











Procedure file

| Basic information | | | |
|---|--|--|-------------------------|
| COD - Ordinary legislative procedure (ex-codecision procedure) Directive | | Awaiting Parliament's position in 1st reading | |
| Consumer credits Repealing Directive 2008/48 2002/0222(COD) | | | |
| Subject 1.20.09 Protection of privacy and data protection 2.50.04 Banks and credit 4.60.06 Consumers' economic and legal interests | | | |
| Legislative priorities Joint Declaration 2021 Joint Declaration 2022 | | | |
| Key players | | | |
| European Parliament | Committee responsible  Internal Market and Consumer Protection | Rapporteur  KONEČNÁ Kateřina | Appointed 14/07/2021 |
| | | Shadow rapporteur  SOKOL Tomislav  LEITÃO-MARQUES Maria-Manuel  YON-COURTIN Stéphanie  GALLÉE Malte  BASSO Alessandra  JURZYCA Eugen | |
| | Committee for opinion  Economic and Monetary Affairs | Rapporteur for opinion  BELKA Marek | Appointed 01/09/2021 |
| Council of the European Union | | | |
| European Commission | Commission DG Justice and Consumers | Commissioner REYNDERS Didier | |
| European Economic and Social Committee | | | |
| Key events | | | |
| 30/06/2021 | Legislative proposal published | COM(2021)0347 | Summary |

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|------------|---|------------------------------|---------|
| 08/07/2021 | Committee referral announced in Parliament, 1st reading | | |
| 12/07/2022 | Vote in committee, 1st reading | | |
| 12/07/2022 | Committee decision to open interinstitutional negotiations with report adopted in committee | | |
| 05/09/2022 | Committee report tabled for plenary, 1st reading | A9-0212/2022 | Summary |
| 12/09/2022 | Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71) | | |
| 14/09/2022 | Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71) | | |

Technical information

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| Procedure reference | 2021/0171(COD) |
| Procedure type | COD - Ordinary legislative procedure (ex-codecision procedure) |
| Procedure subtype | Legislation |
| Legislative instrument | Directive |
| | Repealing Directive 2008/48 2002/0222(COD) |
| Other legal basis | Rules of Procedure EP 159 |
| Mandatory consultation of other institutions | European Economic and Social Committee |
| Stage reached in procedure | Awaiting Parliament's position in 1st reading |
| Committee dossier | IMCO/9/06432 |

Documentation gateway

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|--|-------------|--|------------|------|---------|
| Legislative proposal | | COM(2021)0347 | 30/06/2021 | EC | Summary |
| Document attached to the procedure | | SEC(2021)0281 | 01/07/2021 | EC | |
| Document attached to the procedure | | SWD(2021)0170 | 01/07/2021 | EC | |
| Document attached to the procedure | | SWD(2021)0171 | 01/07/2021 | EC | |
| Document attached to the procedure | | N9-0060/2021 OJ C 403 06.10.2021, p. 0005 | 26/08/2021 | EDPS | |
| Economic and Social Committee: opinion, report | | CES3601/2021 | 20/10/2021 | ESC | |
| Committee draft report | | PE696.560 | 31/01/2022 | EP | |
| Amendments tabled in committee | | PE719.857 | 15/03/2022 | EP | |
| Amendments tabled in committee | | PE729.905 | 15/03/2022 | EP | |
| Amendments tabled in committee | | PE729.906 | 15/03/2022 | EP | |
| Committee opinion | ECON | PE704.756 | 04/05/2022 | EP | |
| Amendments tabled in committee | | PE732.820 | 12/07/2022 | EP | |
| Committee report tabled for plenary, 1st | | A9-0212/2022 | 05/09/2022 | EP | Summary |

Additional information

Research document

[Briefing](#)

05/10/2021

Consumer credits

PURPOSE: to establish common rules on certain aspects of the laws, regulations and administrative provisions of the Member States concerning consumer credits.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Directive 2008/48/EC of the European Parliament and of the Council lays down rules at Union level concerning consumer credit agreements and crowdfunding credit services for consumers. The REFIT evaluation of the Directive showed that Directive 2008/48/EC has been partially effective in ensuring high standards of consumer protection and in fostering the development of an internal market for credit and that these objectives remain relevant.

Since the adoption of the 2008 directive, the digital transformation has led to significant changes to the consumer credit market, both on the supply side and on the demand side, such as the emergence of new products and the evolution of consumer behaviour and preferences.

New market players, such as peer-to-peer lending platforms, are offering credit agreements in different forms. New products, such as short-term high-cost loans, have emerged. Digitalisation has also brought new ways of disclosing information digitally and assessing the creditworthiness of consumers using automated decision-making systems and non-traditional data.

