



**To the members of the
European Federation of Building Societies**

Brussels, 14 May 2012
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Guidelines by the European Commission on the application of the Directive 2008/48/EC (Consumer Credit Directive) in relation to costs and the Annual Percentage Rate of charge

Dear Member,

On 8 May 2012 the European Commission has published Guidelines on the application of the Consumer Credit Directive concerning costs and the Annual Percentage Rate of charge. The European Commission wants to offer guidance to the Member States for the implementation of the Consumer Credit Directive. These technical standards are indeed not mandatory. But they reflect the European Commission's view on proceedings for failure to fulfil obligations and on preliminary rulings at the European Court of Justice.

Especially the explanations given in assumption II j) of annexe I of the Consumer Credit Directive concerning the Annual Percentage Rate of charge after the period of fixed interest rates are of great interest (page 40). As to the European Commission, the highest interest rate shall apply to the whole duration of the agreement, if the interest rate is not known (assumption i).

Enclosed you will find the guidelines.

If you have any further questions, please contact us.

Yours sincerely,

Andreas J. Zehnder
Managing Director
European Federation of Building Societies

Annex: Guidelines on the application of Directive 2008/48/EC (Consumer Credit Directive) in relation to costs and the Annual Percentage Rate of charge