



Review of the Directive on consumer credit agreements for consumers (2008/48/EC)

Factual summary report – public consultation

October 2020



EUROPEAN COMMISSION

Directorate-General for Justice and Consumers (DG JUST)

Table of Contents

1	Introduction	4
2	Overview of the respondents to Part III. A review of the Directive on consumer credit agreements for consumers (2008/48/EC)	5
3	Overview of responses to Part III. A review of the Directive on consumer credit agreements for consumers (2008/48/EC)	7

1 Introduction

The objective of this consultation, which ran between 30 June 2020 and 6 October 2020, was to gather views of the public on the 'New Consumer Agenda', which presents a long-term vision for European consumer policy until 2025. These views provide valuable insight for setting up the four initiatives in the EU consumer policy that the Commissions plans to adopt in 2020 and 2021.

These initiatives are:

- A Commission Communication on a new European Consumer Agenda,
- and three legislative proposals respectively on:
 - empowering consumers in the green transition;
 - a review of the Directive on consumer credit agreements for consumers (2008/48/EC);
 - a review of the General Product Safety Directive (2001/95/EC).

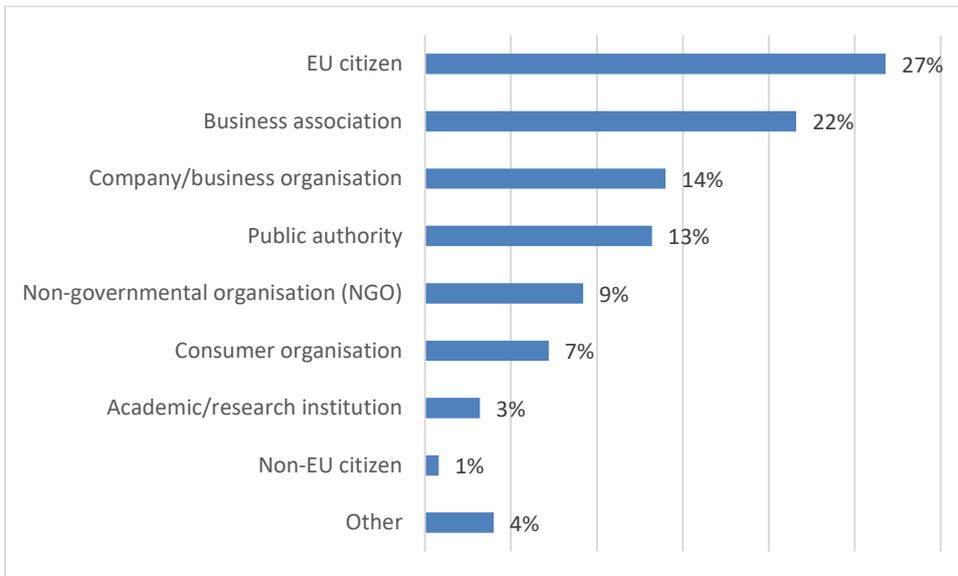
The public questionnaire was targeting a wide range of stakeholders, both general public and relevant organizations and institutions.

The consultation was available and respondents could reply in any of the 24 official EU-languages.

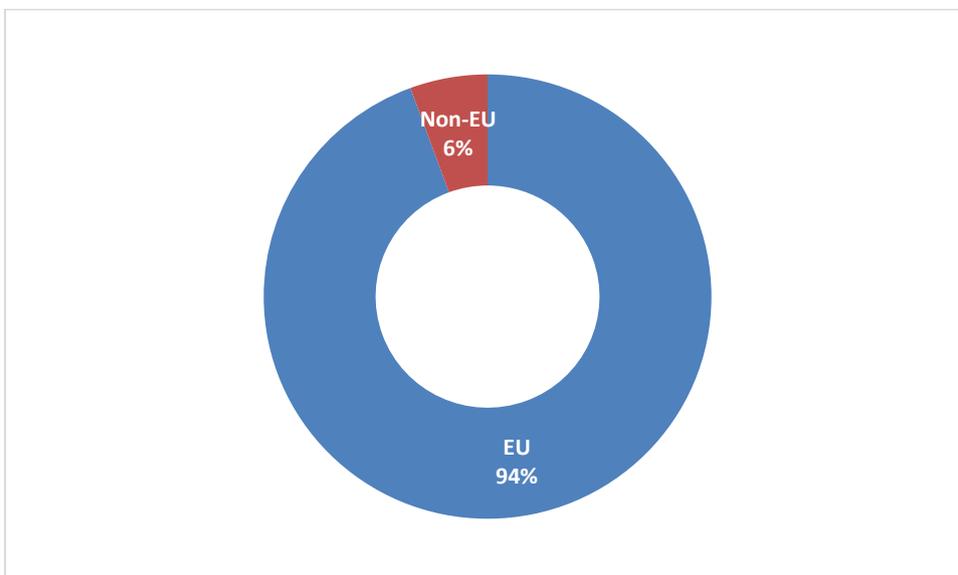
The questionnaire was split into four sections – one for each consumer initiative. This report presents only the results of the section concerning a review of the Directive on consumer credit agreements for consumers. The full results of the public consultation, covering all four initiatives, is available at <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12464-A-New-Consumer-Agenda/public-consultation>.

