled to a Tracker Rate were included in the review. Where it was identified during the review that an incorrect interest rate was applied to a customer's account, that customer has been included in the KBCD Tracker Redress and Compensation programme.

## Why has this review taken so long?

KBCD continues to monitor decision outcomes following the resolution of all complaints, the adjudication of all appeals lodged and the resolution of any court cases lodged. As part of this monitoring, we completed a detailed review of your mortgage account and identified that you had been impacted by one of these decision outcomes.

## How can I trust that the outcome of the review is fair?

We have an independent appeals panel in place to help us to ensure that you receive a fair and consistent outcome, for more information on appeals, go to page 12.

## Will I be refunded any fees as part of this review?

Yes. We will also be refunding any relevant fees that you may have incurred since the error began on your account.

### **Will I have to pay tax on my redress and/or compensation?**

Revenue have confirmed to us that no tax liability will arise for you in the respect of this payment.

### **Will my Credit Rating be impacted?**

We will review your credit history held by the Central Credit Register (CCR). Please note that your credit history was previously held by the Irish Credit Bureau (ICB) which ceased its credit reference service on the 1 October 2021. Should your CCR history require adjustment to reflect the updated position, we will contact the CCR to have your records amended and will provide additional support or assistance, where appropriate should any further issues arise. You can request a copy of your CCR report directly from the CCR and further information is available on the CCR website on how to request this at <https://www.centralcreditregister.ie>

### **My loan has been sold to a new lender, what does this mean for me?**

If you have received a letter and your loan has been sold to another lender you will continue to receive correspondence from KBCD in relation to the tracker mortgage review. We will work with the new lender and /or its agents to ensure any required changes to your mortgage are implemented.

### **I want to get Legal/Financial advice. Will you cover this cost?**

We would encourage you to get independent legal advice/financial advice. Should you wish to avail of this advice to understand what this means for you, we are providing you with a separate

payment as outlined in your letter which can be used towards the cost of this advice. To request this payment, you should complete, sign and return the relevant Payment Authorisation Form in the enclosed FREEPOST envelope.

### **Who can I contact if I have a question about my mortgage as part of this review?**

In order to help you address any queries or concerns that you may have during the course of the review, we have set up a dedicated team. If you have any queries in relation to this, please contact us on 01 664 6983 9am-5pm Monday to Friday.

### **What does redress mean?**

Redress means that KBCD are committed to putting your account back to the position it would have been had we not made an error. This means applying the correct mortgage rate to your account but also correcting your account balance by bringing your mortgage balance back to where it should have been had this not occurred and paying you directly for any overpayments you have made on the incorrect rate.

## If your account is in arrears

### How do the current arrears on my mortgage account impact the refund amount I received?

Any overpayments you have made as a result of being on the incorrect rate are deducted from your current outstanding arrears balance. If the overpayments you have made on the corrected rate are greater than your current outstanding arrears balance then the net difference is refunded directly to you as part of redress. If you still have an outstanding arrears balance following the deduction of these overpayments then this is outlined in your financial summary statement.

### I still have arrears on my account after my mortgage account balance was adjusted, what should I do?

The revised repayment will not address the outstanding arrears. It is important that you engage with KBCD, or where applicable, your new lender about the arrears, if you have not already done so. Please contact our dedicated team on 01 – 664 6983 or your new lender if your loan has been sold who will discuss the next steps with you. KBCD, or where applicable, your new lender, will work with you and inform you of all the options available to you.

### My mortgage account has a revised repayment arrangement, do I need to do anything?

The revised repayment that we have quoted to you in this letter is based on the current arrangement that is in place on your mortgage account. Whilst this arrangement will remain in place, it is

important to understand that KBCD, or where applicable, your new lender may be able to offer you an alternative arrangement that is better suited to your current circumstances. This will not impact your right to the tracker interest rate. We would encourage you to make contact with our dedicated team or your new lender if your loan has been sold who will inform you of the next steps in order to review your account.

### My mortgage account has a revised repayment arrangement. Now that my repayments have been corrected I can afford full capital and interest repayments.

Returning to and maintaining full capital and interest repayments before the expiry of your current arrangement will benefit you as the amount that you have to repay over the life of the loan will be adjusted accordingly. This cost is known as the Cost of Credit and would have been outlined to you in the Letter of Variation that you signed before the current arrangement was put in place on your mortgage.

To return to full capital and interest repayments, KBCD, or your new lender, will require a letter from you, signed by all parties to the loan, requesting that the current revised repayment arrangement is removed. Please be assured that should your circumstances change in the future KBCD, or your new lender, if your loan has been sold will work with you to inform you of all options that are available to you.

