

Distance marketing of consumer financial services

1998/0245(COD) - 16/04/2002

The committee adopted the report by Maria BERGER (PES, A) amending the Council's common position under the codecision procedure (2nd reading). Although the common position largely met Parliament's demands from 1st reading, the committee adopted a number of amendments aimed at enhancing consumer protection and taking greater account of financial service providers' interests. As regards better consumer protection, the committee broadened the scope of the directive by widening the definitions of terms such as "supplier" (to include "intermediaries") and clarifying the term "credit" so that all forms of credit are covered. It also sought to clarify the position as regards the period within which consumers can withdraw from a contract and was concerned to ensure that consumers should receive the necessary information from the supplier. It stipulated that, if the supplier fails to provide the information, the period for withdrawal shall be 3 months, starting from the day of conclusion of the contract. If the information is supplied within that 3-month period, then the period for withdrawal would begin as from that moment and would be 14 or, in some cases, 30 calendar days as originally stipulated in the proposal. Still on the question of withdrawal, the committee was also concerned to ensure better protection for financial service providers, and in particular credit and insurance providers. One amendment aimed to close a loophole left in the proposal which would have allowed a consumer to make a claim against an insurance policy and then withdraw from the contract and still have the right to almost all of the premium paid. Another amendment completely removed the consumer's right to withdraw from certain contracts for home loans or home improvements (e.g. mortgages), whereas the common position had left it up to Member States to decide whether or not to remove this right. The committee argued that this change would not only create a more harmonised internal market but would also benefit consumers as it should prevent the development of national variations in cost structures in the credit industry. Lastly, the committee clarified the provisions on 'unsolicited services' (Art. 9) with a view to ensuring that insurers could go ahead with tacit renewals in cases where a customer had previously given written consent.