

Glossary of General Terms

This glossary is to help you understand information you may have received in correspondence from us. We will try to explain things clearly and simply.

What this glossary does not do:

- We do not attempt to give legally accurate definitions of words and phrases.
- This glossary is not legal or financial advice. If you need legal or financial advice, you need to ask your solicitor or financial adviser.
- This glossary does not have any effect on any terms and conditions.
- It does not change any information we give you about our products.

Consumer Finance Terms

Affordability

Affordability means how much you can afford to repay on a loan, like a mortgage, credit card, or personal loan. When you apply for a loan, we check your income, savings and spending to understand if you can afford to make the repayments.

Annual Percentage Rate (APR)

APR (Annual Percentage Rate) is the yearly cost of borrowing money, shown as a percentage. It includes the interest you pay plus extra fees and charges.

It helps you understand the real cost of a loan or credit card because it combines interest and fees into one number. This makes it easier to compare different offers. If you only look at the interest rate, you might think a loan is cheaper. But if the fees are high, the APR will show the real cost. In general, the APR is better for comparing loans or credit cards.

Arrears

These are missed payments on a loan or credit agreement. In other words, they are payments or amounts that are overdue. If you are “in arrears,” it means you are behind on your payments and money is overdue. It can also include interest on the overdue amounts.

Bank Identifier Code (BIC)

This is a unique number that identifies your bank. It is the code needed, together with your IBAN (International Bank Account Number), to send and receive electronic international payments.

Credit report

A credit report shows details about your borrowing history so that lenders can see how you manage credit, such as loans, mortgages and credit cards. This is produced by the Central Credit Register (CCR).

Default

When a person does not make a payment they agreed to, such as a loan instalment or interest. Default usually happens when payments are missed for a certain period.

Direct debit

An arrangement that allows a company or organisation to take money directly from your bank account on agreed dates. It is often used for regular payments like bills, subscriptions, or loan repayments. You give permission once, and the payments happen automatically.

Fraudulent transaction

A payment or transfer of money that is done illegally or dishonestly. It usually happens when someone uses another person's account, card, or details without permission to steal money or buy goods. This can happen if your card details have been compromised or your card has been lost or stolen.

Insolvency

Insolvency means that a person or business cannot pay their debts when they are due. For example, it can refer to a customer who cannot meet loan or credit card repayments.

Interest rate

The percentage that a lender charges when you borrow money, or that a bank pays you when you save money. It shows the cost of borrowing or the reward for saving, usually calculated on the amount of money for a set period (often yearly).

A fixed interest rate stays the same for the whole or some of the term of a loan or savings product. It does not change even if market rates go up or down. A variable interest rate can change during the term of a loan or savings product. It usually moves up or down based on market conditions or a reference rate (like a central bank rate). This means your payments can increase or decrease over time.

Intermediary

A person or company that acts as a middle link between a customer and a financial provider. They help arrange financial products like loans, insurance, or investments but do not provide the money themselves. Examples include brokers and agents.

International Bank Account Number (IBAN)

This is a long, unique number for your bank account. It is used with your Bank Identifier Code (BIC) for international payments and on its own for payments in the Republic of Ireland.

Monthly repayment

The amount of money you pay each month to reduce a loan or credit balance. It usually includes part of the money you borrowed (the principal) and the interest charged. Some repayments may also include fees.

PIN

PIN stands for Personal Identification Number. For example, this is the four-digit number that you enter into a cash machine when you want to take out cash, or that you use when you make a payment with your credit card.

SEPA

SEPA (Single Euro Payment Area) is a system that makes it easy to send and receive euro payments across European countries. It is just like making bank payments here in the Republic of Ireland.

Stamp duty

Stamp duty is a type of tax you pay to the government. In the Republic of Ireland, the government charges stamp duty on credit cards.

Terms and conditions

Terms and conditions make up the contract between a bank or other company and its customers. For example, they set out the rights, responsibilities, and obligations of both you and the lender in a credit agreement.

Unauthorised transaction

An unauthorised transaction is a payment that you did not make or approve. If your card is used without your consent, please call us on this freephone number 1800 286262 or +353719594040.