2 Overview of the respondents to Part III. A review of the Directive on consumer credit agreements for consumers (2008/48/EC)

The section on consumer credit agreements of the public consultation on a New Consumer Agenda was optional. The number of respondents that answered at least one question in this section is 250. The following is an overview of the respondents.

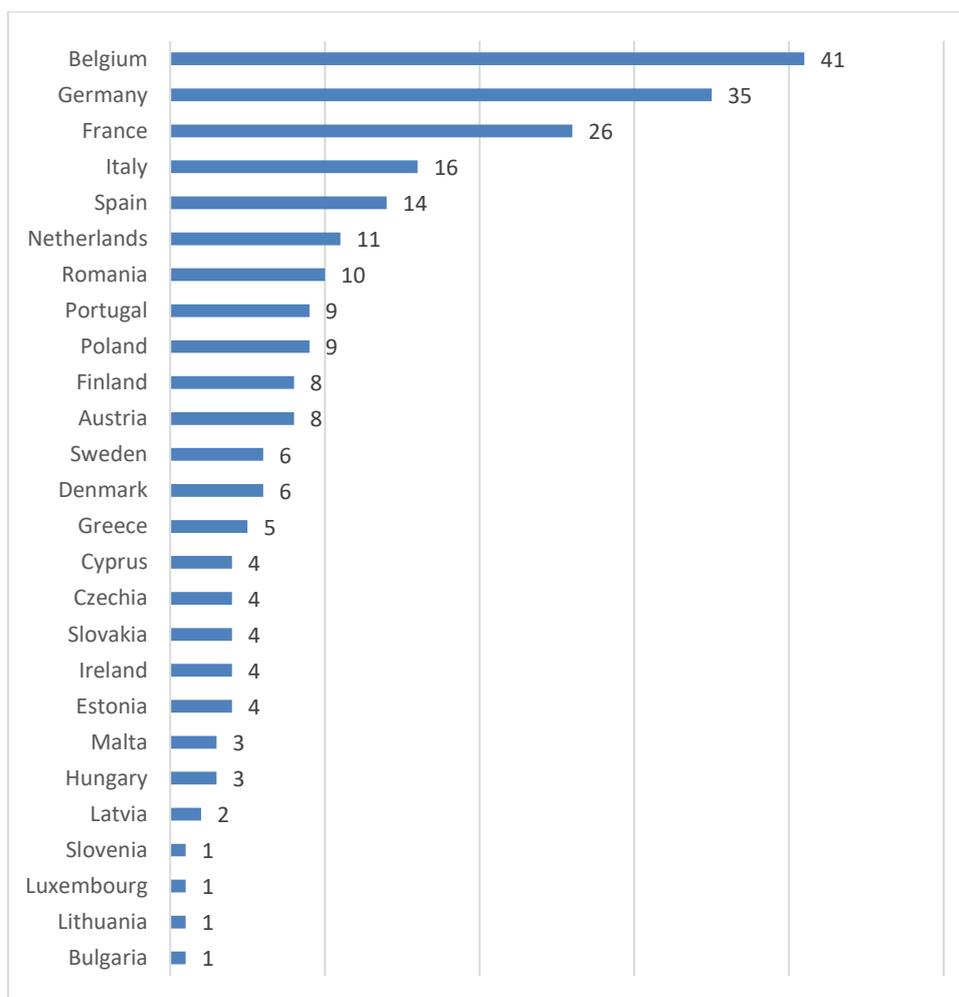


Country of origin of respondents



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Responses from EU countries¹



