



Mailing list Consumer protection/Data protection

Brussels, 10 June 2022

KH

Consumer Credit Directive – General approach

Dear Sir or Madam,

Please find attached the Council's "general approach" on the European Commission's proposal for a Directive on Consumer Credit - 2021/0171 (COD) (the so-called CCD). This is the final position of the Member States on the CCD. With this compromise text (mandate), the Council will enter into negotiations with the European Parliament as soon as the latter has adopted its position on the CCD. Since the vote in the responsible committee of the Parliament (Committee on Internal Market and Consumer Protection - IMCO) is delayed, the EFBS does not expect negotiations to start before the summer break (the earliest at the beginning of September 2022). The vote on the IMCO committee's report is scheduled for 15/16 June 2022, but is expected to be postponed until mid-July.

Amendments of the Council to the Commission proposal

The Council's amendments compared to the Commission proposal are marked in **bold** and underlining for new text and by "[...]" for ~~deleted~~ text.

1. Non-discrimination

The Council is in favour of deleting the prohibition of discrimination proposed by the Commission. Only recital 25 should remain, which states that the principle of non-discrimination is a fundamental right of the EU. See also Art. 6.

2. Pre-contractual information

Scope and content of the pre-contractual information

The EFBS advocated for a more proportionate design of the pre-contractual information obligations and promoted not introducing a new summary form (SECCO = Standard European Consumer Credit Overview = summary of the most important pre-contractual information). Unfortunately, the Council prefers to merge the two forms (SECCO and SECCI). On the first page the key information on the credit product (SECCO) should be presented in order to enable the consumer to make a quick comparison between credit offers. The key information of the credit is thus to be presented in a prominent position at the beginning of the SECCI (= Standard European Consumer Credit Information). Annexes I to III have been amended accordingly. Please see also Art. 10 (3) and (3a) as well as Recital 31.

Time of provision of pre-contractual information

However, we must positively highlight that the Council considered that the original Commission proposal ("at least one day before") was unsuitable for the underwriting of credits at the time of purchase. They also regarded as impractical or inappropriate the solution whereby the consumer would be sent a reminder of their right to withdraw if the creditor was unable to comply with that time limit of one day between the provision of the pre-contractual information and the conclusion of the agreement. Therefore, the Council proposes to revert to the wording of the current Directive ("in good time"), and to delete the derogation rule. See also Art. 10 (1) and Recital 30.

3. Right of withdrawal

In order to increase legal certainty, the Council proposes to limit the right of withdrawal in time to one year and two weeks if the consumer has not received the contractual information in accordance with the requirements laid down by the Directive, except where the consumer has not been informed about the right of withdrawal itself. See also Art. 26 and Recital 56.

4. Early repayment

The EFBS welcomed the clarifying restriction in Art. 29 (1), third sentence of the European Commission's proposal, according to which, in the event of early repayment of the credit, not all the total cost of the credit to the consumer within the meaning of Art. 3 (5) are to be taken into account, but only those costs "imposed on the consumer by the creditor".

In order to avoid legal uncertainties, the EFBS demanded to clarify that this third sentence is based on the functional concept of the creditor and thus all costs of a credit charged by the creditor are to be reduced. However, this means that costs for independent financial services and financial products are not to be reduced, regardless of whether they have been provided by a third party or by the creditor on the basis of a separate contractual relationship.

The Council only considered it important to clarify that the reduction of the total cost of the credit in the event of early repayment concerns the costs imposed by the creditor, and not the charges or dues owed to third parties. See Art. 29 and Recital 62.

5. Caps

The EFBS opposed the introduction of caps to be set at European level on interest rates, the APR or the total amount of a loan. The Council is now proposing a wording that allows for national measures to be taken into account that are equivalent to interest caps, have proven to be effective and also aim to protect the consumer from excessive high rates or costs. See also Art. 31 and Recital 65.

We will keep you informed about the negotiations between the Council and the Parliament. If you have any further questions, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'C. König', with a stylized flourish at the end.

Christian König
Managing Director
European Federation of Building Societies

Attachment