

Distance marketing of consumer financial services

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A report, drafted by Ria OOMEN-RUIJTEN (EPP, NL), on a proposed Community directive on the distance marketing of consumer financial services was adopted after amendment by the Committee. The final vote on the report was 12 votes to 4 with 3 abstentions, but some earlier votes on individual amendments - there were around 140 amendments in all - were much closer. The aim of the proposal is to facilitate the sale by telephone, fax, internet and (in France) Minitel of financial services such as banking, insurance, investment and mortgages while, at the same time, protecting consumers from fraud, high-pressure salesmanship and certain unsolicited sales communications. The main debate in committee was between two camps, the "maximalists" and the "minimalists". The "maximalists", which included the rapporteur and members of her group, wanted the legislation to set maximum Community standards from which Member States would not be allowed to diverge (even for the purpose of improving on them) since this could cause confusion in cross-border sales instead of creating a level playing-field in the interests of the single market. This argument is supported by the Commission, which had crafted its proposal along these lines, and, among the Member States, by the United Kingdom and the Netherlands. The "minimalists", on the other hand, wanted the legislation to set minimum standards on which Member States would be free to improve. The PES group backed this argument, which also has the support of the 13 other Member States. [Addressing the committee the following day 20 April, Dr Lorenz SCHOMERUS, German State Secretary for Consumer Policy and current President of the Consumer Council, confirmed that the Council definitely favoured minimum harmonization "at present".] And in the vote, it was the minimalists that won the day. The vote on the two key amendments in question was 11 to 7 with 2 abstentions. Other amendments involved extending the legal base to include Article 129a (which provides for a high level of consumer protection) and providing protection against the fraudulent use of credit cards. Furthermore, the supplier must now specify how long his offer remains valid and furnish a summary of the most important contractual conditions "in language easily understood by the consumer". Except in the case of certain financial services subject to arbitrary price fluctuations, the consumer has 30 days (instead of the 14 proposed by the Commission) in which to withdraw from the contract without giving reasons or incurring a penalty. The committee also wants the directive transposed into national law by 30 June 2001 (instead of 2002, as proposed by the Commission).