Non EU: 7 UK, 4 USA, 2 Norway, 1 Switzerland

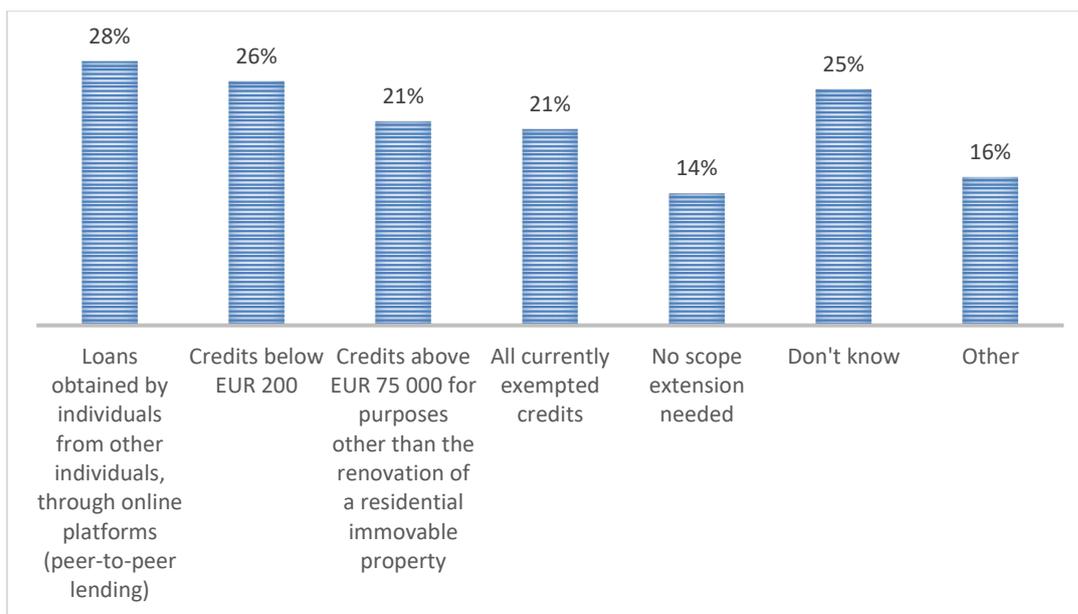
¹ Belgium is highly represented in the responses from EU countries because a large number of stakeholders such as consumer organisations, business associations and other bodies (NGOs, etc.) have their headquarters in Brussels.

3 Overview of responses to Part III. A review of the Directive on consumer credit agreements for consumers (2008/48/EC)

Part 3 of the public questionnaire focuses on a review of the Directive on credit agreements for consumers (2008/48/EC) following its recent evaluation, which highlighted several challenges hindering its functioning, in particular, in terms of scope, information provision and creditworthiness assessment. It will take into account the impact of COVID-19 on the credit market and on consumers, including vulnerable ones.

Q1 Credits below EUR 200 and certain other credits (e.g. loans granted free of interest and with no other charges, some leasing agreements) are outside of the Directive's scope at present. Should the scope be extended to:

Regarding the extension of the CCD scope, there are quite different replies as to what such extension should cover – percentages are divided (e.g. 28% support extension to loans obtained by individuals from other individuals, 26% to credits below EUR 200, 21% to loans above EUR 75,000, 21% to all currently exempted credit). However, only 14% are in favour of no extension of the scope.



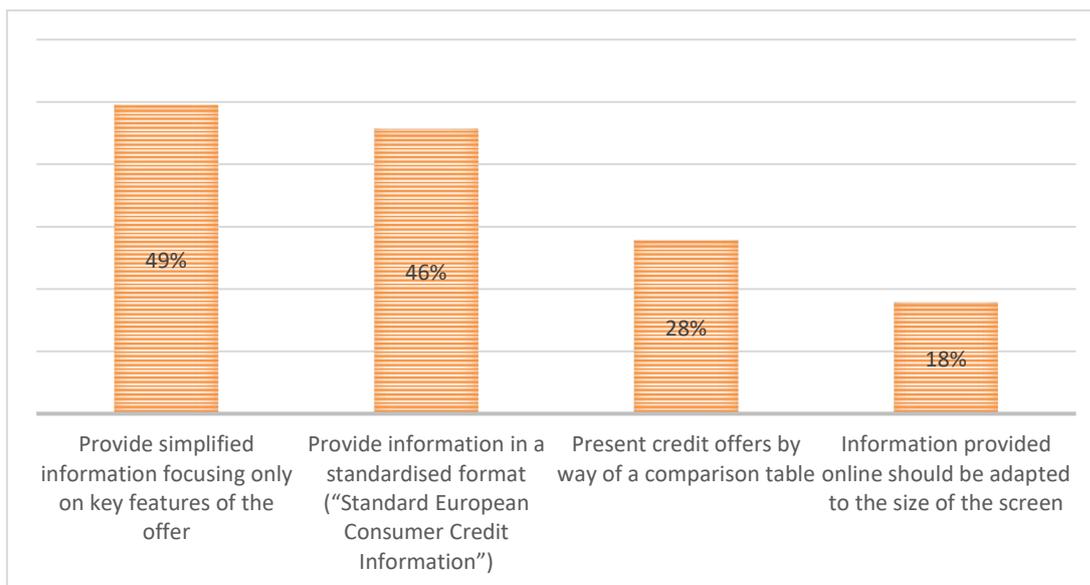
Total no. of respondents: 238, Multiple-choice question

Q2 The Consumer Credit Directive obliges lenders to provide consumers with standard information at pre-contractual stage [8]. This should help the consumer understand the main features of a credit and make their decisions in full knowledge of the facts. How would you improve the information to consumers, particularly in the online environment, to ensure that they get the right information at the right time?

a) In which format would it be most useful to obtain pre-contractual information?

