

Minister McEntee to reform personal insolvency legislation to help borrowers hit by COVID-19

From [Department of Justice and Equality](#)

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- **new Bill will remove obstacles in accessing the protection of the Personal Insolvency Acts for those with incomes severely hit due to the pandemic**
- **Minister's measures will help borrowers at risk of losing their homes**

The Minister for Justice, Helen McEntee TD, has obtained Government approval for priority drafting of the Personal Insolvency (Amendment) (No. 1) Bill.

This Bill will reform personal insolvency legislation to increase supports for borrowers whose income has been severely hit by the pandemic.

The Minister said:

"This short but urgent Bill tackles a number of issues in existing legislation. In the context of the current pandemic, these problems risk denying homeowners in difficulty the protection afforded by the Personal Insolvency Acts if they are struggling to pay what they owe.

"The Personal Insolvency Amendment Act 2015 introduced a key protection for insolvent homeowners who were struggling to pay their mortgage arrears.

"It allowed them the right to seek review by a court if their mortgage lender or other creditors refuse a reasonable proposal for a personal insolvency arrangement.

"However, that protection currently only applies to home mortgage arrears dating from before January 1, 2015. My new Bill will remove the condition that mortgage arrears must pre-date January 1, 2015."

The Minister added:

"Post-COVID, that condition would mean that a person who now finds themselves insolvent and in home mortgage arrears, arising from an unforeseeable loss of income, would be shut out from accessing this vital court protection. We want to avoid such a scenario.

"This is the first delivery on our Programme for Government commitment to introduce necessary reforms to our personal insolvency legislation.

"A second, wider Personal Insolvency Bill is being finalised. This will implement further important changes arising from the statutory review of the Personal Insolvency Acts, including making the process more streamlined and more effective."

The Minister said the Bill is a priority for the autumn session under the Government Legislative Programme. She is hopeful that drafting can be completed quickly and that the Bill could receive cross-party Oireachtas support for its rapid progression, once the final text is approved by Government.

The Bill also removes an obstacle for an insolvent person with very little income or assets to resolving their debts under the Personal Insolvency Acts by means of a Debt Relief Notice.