**I am currently in a legal case with KBCD/my new lender. How will this be impacted?**

Your court case has been put on hold or adjourned while your case is going through the KBCD Tracker Redress and Compensation programme. You can contact our dedicated team or your new lender if your loan has been sold to make arrangements to discuss your individual case in further detail. During the KBCD Tracker Redress and Compensation programme we would encourage you to engage with KBCD or your new lender's Arrears Support Unit if your loan has been sold who will work with you to identify appropriate solutions that may be available to assist you with your mortgage repayments.

## 2: Mortgage Interest Rate Changes

**KBCD will ensure that the interest rate that applies to the mortgage accounts of impacted customers will be amended so that the interest rate applied to the mortgage is the rate which would have applied had the failure not occurred.**

**For some customers the incorrect rate may have been applied for a period of time only with the account already operating on the correct interest rate when the Tracker Review commenced.**

### **Can I speak to someone regarding my interest rate changes? What should I do next?**

You can call our dedicated team on 01-664 6983 Monday to Friday between 9am and 5pm. We would encourage you to get independent legal/financial advice.

If you are happy to remain on the tracker rate applied to your mortgage, you do not have to do anything.

You will find more information on the types of mortgage rates available to you at the back of this guide.

### **I am not happy with the new tracker rate being applied to my account?**

If you would like to discuss your options further you can contact us on 01-664 6983 Monday to Friday between 9am and 5pm.

You will find a Mortgage Rate Change Instruction Form enclosed within this pack. You should complete this Mortgage Rate Change Instruction Form and return it to the Tracker Mortgage Examination Team, KBC Dublin Branch, Sandwith Street, Dublin 2 to confirm if you do not want to accept the tracker rate. If we do not hear back from you, we will assume that you would like to remain

on the tracker rate outlined in your information pack.

We would encourage you to get independent legal/financial advice regarding your rate changes.

### **How long do I have to change my interest rate?**

You should return the Mortgage Rate Change Instruction Form to us within 2 months of the date of your KBCD Tracker Redress and Compensation letter. We would encourage you to come back to us as quickly as possible. This instruction form should only be completed if you do not want to remain on the tracker rate.



### 3: Financial Summary Statements

The Financial Summary provides you or an independent financial advisor with the detailed breakdown of the adjustments we have made to your mortgage account balance and the direct payment to you for any redress and compensation. You will have received a Financial Summary with your letter, or would have previously received one. If you require a copy of same please contact our dedicated team.

#### Why have you reduced my loan balance and not paid the difference to me directly?

The purpose of KBCD Tracker Redress and Compensation Programme is to put your mortgage account back into the position it would have been in had KBCD not made this error. For this reason your mortgage account balance has been adjusted. However, once this has been completed and if there is any additional overpayment this will be paid directly to you.

#### My account is closed? How did you calculate the redress?

To calculate the redress KBCD applied a market based rate to the overpayment which allowed us to calculate what your overpayments would have been at that point in time.

# FINANCIAL SUMMARY STATEMENT – SOME TERMS EXPLAINED

The Financial Summary Statement included within your KBCD Tracker Redress and Compensation Information Pack provides you or an independent financial advisor with the detailed breakdown of the adjustments we have made to your mortgage account balance and the direct payment to you for any redress and compensation. The following terms may appear, depending on your circumstances, within the Financial Summary Statement of your pack. You can also refer to the Financial Summary Guide included with your pack for further information.

## Excess Interest Charged

This is the excess interest charged to your mortgage account i.e. the difference between the amount of interest we actually charged on the incorrect rate and the amount of interest we should have charged you if we had applied the correct rate.

## Mortgage Account Balance Adjustment

As your mortgage account was on an incorrect rate your current mortgage balance is too high, therefore we have taken a number of steps that will bring your mortgage balance back to where it should have been had this failure not occurred. The example Financial Summary Guide will give you further details on the steps we have taken to reduce your capital balance. If your account has been closed the total excess interest charged will be refunded directly to you as there is no mortgage balance to adjust.

## Customer Overpayments

This is where the total payments you have made to your mortgage account since drawdown exceeds the total repayments we should have asked you to make on the correct rate. If there

were overpayments made as a result of being on the incorrect rate these will be refunded to you directly and will not be used to adjust your mortgage balance, unless you request us to do so.

## Refund of Fees Charged

This is the refund of fees that were charged to your mortgage account as a direct consequence of being charged the incorrect rate i.e. these fees would not have been charged to your mortgage account had you been charged the correct rate.

## Time Value of Money (TVM)

TVM compensates you for not having the access to money you overpaid each month. This payment is made as part of redress.

