

Equiniti partners bank to deliver remediation services for 6,225 mortgages in arrears



Equiniti builds on its strong relationship with a major bank, delivering highly complex operational solutions to meet the bank's mortgage remediation requirements.

Overview

A major international bank sought a partner to help manage 6,225 mortgages that had fallen into arrears by more than two monthly instalments as a result of changes brought by the Consumer Credit Act (CCA) (2006).

The bank required an organisation that could bring the resource and expertise to the project to help it meet the rigid deadlines set by the CCA. Failure to comply would result in the bank incurring significant penalties.

Equiniti was chosen to partner with the bank, joining the project at a crucial time, as the bank had implemented an automated solution to meet the CCA's requirement for mortgage providers to produce a Notice of Sums in Arrears (NOSA).

However the bank's solution only removed 'simple' arrears and did not take into account more complex arrears that had been affected by compound interest, default sums and simple interest, resulting in incorrect calculations. The mortgage recalculations relating to NOSAs were further complicated by rate changes just prior to the CCA (2006) as well as the concurrent recalculation of the

Contractual Monthly Instalment.

As a result, Equiniti was tasked with investigating all 6,225 affected mortgage accounts, resourcing the project using its own in-house expertise.

Based on the high standard of Equiniti's output, the bank extended its original brief, allocating further tasks to Equiniti including quality control and customer communications. The partnership significantly reduced the bank's workload, helping it meet the deadlines as set out by the CCA as well as mitigating the risk of incurring penalties.

The right partner for a complex project

The bank discovered that it had based its new calculations on incorrect starting balances and that significant work would be required to deliver accurate figures to the bank and its customers. The remediation work was complicated by a number of subsequent mortgages that had fallen into arrears as a result of incorrect calculations – meaning additional NOSAs had to be produced.

Equiniti had demonstrated its ability to manage complex and technical tasks on previous projects it had delivered for the bank, and the successful relationship between the two organisations was vital to Equiniti's selection for the mortgage remediation project. Equiniti's innate knowledge of the banking sector and experience of working in regulated environments was also key. Equiniti was tasked with delivering a number of objectives to help the bank avoid any potential fines:

- Investigating and analysing all mortgage accounts that were open as at 1st October 2008 and were affected by changes brought by the CCA
- Calculating the correct position for each customer
- Advising what action needed to be taken to return the accounts to their correct positions including any refunds or fees, removals of arrears or refunds of interests

Assured results

Equiniti supported the development of a calculator that would investigate each mortgage account and deliver an accurate set of results. Equiniti was responsible for testing the application and checked the results to ensure these were accurate for each account. A series of workflows compared these results with the original calculations and produced a summary of findings. This summary was then issued to the bank for verification.

Equiniti produced a high quality output, exceeding the bank's expectations and often completing tasks ahead of schedule. All members of the Equiniti team were highly experienced in reconciling accounts and handling complex financial transactions.

Equiniti's ability to rapidly scale resourcing up or down to adapt to the fluctuating volumes of work involved in the project was critical to easing the bank's workloads and technical challenges.

As part of the skilled delivery team, project managers adhered to the bank's governance and compliance procedures minimising risk as well as meeting the bank's rigid deadlines. Regular and consistent communication allowed Equiniti to forecast forthcoming work including any new processes it could absorb from the client.

All data transmission adhered to ISO 27001 accreditation standards providing the bank with assurance that its customers' information would remain protected at all times. All communications were encrypted and sent via the bank's secure messaging server.

Throughout the project, benchmarking tools were used to monitor quality and performance.

Challenges

The main challenge during the project was assessing whether the output from the automated calculator that the bank

had developed was correct. This involved comparing the interest-bearing balances to the outcomes of the calculator to identify any discrepancies.

The results of the analysis determined that the calculator did not cover all scenarios and, as a result, had to be reprogrammed and previously calculated accounts reworked by the Equiniti team.

The timeframes in which live accounts were required to be dealt with posed a further challenge. Live accounts – 2,662 in total – had to be processed by Equiniti on the same day they were received from the bank in order to avoid accruing the next day's interest.

Project outcomes

During the course of the project, Equiniti built up a level of knowledge to match that of the bank's internal team, significantly reducing the client's workloads in terms of volume and technical processing and consistently delivering an accurate output.

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