Mortgage Terms

Accrue

Mortgage interest accrues daily. This means that interest is building up over time on the remaining mortgage balance that is not yet paid.

APRC - Annual Percentage Rate of Charge

Annual Percentage Rate of Charge is the total cost of a mortgage over its full term, expressed as an annual percentage. It includes the interest rate, fees, charges, and costs that form part of the credit agreement. We calculate it to a standard set out in consumer protection legislation.

Affordability

Affordability means how much you can afford to repay on a loan, like a mortgage, credit card, or personal loan. When you apply for a loan, we check your income, savings and spending to understand if you can afford to make the repayments.

Approval in Principle (AIP)

Provisional approval for a mortgage loan amount and term. It is not a legally binding agreement but outlines how much we might lend you, based on an initial review of your finances. There are conditions that you will have to meet before a formal offer is issued.

Applicant(s)

A mortgage applicant is a person who is seeking to borrow money to buy a home.

Alternative Repayment Arrangement (ARA)

An Alternative Repayment Arrangement (ARA) is an agreed change to your original mortgage terms that makes your repayments more manageable when you are in financial difficulty.

Arrears

Payments that have been missed on a mortgage. If you fall behind in your mortgage repayments it means your mortgage is in arrears. We will continue to charge you interest on the amount that is outstanding, including the arrears, at the current rate of interest applied to your mortgage account.

Assessment

A review of your financial situation so we can decide next steps.

Assign

To assign something in relation to a mortgage means to transfer a legal right or interest from one party to another. This usually relates to transferring the lender's rights or transferring a borrower's related asset (like a life policy) to secure the mortgage.

Bankrupt

A person that is bankrupt cannot pay their outstanding debts and is legally recognised as insolvent (not able to pay their debts as they fall due).

Borrower

The person(s) who took out the mortgage and must repay it.

Benchmark Variable Rate Loan

This is a loan where the interest rate is set by the lender in accordance with a reference rate, e.g. Euribor. The Avant Money Flex Mortgage rate is made up of two elements – a benchmark rate plus a margin.

Benchmark Rate

This means the part of the mortgage interest rate applicable to a Benchmark Variable Rate Loan varies by reference to a Benchmark, e.g. Euribor.

Building Energy Rating (BER)

A home's Building Energy Rating (BER) is an assessment of its energy efficiency on a scale of A to G. A-rated homes are the most energy efficient and G-rated are the least energy efficient. The rating is calculated based on the energy performance of its heating, cooling, ventilation, and lighting systems.

Broker

A financial advisor offering advice on a range of mortgage, deposit and investment products from various lenders.

Capital

The amount you owe not including costs and interest. This is also known as the principal of the loan.

Collateral

The property you're buying, which serves as security for your mortgage.

Cost of Credit

The cost of credit is the difference between the amount you borrow and the total amount you'll repay by the end of the loan period.

Deeds

Official documents to show who owns the property.

Deposit

An initial sum of money paid to the seller for the purchase of a property. A first-time buyer or second time buyer will require a 10% deposit.

Dependents

A dependent is generally understood as a person who relies on someone else, for care, financial support, or inclusion on a policy or benefit.

Direct Debit Mandate

Instructions that you sign for your bank to pay us your mortgage repayment each month. If the payment amount changes, for example with a variable interest rate, the direct debit will change automatically.

Discharged

To discharge a mortgage means to legally remove the lender's charge (security) from your property once the mortgage has been fully repaid.

Drawdown

This is when we give your solicitor money so they can make the payment for your new home. It usually happens after all the paperwork is finished and the sale is ready to go through. In the case of switchers and equity release customers, the money is not used to pay for a new home.

Early Repayment Fee/ Early Redemption Fee

This fee only applies to fixed rate mortgages. This is a charge, sometimes called a breakage charge, that applies if you switch out of a fixed rate mortgage before the expiry of the current fixed rate period or you make a full or partial redemption of the loan while on a fixed rate.

Equity

This is the difference between what your home is valued at and your outstanding mortgage debt. Home equity is the amount of ownership that has been built up by the mortgage holder through payments and appreciation.