## How have we calculated TVM?

This is calculated based on the amount that was overpaid on your mortgage account each month. To calculate this we apply, on an annual compounding basis, the average annual ECB refinance rate plus an additional 1% to the monthly overpayment from the date of overpayment to the current period. If

you have any questions in relation to this, please contact our dedicated team on 01 664 6983.

### **Independent Professional Advice**

You may wish to avail of Independent Professional Advice as a result of this review. We have included this amount in your financial summary. To request this payment to put towards these costs, please complete, sign and return the relevant Payment Authorisation Form in the enclosed FREEPOST envelope. You can use this at your discretion.

## 4: Redress and Compensation

### What does redress mean?

Redress means that KBCD are committed to putting your account back to the position it would have been had we not made an error. This means applying the correct mortgage rate to your account but also correcting your account balance by bringing your mortgage balance back to where it should have been had this not occurred.

### Why is redress not being paid directly to me?

The KBCD Tracker Redress and Compensation Programme means that we will put the mortgage account back into the position it would have been had we not made an error. For this reason the balance of your mortgage account has been adjusted. However, should the overpayments exceed this balance adjustment you will receive the difference through a direct payment.

If there were overpayments made as a result of being on the incorrect rate these will be refunded to you directly and will not be used to adjust your mortgage balance, unless you request us to do so.

Compensation, which is different, will be paid directly to you.

For customers in arrears, any additional overpayments will be allocated against the arrears balance with any remaining overpayment being paid directly to you.

### What does compensation mean?

Compensation is a separate payment that will be made to each customer who has been impacted in recognition of our failure and will be paid directly to them. The amount of compensation differs from customer to customer and reflects their particular circumstances.

### Will I be refunded any fees as part of this review?

Yes. We will also be refunding any relevant fees that you may have incurred since this error began on your account.

# 5: Appeals and Complaints

## What can I appeal?

You can appeal any aspect of your redress and compensation letter within 12 months from the date of this letter.

This includes:

- The period that we deem your account has been impacted
- The interest rate we have applied to correct your account.
- The adjustment of your mortgage balance.
- Your redress payment amount.
- The amount of compensation you have received.
- How you have been categorised in terms of compensation (for example, if you believe we incorrectly deemed your property as Buy to Let).
- Appeal the cost of independent financial advice.

## What if I want to make an appeal, how do I do this?

The purpose of the KBCD Tracker Redress and Compensation Programme is to put you in the position you would have been had the failure not occurred and to compensate you for the failure which occurred. Having reviewed the content of this letter you may not be happy with your new interest rate and/or the compensation you have received.

We have put in place an independent appeals process to ensure that every impacted customer can have their own situation reviewed, and can appeal the redress and compensation offer. You

may wish to seek independent advice in relation to bringing an appeal - the costs of this advice may be recovered if your appeal is successful.

To bring an appeal, you should request an appeals form from us by calling our dedicated team on 01-664 6983 Monday to Friday between 9am and 5pm.

## Can I accept the current redress and compensation payment and still appeal?

Yes you can and this will not impact your right to appeal. This means that you are entitled to make an appeal and this will not reduce the redress and compensation payments as outlined in your redress and compensation letter.

## How long do I have to make an appeal?

You have 12 months to make an appeal from the date of your most recent KBCD Tracker Redress and Compensation letter.

## Will this appeal impact my rights?

Any appeal does not affect your right to the redress and compensation and you can still make a complaint to the Financial Services Pensions Ombudsman or pursue the matter through the courts.

**I have an ongoing open appeal before the Independent Appeals Panel and I am not satisfied with the actions outlined in the further letter I received?**

If you have an ongoing open appeal before the Independent Appeals Panel and you are not satisfied with the actions outlined in the further letter you should contact the panel to raise any further issues. The Independent Appeals Panel can be contacted at:

The Independent Secretariat Appeals Panel for the KBC Bank NV Dublin Branch Mortgage Tracker Examination, c/o BDO, Block 3, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, D02 Y754.  
Phone 1800 800 677.

**I want to make a Complaint, how do I do this?**

Should you wish to make a complaint directly to us you can call our dedicated team on 01-664 6983 Monday to Friday between 9am and 5pm. The complaint will be fully investigated by us and if it is not resolved to your satisfaction within five business days, a written response will be provided to you.

**You can make a complaint to the Financial Services Pension Ombudsman and/or through the court.**

# MORTGAGE RATES EXPLAINED

## Standard Variable Rate

With a variable rate, your monthly repayments may rise or fall from time to time. If the variable rates fall your monthly repayment reduces, while if variable rates rise, your monthly repayment increases. Variable rates can be increased or reduced at the discretion of the lender.