49% of the respondents believe it would be most useful to obtain simplified pre-contractual information focusing only on key features of the offer, and 46% believe the SECCI is the best option.

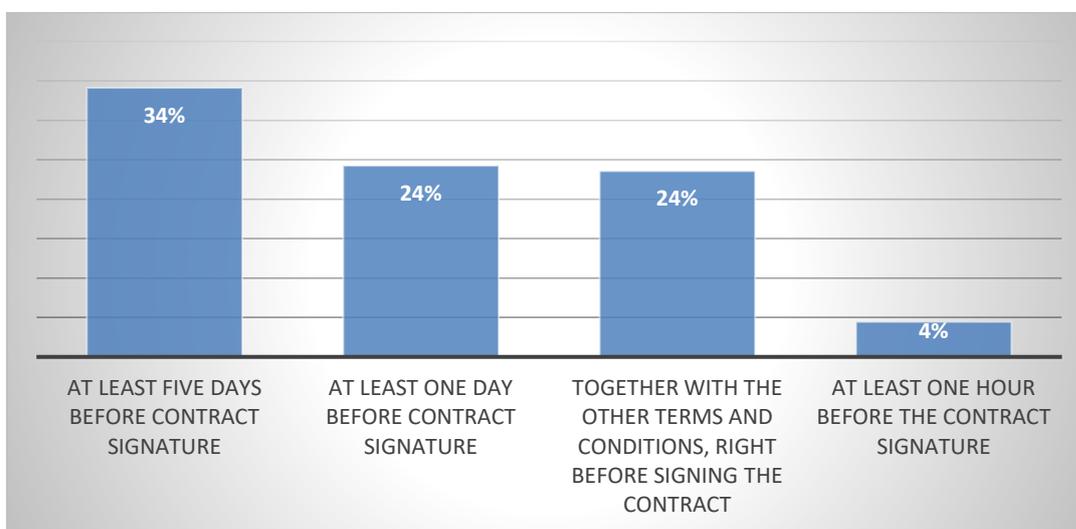
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Total no. of respondents: 263, Multiple-choice question with maximum 2 choices

b) At which moment of the transaction should pre-contractual information be provided?

34% of respondents believe consumers should receive information at least five days before signing the contract, 24% at least one day before and another 24% together with the other terms and conditions right before signature.



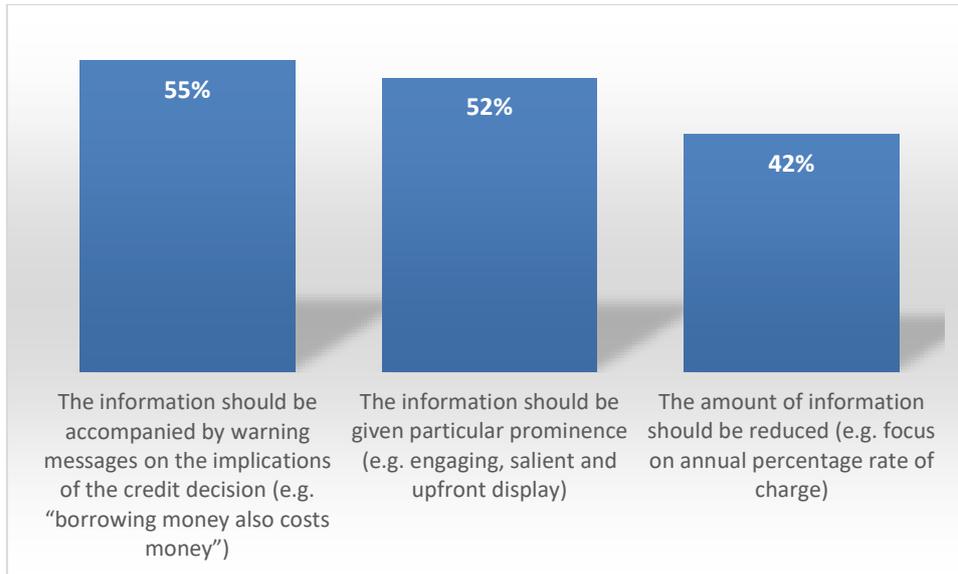
Total no. of respondents: 293, Multiple-choice question with maximum 2 choices

3 In order to enable consumers to understand and compare different offers, the Directive specifies information to be included in advertising which includes an interest rate, the total amount of credit, the annual percentage rate of charge and other information relating to the credit. How should the provision of such information at the advertising stage be improved on different channels? Select most relevant choice(s) :

