



Consumer Credit Directive

Outstanding implementation issues

Presentation for the
ECCG
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Objective of the discussion

To present the key implementation issues identified by the report on the implementation of the Consumer Credit Directive that was published in May last year

To hear from the ECCG members about their views on the main consumer protection issues in the consumer credit market in their respective Member States



Reminder about previous presentations to the ECCG

At previous ECCG meetings on 28 October 2013 and 12 March 2014, the Commission informed you about:

- The legal obligation of the Commission to carry out a review of the thresholds and percentages in the CCD

- The methodology and the preliminary findings of two studies (on the state of the consumer credit market and on the regulatory choices taken by the Member States)

- The publication of the report in mid-2014.

I will present today the main findings and conclusions of the report.



Advertisements – outstanding issues

The standard information has to be provided (by means of a representative example) in advertisements if any information about the cost of the credit is given.

The report showed that in many Member States, the representative example was provided only in a minority of advertisements (less than 40%) where this needed to be given.

The average compliance of the representative examples in advertisements with the obligatory information requirements is particularly low for credit cards (in 9 countries only a small part of the standard information is provided).



Advertisements – outstanding issues

In addition, on average, advertisements are particularly unclear (in terms of font size, font colour, readability, clarity, conciseness and prominence)

- for car loans in 6 Member States
- for credit cards in 4 Member States
- for personal loans in 3 Member States.

In almost half of the Member States, less than 20% of all collected advertisements provide the correct APR.

Outstanding issues precontractual information

Failure to provide all of the required pre-contractual information (information not provided or provided only after prompting):

- the type of interest rate charged (fixed or variable);
- the value of the interest rate charged;
- the value of the APR;
- how the APR was calculated; and
- the total amount repayable.



Outstanding issues precontractual information

Other elements of information which were often not provided to consumers:

- Charges for late payments
- Right of withdrawal
- Right of early repayment.

The Standard European Consumer Credit Information sheet (SECCI) was often not given to the consumer.

Credit cards – specifically weak points

Consumers were rarely informed about:

- details of repayment:
- allocation of payments to different balances
- charges for different types of drawdowns
- the value of the APR
- how the APR was calculated (e.g. the features of the representative example, the assumptions used for the calculation)
- the total amount payable (on representative example)
- charges for late payments

Results – consumer survey

The survey covered 500 borrowers in all EU Member States, plus Iceland and Norway.

Consumers believe they are well informed, but, as to their contracts...

- often do not know what the borrowing rate is
- often do not know if the APR was indicated
- often do not know if the right of withdrawal was indicated.

Results – consumer survey

Consumers believe they are well informed, but...

- In most countries the majority seek information about credit offers from just 1 provider.

If consumers make use of their rights, shop around and ask the providers for the required information, it leads to better compliance scores with respect to the provision of the pre-contractual information.

So awareness of consumers matters for the performance of the credit market.



Awareness of consumers matters

This is why the Commission carried out an information campaign on rights of consumers as borrowers:

- in 4 Member States (IE, ES, CY, MT) in 2013-2014
- in 2 Member States (CZ, AT) in 2015.

- Target group: 18-35
- Focus on 3 key rights (pre-contractual information, 14-day withdrawal, early repayment)

- Independent impact evaluation of both campaigns

Results – consumer survey

Consumers are in principle satisfied with credit providers, but...

- In the majority of Member States, more than 50% completely distrust online loan providers with respect to protecting the rights of consumers
- In many countries (BG, CY, DK, EL, IE, NO, PL, PT, ES), more than 50% completely distrust seller providing credits
- In some countries (EL, HU, PL, SK, ES), more than 50% completely distrust non-banks

Summary remarks

Many problems are relevant for all Member States:

Not all obligatory standard information is provided in advertisements and advertisements lack clarity;

Consumers are not informed about the APR, right of withdrawal, charges for late payments at the pre-contractual stage

The issues above are more problematic for credit cards than for other types of loans.



Questions to the participants

What are the main consumer protection issues you have observed in the consumer credit market in your respective Member State?



Useful links

Report on implementation of CCD

http://ec.europa.eu/consumers/archive/rights/docs/ccd_implementation_report_en.pdf

Study on consumer credit market

http://ec.europa.eu/consumers/archive/rights/docs/consumer_credit_market_study_en.pdf

Please send you comments/views to
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Thank you for your attention

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