When you have a variable rate, you benefit from lower monthly repayments as a result of any reductions which may apply to variable rates and if you decide to redeem your mortgage, fully or partially, you will not be charged a break funding fee. The disadvantage of a variable rate can be that your rate and monthly repayment may increase and as a result you do not know exactly how much your monthly mortgage repayment will be, which makes budgeting your finances more difficult.

## Fixed Interest Rate

With a fixed interest rate, the monthly repayment you make is fixed for the period you choose, (normally 1, 2, 3 or 5 years). On the expiry of this fixed rate period your interest rate will change to a different rate as outlined in your loan offer agreement, unless we both agree to fix your rate again for a further period at the fixed rates that may then be available.

During the fixed period you will not be subject to any rate increases (subject to a number of limited exceptions set out in our General Homeloan Conditions)

nor will you be able to avail of any rate reductions that may be passed on to variable rate customers.

When you choose a fixed rate, you benefit from knowing exactly how much your monthly mortgage repayment will be during the fixed period, which makes budgeting your finances easier. The disadvantages of a fixed rate can be that you will not benefit from any reductions which may apply to variable and or tracker interest rates during the fixed period, and if your mortgage is redeemed either fully or partially during the fixed period (which may arise as a result of a sale of the property either by you or in an enforcement scenario) you may be charged a break funding fee.

## Tracker Rate Mortgage

With a tracker rate, your monthly repayments may rise or fall from time to time. If the tracker rates fall your monthly repayment reduces, while if the tracker rates rise, your monthly repayment increases. Tracker rates increase or reduce in line with increases and reductions in the European Central Bank (ECB) Base rate.

When you have a tracker rate, you benefit from lower monthly repayments as a result of any reductions which may apply to tracker rates and if you decide to redeem your mortgage, fully or partially, you will not be charged a break funding fee. You will also benefit from the certainty that your rate will be maintained

at a constant margin above the ECB Base rate. The disadvantage of a tracker rate can be that your rate and monthly repayment may increase and as a result you do not know exactly how much your monthly mortgage repayment will be, which makes budgeting your finances more difficult.

### **Loan to Value (LTV) Rate**

With Loan to Value Rates, one of the factors used in determining the relevant category of loan for interest rate purposes is the outstanding balance on your mortgage relative to the value of the property (as determined by a valuation report satisfactory to us) provided to us as security for the mortgage (the 'LTV Percentage'). The LTV percentage is calculated using the amount outstanding on all accounts secured by the property on the date the LTV Percentage is calculated divided by the value attributed to the property in the satisfactory valuation report multiplied by 100. The difference between variable and fixed rates is set out above.



# MORTGAGE TERMS EXPLAINED

## **Annual Percentage Rate**

(APR) The total cost of borrowing presented as an annual percent of the amount given. Describes the interest rate for a whole year rather than just a monthly fee/rate.

## **Arrears**

If you fall behind with your mortgage repayments, your mortgage is in arrears and there may be additional charges.

## **Buy To Let (BTL)**

A buy to let property is one which has been purchased as an investment in the residential property market.

## **Capital**

The amount you owe excluding costs and interests.

## **Credit Rating**

A rating lenders put on borrowers and banks based on their credit worthiness.

## **Central Credit Register (CCR)**

The CCR is a database that contains information on the performance of credit agreements between financial institutions and borrowers.

## **Interest Rate**

The percentage of the amount charged by a lender to a borrower for the use of assets.

## **Maturity date**

This is the last day of your mortgage agreement – the day your loan must be paid in full or the agreement renewed.

## **Mortgage Balance Adjustment**

A mortgage balance adjustment is an amendment to your mortgage balance which puts your account back in the position it would have been in had the error not occurred.

## **Mortgage Loan**

A long-term loan used to buy property. The loan is usually secured against the borrower's property.

## **Mortgage Term**

The length of time specified to repay your mortgage loan.

## **Negative Equity**

When the value of a property is less than the mortgage owed.

## **Private Dwelling Home (PDH)**

A private dwelling home is one which has been purchased as the buyers primary residence.

## **Residential investment property**

A property not occupied by the owner but used to generate profit through rental income and/or capital gains.

## **Split Mortgage Rate**

A percentage of the mortgage loan is set at a fixed interest rate, and the remainder at a standard variable interest rate. If the standard variable interest rate changes only repayments on the standard variable portion of the mortgage will be affected.





KBC Bank NV Dublin Branch is licensed by the National Bank of Belgium in Belgium and is regulated by the Central Bank of Ireland for conduct of business rules.