Print media

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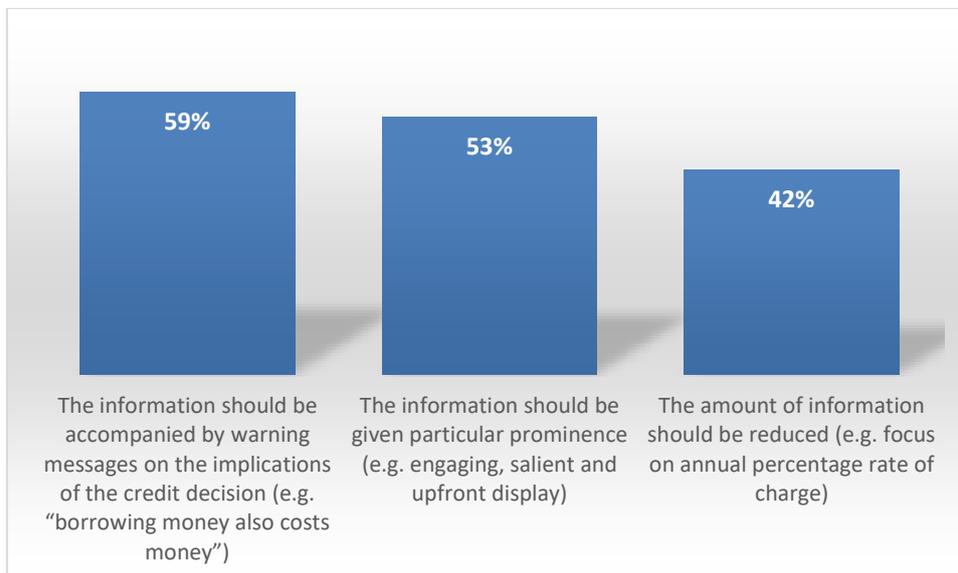
The majority of respondents believe that the information should be accompanied by warning messages (55%). As second most preferred option, information should be given particular prominence e.g. engaging, salient and upfront display (52%).



Total no. of respondents: 190, Multiple-choice question

Online

The majority of respondents believe the information should be accompanied by warning messages (59%). As second most preferred option, information should be given particular prominence e.g. engaging, salient and upfront display (53%).

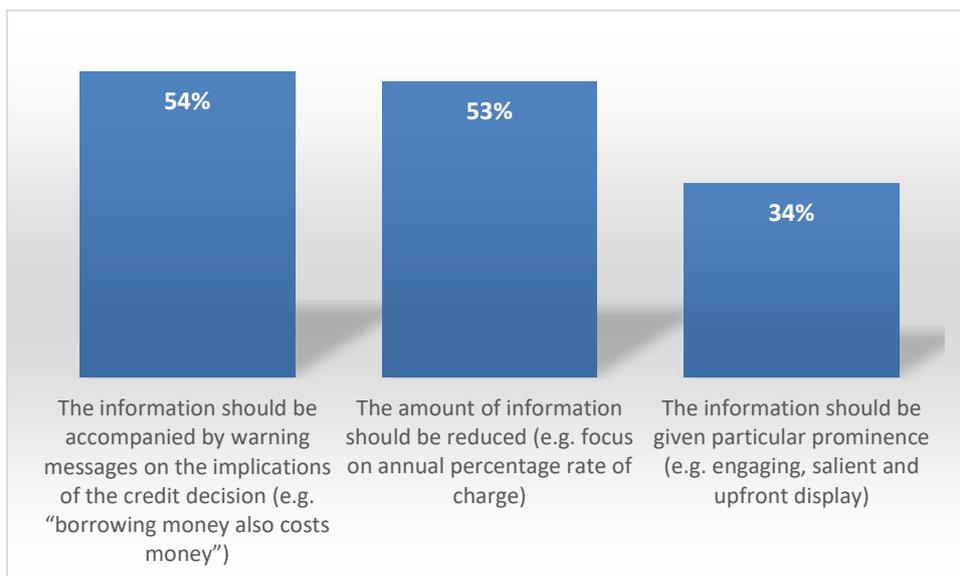


Total no. of respondents: 191, Multiple-choice question

Radio

The majority of respondents believe the information should be accompanied by warning messages (54%). As second most preferred option, the amount of information should be reduced (53%).