Equity Release

Equity release lets you borrow money using the value of your home. If your home is worth more than what you still owe on your mortgage, you may be able to take out an extra mortgage loan (called an equity release) secured against your property.

Exceptions

Ireland has strict macroprudential rules that apply to all lenders. Lenders may issue a limited number of exceptions in certain circumstances. For example, an allowance might be appropriate for younger borrowers who are at an early stage in their income lifecycle. The proportion of lending allowed above the limits applies at the level of the

borrower type, such that 15 per cent of First Time Buyer and Second Time Buyer lending can take place above the limits.

First time buyer

A first-time buyer is someone who has never before (either on their own or with others) had a mortgage in Ireland or abroad. It also includes someone releasing equity from a family home they inherited or bought (whether with cash or a gift) and have never had a mortgage on it before, or who has a first-time buyer mortgage and now wants to release equity.

You may also qualify as a first-time borrower if you meet the Central Bank of Ireland's criteria as a "fresh start" borrower.

- You have borrowed as a first-time borrower for a family home before as part of a couple, but you no longer have an interest in that property yourself because your marriage, civil partnership or relationship has ended, and you have no other mortgage loans.
- You have been declared insolvent or bankrupt and no longer have an interest in any property.

Facility

A loan facility is a legally binding commitment in which a lender makes a specified amount of capital available for a set period.

Fixed Interest Rate

With a fixed rate mortgage, your interest rate and monthly repayments are fixed for a set amount of time. This means the monthly repayments for the loan are the same every month during the selected term of the fixed rate, so long as there is no other change to your mortgage account. Should you repay the loan early or change to another product, rate or lender within the agreed term of the fixed rate, you may have to pay an early redemption fee. Although a fixed rate means your repayments cannot increase for a set period of time, your repayments will not fall during the fixed rate period.

Flex Mortgage

The Avant Money Flex Mortgage is a variable-rate mortgage product with built-in flexibility, transparency, and no-penalty overpayments. It is benchmarked to the 12-month Euribor, making it different from standard variable rates set solely by lenders. The interest rate is made up of a benchmark rate plus a margin. The benchmark rate is linked to an external reference rate, the 12-month Euribor. Each year your rate will be reset, and depending on how the benchmark rate has moved, your rate will either increase or decrease, but your agreed margin will not change.

Freehold or Leasehold

A freehold title gives the holder ownership of the land and buildings for an indefinite period. A leasehold title gives the holder a right to use and occupy the land and buildings for a defined period of time.

Folio

A folio is the official record of who owns a property, what the property is, and what affects it.

FSPO

The FSPO stands for the Financial Services and Pensions Ombudsman.

It is an independent, impartial, fair, and free service in Ireland that helps consumers and small businesses resolve complaints against financial services providers (e.g., banks, insurers, credit servicers) and pension providers.

Guarantor

A guarantor is someone who agrees to repay a loan if the main borrower fails to keep up payments.

Home Insurance

Home insurance is a property insurance which covers private homes, buildings and contents. The cost of home insurance often depends on what it would cost to rebuild the house and how much it would cost to replace all the contents of the house. You'll need to have a home insurance policy in place before you can draw down your mortgage.

Insolvency

A person or company is insolvent when they can't pay what they owe, when they owe it, or when their debts are greater than everything they own.

Interest

When you borrow money from a bank, the bank charges interest, which is the cost of borrowing money. Think of it as the bank's fee for lending you funds.

Intermediary

A mortgage intermediary is a regulated broker who helps a consumer get a mortgage by arranging a housing loan or introducing the consumer to someone who can. They must be authorised by the Central Bank of Ireland and can be paid by commission.

Letter of Offer (this refers to the Credit Agreement)

Once a mortgage application has been approved, you'll receive a formal letter setting out the conditions of the loan. Your solicitor will also get a copy.

Loan to income (LTI)

Your LTI ratio limits the amount of money you can borrow generally to a maximum of 4 times gross income for first time buyers and 3.5 times gross income for second/subsequent buyers.

Loan to Value (LTV)

This is a percentage figure which represents the difference between your mortgage loan and the value of your property. For example, if your mortgage is for €150,000 on a property valued at €200,000, it would be a 75% LTV ratio.