The COVID-19 crisis and the resulting confinement measures have also disrupted the EU economy and had a major impact on the credit market and consumers, especially vulnerable ones, making many EU households more financially vulnerable. These developments have increased legal uncertainty as to the application of Directive 2008/48/EC to these new products.

In order to improve the functioning of the internal market for consumer credit, the Commission considers it necessary to provide for an EU-wide harmonised framework in a number of key areas.

IMPACT ASSESSMENT: the preferred option is to amend the Directive to include new provisions, in line with the EU acquis.

The quantified measures under the preferred option would entail a reduction in consumer detriment of around EUR 2 billion in the period 2021-2030.

The impact on society is also deemed very positive, thanks to measures preventing and addressing over-indebtedness, thereby improving social inclusion. Per EUR 1 spent on debt advice, this is expected to provide between EUR 1.4-5.3 in equivalent benefits, mainly by way of the social costs of over-indebtedness being avoided.

CONTENT: the proposed directive aims to harmonise aspects of the laws, regulations and administrative provisions of the Member States concerning certain credit agreements for consumers and crowdfunding credit services.

The proposed directive will replace the 2008 directive while retaining many of its elements. In particular, it includes the following measures:

- extending the scope of the directive to cover loans below EUR 200, interest-free credit, all overdraft facilities and leasing agreements, as well as credit agreements concluded through via peer-to-peer lending platforms;
- adaptation of information requirements to ensure that they are appropriate for digital devices;
- obligation to provide free information to consumers and to ensure that consumers legally resident in the EU are not discriminated against on the basis of their nationality or place of residence when applying for a credit agreement;
- the obligation for creditors, credit intermediaries or providers of crowdfunding credit services to ensure that clear and comprehensible general information is available at all times;
- providing adequate explanations to consumers and reducing the amount of information to be provided to consumers in advertising, focusing on essential information where the medium used to communicate the information to be included in the advertisement does not allow it to be viewed, e.g. in the case of radio advertising;
- providing more details on when and how to present pre-contractual information to consumers so that this presentation is more effective;
- ban on practices that exploit consumer behaviour, such as tying, pre-ticked boxes or unsolicited credit sales;
- introduction of standards for advisory services and the obligation to provide information that matches the borrower's profile;
- helping consumers facing financial difficulties through repayment measures and debt advisory services;
- establishment of conduct of business rules and obligation upon credit providers and credit intermediaries to ensure that staff members have the proper set of skills and knowledge;
- a requirement for Member States to set caps on interest rates, the annual percentage rate of charge or the total cost of the credit;
- reference to the fact that credit assessments should be carried out on the basis of necessary, sufficient and proportionate information on the economic and financial situation;

- obligation for Member States to promote financial education and to adopt measures to encourage creditors to encourage reasonable forbearance before enforcement proceedings are initiated;
- introduction of the 4% rule (minimum level of the maximum fine) for penalties set out in the general directive (EU) 2019/2161 for cross-border wide-spread infringements.

Consumer credits

The Committee on the Internal Market and Consumer Protection adopted the report by Kateřina KONEČNÁ (GUE/NGL, CZ) on the proposal for a directive of the European Parliament and of the Council on consumer credits.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter

The directive should cover credit agreements of up to EUR 150 000, with the actual upper limit to be determined by the relevant national authorities based on the particular economic situation in a Member State.

The directive should not apply to: (i) leasing agreements where there is no obligation to purchase the object of the agreement; (ii) deferred debit cards provided by a credit institution with a maximum monthly amount allowed to be repaid within one month without interest provided that they are granted to consumers only after assessing their ability to repay and after ensuring that the consumer has received the required pre-contractual information.

For credit agreements where the total amount of credit is less than EUR 200 or where the credit is granted without interest and without other charges or is to be repaid within three months and only incurs negligible charges, Member States should be able to exclude the application of certain provisions of the directive relating to information requirements and early repayment.

Consumer credit products that support the digital and green transition

Member States should encourage creditors or, where applicable, credit intermediaries or providers of crowdfunding credit services to develop and offer consumer credit products that support the digital and green transition.

By 12 months after the date of transposition, the Commission should submit a report to the European Parliament and to the Council to assess the types of measures, tools and initiatives taken by Member States.

Advertising

To reduce instances of mis-selling of consumer credit to consumers, credit advertising should contain, in all cases, a clear and prominent warning to make consumers aware that borrowing money costs money.

Advertising should not incite overindebted consumers to seek credit, specify that other credit agreements have little or no influence on the assessment of a credit application or suggest that success or social achievement can be acquired by obtaining credits.

