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Brussels, 24 September 2025

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European Commission publishes study on the impact of a possible revision of the Mortgage Credit Directive

Dear Sir or Madam,

On 14 July 2025, the European Commission (DG FISMA) published a study given to the consulting firm ICF on the impact of a possible revision of the Mortgage Credit Directive.

Overview

The study examines the impact of a possible revision of the Mortgage Credit Directive (MCD, Directive 2014/17/EU). According to the study, there are four overarching problem areas. These are energy efficiency, financial stability, efficiency and competitiveness of the internal market and consumer protection. The report was reportedly completed in November 2024 but was initially withheld by the Commission and has now finally been published, presumably under pressure from consumer advocates.

The study is part of the "Mortgage Credit – Review and Revision of Directive 2014/17/EU" initiative, which was launched in November 2021. A public consultation between November 2021 and February 2022 was followed by a lengthy pause; the initiative has been suspended since December 2024. With the publication of the study in 2025, an external assessment of a possible revision of the directive is now available for the first time.

In detail

Energy efficiency

According to the study's authors, the current MCD does not support either the European Green Deal or the Sustainable Finance Agenda. It lacks definitions and standards for "green mortgages." According to the study, the EU taxonomy, together with the EU legal framework on energy efficiency (including the Energy Efficiency Directive and the Energy Performance of Buildings Directive), already contain some features that can be considered relevant for defining the term "green mortgage."

The solution preferred by the study's authors is to legally require lenders and credit intermediaries to inform consumers about green mortgage loans. In addition, member states should be required to ensure access to Energy Performance Certificates (EPCs).

According to the study's authors, there is broad agreement that harmonized definitions are needed to reduce greenwashing and promote competition. Nevertheless, they reject a definition of the term

"green mortgage" in EU legislation, as it could be difficult to reach an EU-wide consensus on its definition.

Financial stability

The inadequate quality of credit checks, which increase the risk of non-repayment and payment defaults, are highlighted as a problem for financial stability. The introduction of binding minimum requirements with key indicators for credit checks is proposed. The minimum requirements should also specify the extent to which macroprudential conditions should be considered by the competent authorities when setting the thresholds for the key indicators. In addition, minimum standards should be set for the types of financial and economic information that may be included in the credit assessment in order to ensure stricter and more reliable lending practices.

Efficiency and competitiveness of the internal market

The study finds that the current definition of foreign currency loans in Article 4(28) of the MCD restricts access to foreign currency and cross-border mortgages. It proposes restricting the definition to loans that involve an exchange rate risk. Obstacles to cross-border supply also arise from diverging national requirements, which are caused, among other things, by overregulation of the MCD ("gold-plating"), as well as from limited access to credit information. To overcome this issue, the study recommends binding minimum standards for credit databases. However, there are practical limitations, as some Member States, such as Luxembourg, do not have such databases, and others (e.g., Denmark, Estonia, Finland) do not allow the collection of positive credit data.

Consumer protection

The study identifies shortcomings in the regulation of new products and players (e.g., real estate annuity products, peer-to-peer platforms). The MCD should therefore be extended to cover these. In addition, the comprehensibility and practicability of pre-contractual information (European Standardized Information Sheet, ESIS) is criticized. It is proposed that pre-contractual information be adapted to different forms of advertising, that the withdrawal period be extended to 14 days, and that access to comparison portals be free of charge. Furthermore, discrimination in credit checks, such as age and parental status, should be explicitly prohibited, and new rights should be introduced for automated decisions, including the right to human intervention. In addition, unnecessary tying (e.g., with payment, savings, or insurance products) is to be prohibited, and pre-checked boxes are to be banned. This is to be implemented by amending Articles 12(2)(a) and 12(2)(b). Two options are being discussed for early repayment penalties. A legal upper limit or a complete ban. The study points out the possible conflicts of interest between consumer interests and the costs incurred by lenders. Finally, it addresses shortcomings in dealing with payment difficulties. Consumer representatives criticize the lack of alternative dispute resolution systems and the inadequate implementation of the requirements

of Article 28 MCD. As a possible solution, the study suggests that member states be required to provide free and independent debt counseling for over-indebted or otherwise vulnerable consumers.

Next steps

The publication of the study provides an initial basis for further discussion on the reform of the Mortgage Credit Directive. As the European Federation of Building Societies, we are in contact with the relevant department of the European Commission regarding further possible steps for revising the MCD. Please find attached the study on the impact of a possible revision of the Mortgage Credit Directive. We will keep you informed about further developments in this matter. Please do not hesitate to contact us if you have any questions or comments.

Kind regards



Christian König
Managing Director
European Federation of Building Societies

Attachment