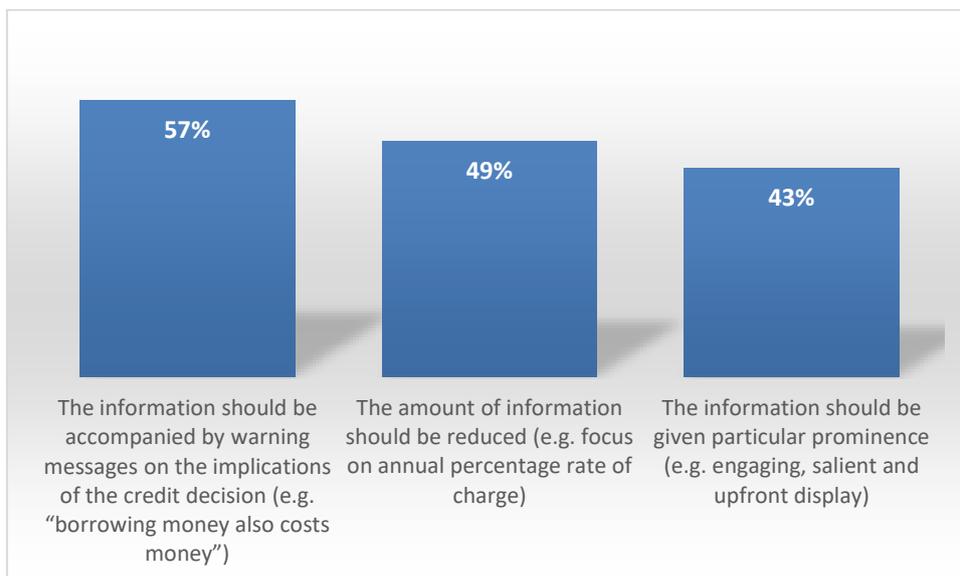
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Total no. of respondents: 177, Multiple-choice question

TV

The majority of respondents believe the information should be accompanied by warning messages (57%). As second most preferred option, the amount of information should be reduced (49%).



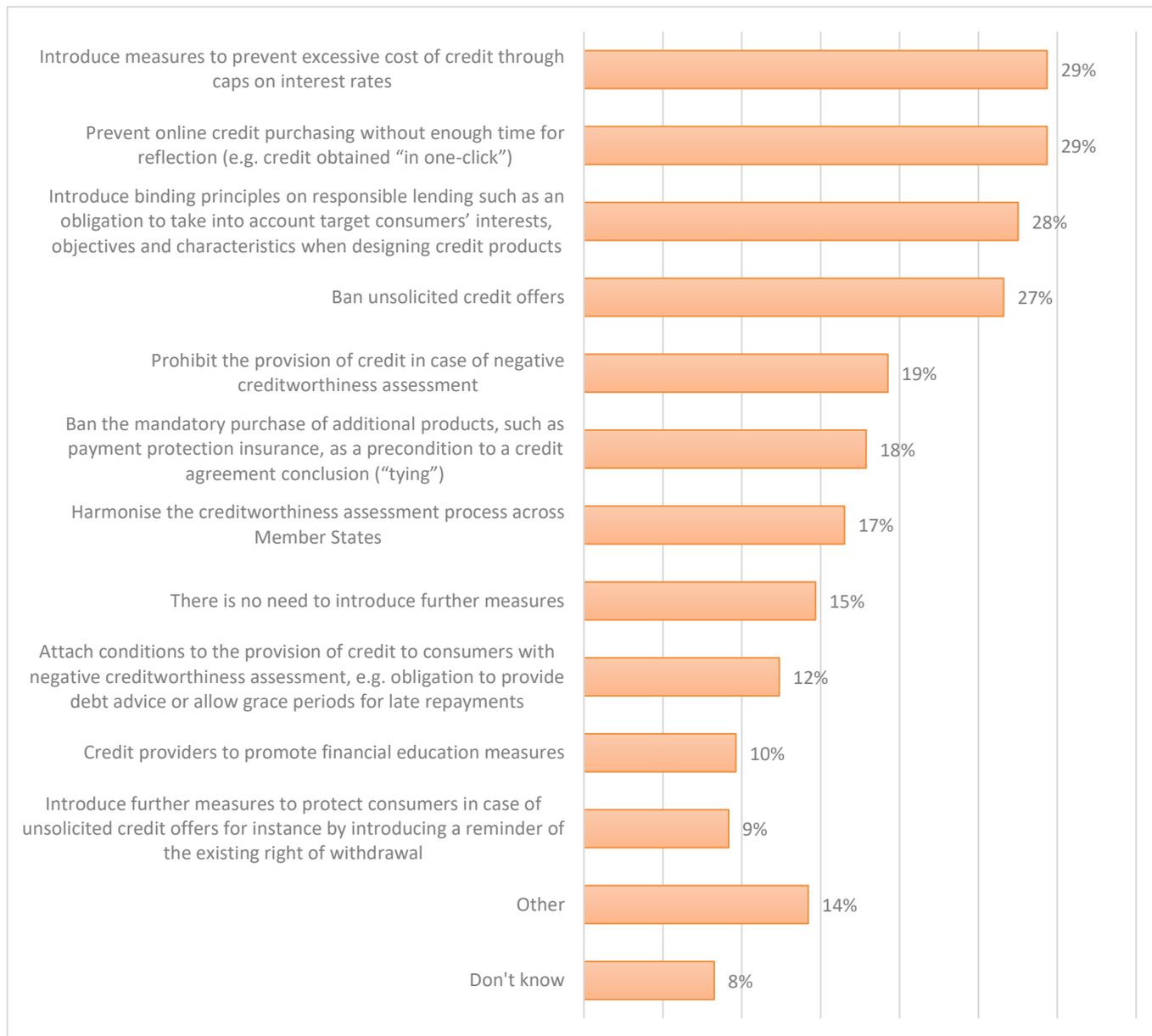
Total no. of respondents: 178, Multiple-choice question

