Resolution on mortgage legislation and risky financial instruments in Spain (based on petitions received)

2015/2740(RSP) - 08/10/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 383 votes to 266, with 16 abstentions a resolution tabled by the Committee on Petitions on mortgage legislation and risky financial instruments in Spain (based on petitions received).

It noted that numerous petitions received had brought to light thousands of tragic personal cases in which citizens experienced the partial or entire loss of their life savings. In Spain civil society organisations continued to protest against the **hundreds of thousands of evictions, abusive terms in mortgage contracts and the lack of protection for borrowers**. According to one of those organisations, the Platform of Mortgage Victims (Plataforma de Afectados por la Hipoteca – PAH), there had been more than 397 954 evictions in Spain since 2008 and more than 100 000 households have lost their homes. Members further noted that a number of abusive clauses and practices in the Spanish mortgage sector had been identified by national and European courts, and should have been prevented by Directives 93/13/EEC , 2004/39/EC and 2005/29/EC had those directives all been fully transposed and implemented in Spain.

Parliament made a series of recommendations regarding the proper implementation of EU legislation on mortgage legislation. Amongst other things, it called on the Commission to **monitor the implementation in all Member States of the** Directive 2014/17/EC **on mortgage legislation and to share best practices** that enhanced the protection of citizens in financial difficulty, stating that basic financial education should be considered as a complementary asset for avoiding the consequences of over-indebtedness.

It also called upon the Spanish Government to **make use of the tools at its disposal in order to find a comprehensive solution for drastically reducing the intolerable numbers of evictions**.

Noting that as a result of the Aziz ruling (Case C-415/11), the Spanish authorities adopted Law 1/2013 of 14 May 2013 on measures to reinforce the protection of mortgage debtors, debt restructuring and social rental, Members called on the Commission to monitor the implementation in all the Member States of the ruling in Case C-415 (Aziz) and of Directive 93/13/EEC on mortgage legislation, in order to guarantee full compliance by national authorities. It wanted financial entities across the Union to avoid resorting to the eviction of families living in their sole residence, and to engage instead in debt restructuring. Financial entities should also stop engaging in abusive behaviour towards clients in the field of mortgages, sophisticated financial products and credit cards, including the imposition of excessive interest rates and the arbitrary cancellation of service.

With regard to **consumer awareness,** Parliament called on the Commission to launch information campaigns on financial products and to enhance financial literacy through education, in order to ensure that European citizens were better informed about the risks involved when subscribing to financial products. The European Banking Authority (EBA) and the European Central Bank (ECB) were asked to **establish a best practice campaign** in order to encourage banks and their employees to provide clear, understandable and correct information, with Members stressing that **traders and banks must not mislead consumers.**

In addition, the Commission was asked to:

-

- evaluate the Spanish arbitration mechanism put in place for citizens who are victims of financial fraud;
- monitor the correct transposition and application of EU law by Spain in relation to financial instruments, including preferred shares;
- follow up on the complaints received and to carry out the necessary investigations;
- put forward a legislative proposal on family insolvency.