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## **Consumer Credit Directive: suggestion for rewording**

The European Federation of Building Societies (EFBS) is an association of specialised credit institutions promoting and supporting the financing of home ownership. The business of Bausparkassen is regulated by specific national Bausparkassen Acts. In compliance with the strict legal provisions, the Bausparkassen offer contractual savings schemes designed for a longer investment horizon to their customers and grant them loans.

The customers of Bausparkassen are predominantly consumers. Bausparkassen grant both loans secured by mortgages or aimed at acquiring home ownership in accordance with the Mortgage Credit Directive (Directive 2014/17/EU) and modernisation and renovation loans not secured by mortgages in accordance with the Consumer Credit Directive (Directive 2008/48/EC).

The EFBS welcomes the opportunity to suggest one rewording based on the consolidated provisional agreement of the council on the CCD (2021/0171 COD)):

### **ADVERTISING**

#### **Consolidated provisional agreement**

##### **Article 8(3c)**

Member States shall prohibit advertising for consumer credit products which:

**point (a)** encourages consumers to seek credit by suggesting that credit would improve the financial situation of those consumers;

#### **EFBS proposal**

Renovation loans are covered by the CCD according to Art. 2(3). With such credits, the consumer can save annual costs (especially for electricity and heating) through the measures of energy efficient renovation (e.g., solar systems, heat pump, better insulation, new windows) and improve his financial situation through the reduction of current expenses. Further, as a result of the Energy Performance of Buildings Directive (EPBD), many energy efficient renovations will be necessary in

the next few years in order to reduce greenhouse gas emissions and energy consumption in the EU building sector by 2030 and rendering them climate neutral by 2050. Article 15(5) of the EPBD explicitly requires that Member States shall adopt measures to ensure that energy efficiency lending products for building renovations are offered widely and in a non-discriminatory manner by financial institutions and are visible and accessible to consumers. It also states that Member States shall ensure that banks and other financial institutions and investors receive information on opportunities to participate in the financing of the improvement of energy performance of buildings. Therefore, it does not make sense to prohibit the advertising of these loans with reference to the possible and also intended energy savings.

As in Article 8 (3c) point (c) of the CCD ("falsely suggests that credit leads to an increase in financial resources, ..."), Article 8 (3c) point (a) should be adapted accordingly:

**Article 8(3c)**

Member States shall prohibit advertising for consumer credit products which:

**point (a)** encourages consumers to seek credit by **falsely** suggesting that credit would improve the financial situation of those consumers;