Consumer credit: implementation of directive 87 /102/EEC. Report

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OBJECTIVE: to highlight certain operational problems on the large consumer credit market and the solutions which could perhaps be applied. The Commission will table its chosen proposals when it presents its new consumer policy action plan at the end of 1995. CONTENT: the Commission report is based on a series of studies on the transposition of Directive 87/102/EEC into national legislation and the working of the large consumer credit market. The main conclusion from the transposition study is that the Member States have made considerable use of the minimum clause and have strengthened consumer protection by going beyond the directive during the transposition process. The main effect of the directive has therefore been as a driving force and it has become a springboard for consumer protection standards. The Commission suggests certain changes in order to improve the directive and the working of the market, viz.: - amending the directive in order to bring it into line with new financial techniques (e.g. credit cards); - reducing the list of exceptions, especially those relating to leasing, current accounts and ceilings; - including loans for work not guaranteed by a mortgage in the scope of the directive and assessing the need for a mortgage credit directive; - extending the scope to credit contracted by a consumer in order to finance a business start-up; - assessing the need for a code of conduct for credit advertisements directed at young people; - establishing an obligation on the part of the consumer to provide information and a duty on the part of the professional to provide advice; - not applying the mechanism to adjust the ceiling (from ECU 20,000 to 26,000) and abolishing the ECU 20,000 ceiling; - revising the provision on personal credit in the form of an overdraft; - generalizing the ban on bills of exchange; - making provision for bodies authorized to receive consumer complaints in each Member State; - generalizing cooling off periods during which consumers may cancel certain types of credit; - assessing the need for a code of conduct in the event of non performance of the contract (penalties); - assessing the need for regulations on usury; - studying the problems encountered by consumers in their relations with credit brokers; - applying the framework directive on the protection of personal data to the consumer credit sector; - extending certain information duties provided for in the directive to deposits; - studying possible measures to deal with the problem of over-indebtedness (prevention, assistance and advice systems).