



Mailing list Consumer protection/Data protection

Brussels, 10 June 2014

Report from the European Commission on the implementation of Directive 2008/48/EC on credit agreements for consumers

Dear Madam or Sir,

On 14 Mai 2014, the European Commission published its report on the implementation of the Directive 2008/48/EC on credit agreements for consumers (CCD). Article 27(2) of the CCD requires the Commission to undertake, every five years, a review of the thresholds and percentages laid down in this Directive and to monitor the way in which the regulatory choices of Member States affect the internal market and consumers.

The report is based on studies of the consultancy firm Risk & Policy Analysts¹ as well as the market research institute IPSOS and the consultancy firm London Economics².

All in all the Commission has identified no systematic deficiencies in the transposition of the Directive by Member States. However, in a number of Member States, some provisions of the Directive appear to have been wrongly or incompletely transposed. Thus, the Commission reserves the right to carry out infringement procedures, if necessary.

Regarding the scope of the Directive which is limited to credit agreements involving a total amount of credit of more than EUR 200 and less than EUR 75 000 the evaluation of those thresholds differs among the stakeholder groups. While national lenders' associations rather voted for a perpetuation of the lower threshold (72 percent), the majority of consumer protection bodies were rather in favour of removing it.

The Commission also evaluates in its report the impact on the internal market and consumers of those articles of the CCD which could be applied by the Member States on a voluntary basis. For example seventeen Member States, amongst others, Austria, Croatia, Cyprus, Hungary, Luxembourg, Slovakia and Slovenia had transposed Article 16(4)(a) concerning the creditor's right to compensate for early repayment on condition that the amount of the early repayment exceeds the threshold defined by national law. The Commission considers this regulatory choice to have had a positive impact on consumer protection and/ or the internal market, since legal clarity had been increased.

Furthermore, the Directive contains some open wordings to enable Member States to adjust them to their legal culture and market situation. For instance the term "insignificant charges" was specified by Hungary, Cyprus, Romania and Slovenia under Article 2(2)(f) of the CCD. The impact on consumer protection and the internal market in the Member States affected by this measure was evaluated overall positively.

1 Study on the Impact of the Legal Choices of the Member States and other Aspects of Implementing the Directive 2008/48/EC on the Functioning of the Consumer Credit Market in the European Union

2 Study on the functioning of the consumer credit market in Europe

Finally, the Commission presents a set of results of the surveys that illustrate the impact of the Directive on consumer credit markets and on consumer protection. In doing so, the Commission refers, amongst others, to developments of the consumer credit debt of private households, the annual percentage rate of charge, pre-contractual information requirements and the consumer's right of withdrawal. The results of the survey point out that the volume of cross-border lending is negligibly low. It amounts to 1,43 percent of the total credit volume only.

The Commission concludes that, at this stage, there is no need to modify either the scope of the regulatory choices or the thresholds and percentages applied in accordance with the CCD. For those parts of the CCD where Member States have misunderstood the degree of choice, the Commission will work together with the Member States for further clarification. In 2014 the Commission intends to carry out an assessment of the supervisory practices by Member States to get an overview of the enforcement of the CCD in the Member States. Furthermore, the Commission may consider further activities in the area of financial awareness. However, the Commission provides no more detailed information on this topic.

If you have further questions, please contact us at any time.

Yours sincerely,



Andreas J. Zehnder
Managing Director
European Federation of Building Societies

Annex:

- Report from the European Commission on the implementation of Directive 2008/48/EC on credit agreements for consumers