Implementation of the Consumer Credit Directive 2008/48/EC

2012/2037(INI) - 20/11/2012 - Text adopted by Parliament, single reading

The European Parliament adopted by 629 votes to 16 with 9 abstentions a resolution on the implementation of the Consumer Credit Directive 2008/48/EC.

Members welcome the fact that, in preparation for its review, the Commission is already conducting a study of the impact of the Directive on the internal market and on consumer protection, in order to determine exactly what bearing it will have on the take-up of cross-border credit. In this context, the committee responsible makes the following observations:

Pre-contractual information: certain key provisions of the Directive – such as Article 5 on pre-contractual information – have not achieved the intended harmonisation of Member States' consumer protection rules due to differences in interpretation and implementation by the Member States. Parliament recommends that supervisory authorities should require financial institutions to provide consumers with personalised, complete and easily understandable explanations regarding the **risks involved in foreign currency lending**.

Some Member States have raised concerns about the way pre-contractual information is presented to consumers through the **Standard European Consumer Credit Information (SECCI) form** and which is of such technical nature that it affects consumers' capacity to understand it effectively. Members consider that the efficiency of the SECCI form should be an important aspect in the assessment of the impact of the Directive carried out by the Commission.

Advertising: Members welcomes the 'sweep' operation, carried out by the Commission in September 2011, which revealed that 70 % of the financial institution websites checked failed to include relevant information in their advertising material, and certain items of key information in the credit offer itself, and contained **misleading presentations of costs.** They call on the Commission and the Member States to take appropriate steps to remedy this problem. In this context, the report notes that the rules on **representative examples** are sometimes not used as prescribed and that there is need for improvement.

Members call for the advertising and marketing practices of financial institutions to be strictly monitored in order to avoid misleading or false information in the advertising or marketing of credit agreements.

Financial education: Members note that more comprehensive provisions do not always make for more effective consumer protection and that, in the case of inexperienced consumers in particular, too much information can serve to confuse rather than help. They acknowledge, in that regard, the **expertise, assistance and financial education** provided by consumer associations and their potential role in credit restructuring on behalf of households in distress.

Right of withdrawal: Members consider that more detailed consideration should be given to the problems which could arise in connection with the exercise of the right of withdrawal in cases where linked agreements have been concluded. They take the view that particular attention should be paid to the complicated rules on **early repayment**.

Calculation of the annual percentage rate of charge: Parliament states that, prior to interest rate changes, **notification to consumers** should afford them enough time to survey the market and to change credit provider before the changes take effect. It emphasises that a **uniform method of calculating the**

annual percentage rate of charge should be laid down, that ambiguous provisions should be clarified and that consistency should be established with all other legal instruments.

SMS loans: given that the demand for SMS loans is increasing all the time, Members call on the Member States to extend the existing level of consumer protection to credit, including short-term credit, provided over the internet, through short message services (SMS) or other distance communication media involving amounts below the **lower threshold of EUR 200**, currently outside the scope of the Directive.

In conclusion, and given the fact that not all the Member States transposed the Consumer Credit Directive in time or, in some cases, entirely correctly, Parliament stresses that there is currently **no need to revise the Directive** but that, instead, priority should be given to ensuring that it is **correctly transposed and enforced**. In this regard, Members consider that the practical impact of the Directive should be assessed before the Commission proposes any eventual amendments.

The Commission is invited to present to Parliament and the Council an **assessment report** on the implementation of the Directive and a full assessment of its impact regarding consumer protection, taking into account the consequences of the financial crisis and the new EU legal framework for financial services.