4 The Directive aims at encouraging responsible lending practices, for instance by obliging providers to assess whether the consumer is likely to be able to repay the credit ("creditworthiness assessment") prior to concluding the credit agreement. This is key to avoid default and over-indebtedness. How could the present rules on responsible lending/borrowing be further improved?

Regarding improving the present rules on responsible lending practices, there are diverse replies and the percentages are divided among the possible solutions (e.g. percentages above 20% for the options of: introducing interest rate caps, preventing one-click credit, linking product design and targeted consumers' interest, ban unsolicited

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credit offers). Only 15% of respondents consider that there is no need for further measures.

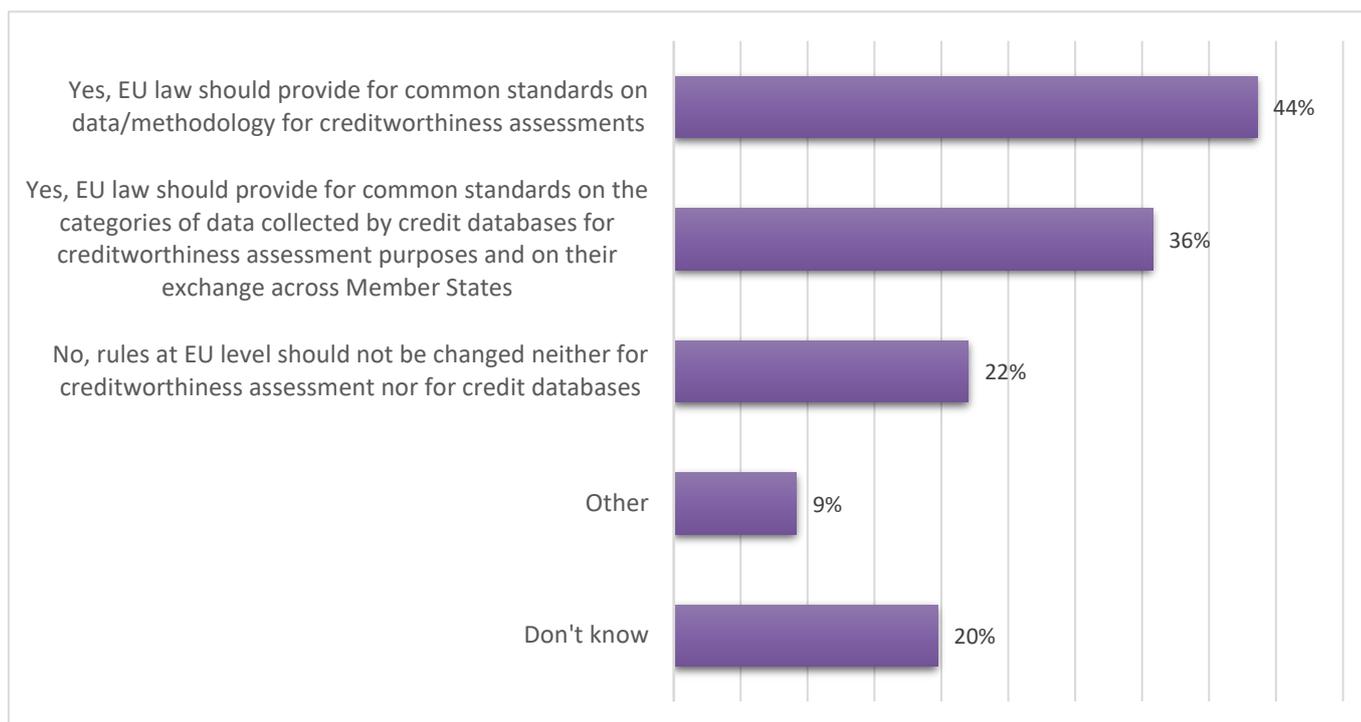


Total no. of respondents: 218, Multiple-choice question with maximum 3 choices

5 The Directive obliges lenders to assess the ability of consumers to repay their credit (creditworthiness assessment), where necessary on the basis of data from credit database. The rules on creditworthiness assessment and on access to credit databases giving information on consumers' credit history vary across Member States. Should the EU introduce common standards to guarantee a high and even level of consumer protection, as well as to help providers accessing new opportunities in other Member States and alleviating regulatory burden for them?