Member States may prohibit advertising for consumer credit products which: (a) highlights the ease or speed with which credit can be obtained; (b) states that a promotion is conditional upon taking up credit; (c) offers grace periods of more than three months for the repayment of credit instalments.

Clear information for the consumer

Basic information should be provided to consumers to enable them to compare different offers. This information should be given in a clear, concise and visible way. Standardised information should be provided upfront, visibly and in an attractive form. Consumers should be able to see all essential information at a glance, even on a mobile phone screen. They should also receive a reminder within one to seven days after the conclusion of the credit agreement that they have the right to withdraw from the credit agreement or the contract for the provision of participatory credit services.

Pre-contractual information

The pre-contractual information should contain a comprehensive repayment schedule containing all payments and repayments over the duration of the contract.

The pre-contractual information should provide the consumer with the following precontractual information at the beginning of the Standard European Consumer Credit Information form, noticeably separated from the rest of the pre-contractual information provided on the same form: (a) the borrowing rate, or all borrowing rates if different borrowing rates apply in different circumstances; in the case of

credits with a variable borrowing rate, a simulation of the impact on the cost of the credit of reasonable upward changes in the borrowing rate; (b) a warning and explanations regarding the consequences of missing or late payments including related costs; (c) information about the right of withdrawal and (d) information about early repayment.

Creditworthiness assessment

Members introduced further requirements to assess the creditworthiness of people taking out a loan before it is granted, including requiring information on a consumers current obligations or cost of living expenses.

An amendment specifies that personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural persons sex life or sexual orientation and data collected from social networks should not be processed or used to perform.

In addition, Member States should: (i) ensure that the right to be forgotten is provided to all Union patients as from 10 years after the end of their treatment, and as from five years after the end of treatment for patients whose diagnosis was made before the age of 18; (ii) ensure

equal access to credit to all persons cured of relevant communicable and noncommunicable diseases.

The European Banking Authority (EBA) should develop guidelines detailing how creditors and providers of crowdfunding credit services are to perform the creditworthiness assessment and on product governance. Those guidelines should specify the type of data recommended to perform the creditworthiness assessment.

Debt collection

Members proposed changes to ease the burden on people who have difficulty repaying their loans. Member States should prohibit practices such as intimidating consumers, presenting false or misleading legal information and making excessive calls or sending excessive messages.

Penalties

Members proposed setting the maximum fine for large-scale EU-wide infringements at a level of at least 6% (instead of 4%) of the annual turnover of the creditor, the credit intermediary or the provider of crowdfunding credit services in all Member States concerned.

| Transparency | | | | |
|-----------------------------|-------------------------------|------|------------|---|
| GALLÉE Malte | Shadow rapporteur | IMCO | 22/04/2022 | EOS Holding GmbH Federation of European National Collection Associations Finance Watch Financial Inclusion Europe Intrum 69597322458-18 965972738742-83 629549344049-02 37943526882-24 423430433865-84 |
| GALLÉE Malte | Shadow rapporteur | IMCO | 27/04/2022 | Financial Inclusion Europe 629549344049-02 |
| JURZYCA Eugen | Shadow rapporteur | IMCO | 28/04/2022 | Združenie podnikateľov Slovenska Asociácia leasingových spoločností SR Česká leasingová a finančná asociácia |
| GALLÉE Malte | Shadow rapporteur | IMCO | 06/05/2022 | WWF European Policy Programme 1414929419-24 |
| YON-COURTIN Stéphanie | Shadow rapporteur | IMCO | 11/05/2022 | Tinka Holding B.V. |
| LEITÃO-MARQUES Maria-Manuel | Shadow rapporteur | IMCO | 12/05/2022 | ACCIS |
| PIETIKÄINEN Sirpa | Shadow rapporteur for opinion | ECON | 12/05/2022 | Kauppa-liitto ry - Finnish Commerce Federation |
| GALLÉE Malte | Shadow rapporteur | IMCO | 13/05/2022 | European Federation of Building Societies Verband der Privaten Bausparkassen e.V. 33192023937-30 391944723267-45 |
| MACMANUS Chris | Shadow rapporteur for opinion | ECON | 15/06/2022 | Klarna Bank AB |
| GALLÉE Malte | Shadow rapporteur | IMCO | 06/10/2022 | Verband deutscher Kreditplattformen e.V. |
| GALLÉE Malte | Shadow rapporteur | IMCO | 14/10/2022 | Verband der Privaten Bausparkassen e.V. 391944723267-45 |
| BASSO Alessandra | Shadow | IMCO | 25/10/2022 | Associazione Bancaria |

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|--------------|------------|------------|--|----------|
| | rapporteur | | | Italiana |
| BOYER Gilles | Member | 21/04/2022 | International Personal Finance Plc | |