MABS

MABS (Money Advice and Budgeting Service) is a free, independent, confidential State-funded service that helps people who are in debt or at risk of falling into debt. It provides practical advice, budgeting support, and guidance to help people manage their money and deal with creditors.

MARP

The Mortgage Arrears Resolution Process (MARP) is a process that all financial institutions must use under the mandate of the Central Bank's Consumer Protection Code Regulations (CPC 2025). Under this process we aim to engage with, support and find resolution for our mortgage customers who are in arrears or at risk of going into arrears.

Maturity Date

This is the last day of the mortgage agreement. It's the day the mortgage loan must be paid in full.

Mortgage Protection

When taking out a mortgage you need to consider how it'll be paid off in the unlikely event of your death before the mortgage has been fully repaid. When you get a mortgage to buy your home, you'll generally be required by your lender to take out mortgage protection insurance. This is a particular type of life assurance taken out for the term of the mortgage and is designed to pay it off on the death of the borrower or joint borrower before the end of the mortgage term.

Monthly Repayment

The amount of money you pay each month to pay back the mortgage amount and interest.

Mortgage Term

This is the length of time within which you agree to repay your mortgage. You'll find details of your mortgage term in your original letter of offer.

Moratorium

A temporary pause on loan repayments.

Negative Equity

This means your home is worth less than the amount you still owe on your mortgage. For example, if your home is worth €200,000, but you still owe €220,000. Negative equity is €20,000.

Overpayment

This is when you pay extra money on top of your regular mortgage repayment. It can help you pay off your mortgage faster and save on interest.

Personal Insolvency Practitioner (PIP)

A Personal Insolvency Practitioner (PIP) is a licensed professional authorised by the Insolvency Service of Ireland (ISI) to act on behalf of individuals who are insolvent and need formal debt solutions.

Principle

The amount of money you originally borrowed to buy your home. It does not include any interest or fees.

Principal private residence, Home, PDH (Private Dwelling House)

A person's primary residence or main residence is the dwelling where they usually live within the state. A person can only have one primary residence at any given time.

Redemption

The process of paying off your mortgage in full, either at the end of the term or earlier than expected. This might happen if you sell your property or switch to another lender.

Repossession

A legal repossession is when a lender applies to the court to take back a property because the mortgage has not been repaid as agreed.

Residual

An outstanding loan balance.

Restructure

Loan restructuring means changing the terms of a loan to make the repayments more manageable for the borrower.

Standard Financial Statement (SFS)

A detailed form that sets out a borrower's full financial situation. It is used when someone is in arrears or worried about future repayments so the lender can assess affordability and decide what support or arrangement is appropriate.

Solicitor

A legal professional who handles property and legal matters.

Stage Payments

Payments released in instalments, usually linked to defined stages of a construction or home-improvement project. Instead of receiving the full loan drawdown at once, the borrower draws down the mortgage in phases as the build progresses.

Stamp Duty

A tax you pay to the government when you buy a property or land. Currently, in Ireland, it's 1% of the property price up to €1,000,000, 2% on the next €500,000, and 6% on any amount over €1,500,000.

Suitability

Lenders have an obligation to ensure that a recommended mortgage product aligns with a borrower's specific financial situation, needs and objectives. A written statement of suitability is provided in the application process and explains why a specific product chosen by the borrower is the most appropriate option.

Undertaking

A solicitor's undertaking is a formal, legally binding promise made by a solicitor in the course of legal practice to do something or refrain from doing something.

Underwriters

In a mortgage context, underwriters are the specialists who assess the risk of lending to a borrower and decide whether a mortgage application should be approved, declined, or approved with conditions.

Unsustainable

An unsustainable mortgage is a mortgage that a borrower cannot afford to repay now or in the future, even with temporary help or changes to the repayment plan.

Valuation Report

This is a report carried out by a professional valuer that sets the market value of a property before your mortgage is finalised.

Variable Rate

Variable rates offer the most flexibility. They allow you to increase your repayments, use a lump sum to pay off all or part of your mortgage or re-mortgage without having to pay any fixed rate breakage fees. However, because variable rates can rise and fall, your mortgage repayments can go up or down during the term of your loan.