

Credit agreements for consumers

2002/0222(COD) - 25/02/2008 - Commission opinion on Parliament's position at 2nd reading

The European Parliament voted on, in second reading, a consolidated text which contains a number of amendments to the text of the Common Position. The text is the result of negotiations between the Council, the Parliament and the Commission.

The most important and, at the same time, most controversial amendment concerns the compensation in cases of early repayment. Regarding the determination of the compensation, the Parliament deleted the reference to the reference interest rate of the European Central Bank. It also added a possibility for Member States to introduce a provision whereby creditors may exceptionally claim a higher compensation than the caps if their loss is higher than the caps, and consumers may ask for a reduction of the compensation if they can prove the opposite.

The Commission accepts this amendment and all other amendments voted by the Parliament.

According to the Commission, the outcome of the second reading in the Parliament was overall satisfactory: precontractual and contractual information and the annual percentage rate of charge are fully harmonised. The right of withdrawal is fully harmonised with a small flexibility for Member States to reduce, under very restricted conditions, the period for exercising the right of withdrawal of 14 days to 7 days. The Commission would have preferred more harmonisation in this area as well as on the compensation in cases of early repayment. However, it can accept the flexibilities granted to Member States as part of an overall package agreement that will establish a high standard of consumer protection while fixing the conditions for a genuine internal market in consumer credit.