The majority of respondents believes that EU law should provide common standards on data/methodology for creditworthiness assessments (44%) or on the categories of data collected by credit databases (36%). Only 22% believe that rules on creditworthiness assessment and credit databases should not be changed.

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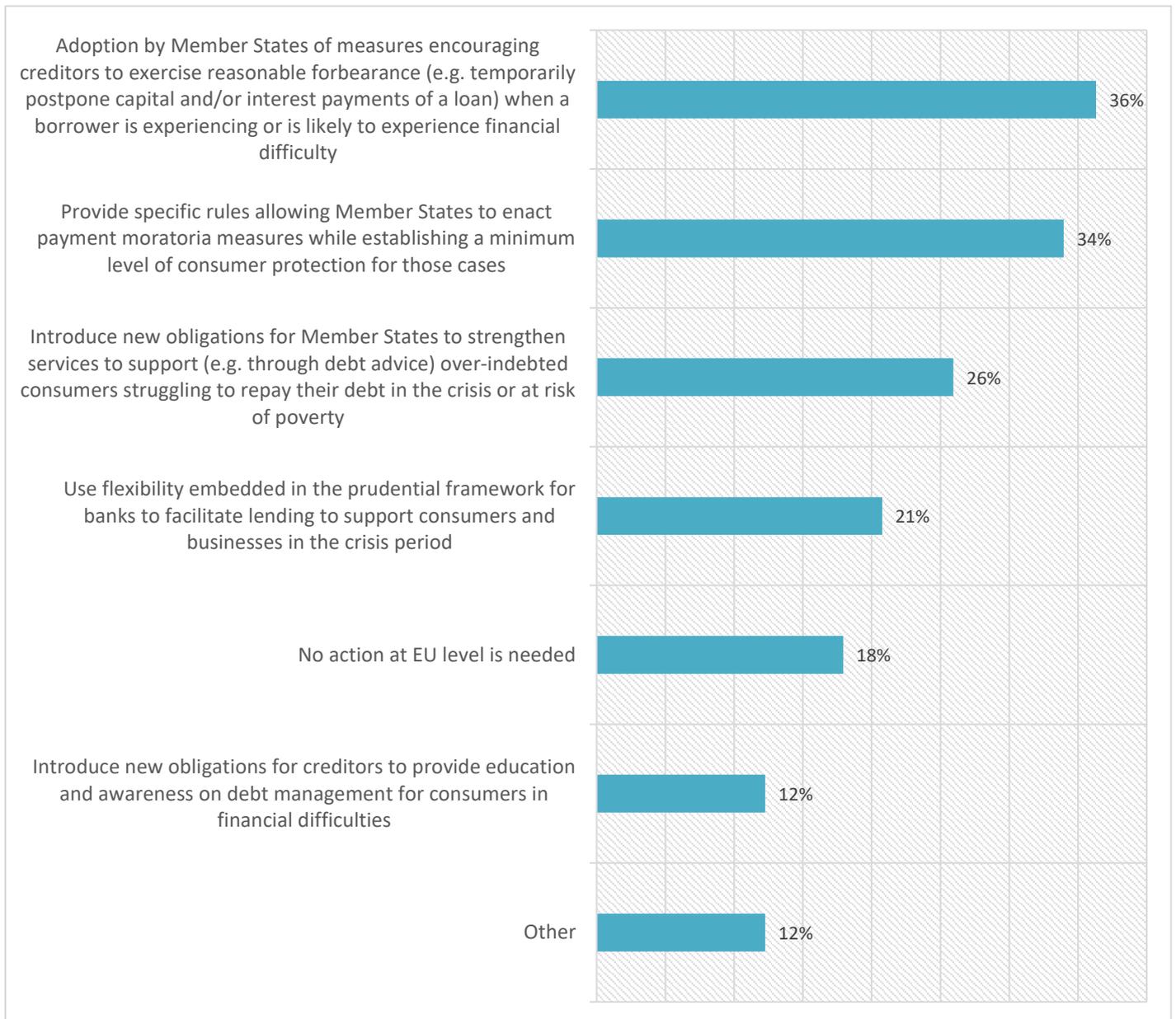


Total no. of respondents: 218, Multiple-choice question with maximum 2 choices

6 What measures could be considered to safeguard the interests of both lenders and borrowers in situations of exceptional and systemic economic disruption, such as the one caused by the Covid-19 epidemic?

Regarding measures to safeguard the interests of both lenders and borrowers in situations of exceptional and systemic economic disruption such as Covid-19, there are diverse replies. The most prominent replies (above 30%) include the adoption by Member States of measures encouraging creditors to exercise reasonable forbearance when a borrower is experiencing or is likely to experience financial difficulty, and the provision of specific rules allowing Member States to enact payment moratoria measures while establishing a minimum level of consumer protection for those cases.

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Total no. of respondents: 212, Multiple-choice question with maximum 2 choices

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