

Brussels, 10 October 2005

## **Consumer credit: Commission adopts revised proposal to facilitate agreement**

***The European Commission today adopted a revised proposal for a directive on consumer credit which aims to level up the rights enjoyed by consumers across the EU, within a genuine single market for such services. The modified proposal is intended to take into account the European Parliament's positions as expressed in its first reading and to facilitate agreement between Parliament and Council. Key changes to the Commission's first amended proposal of October 2004 include a focus on real consumer credit (up to €50,000); mortgage credit will be addressed separately. The text also allows greater flexibility for Member States to adapt certain rules to their national situation, while ensuring the single market is respected through a 'mutual recognition' clause. Key consumer rights in the proposal include a 14-day right of withdrawal, a right to repay credit early and a right to break a credit agreement if the related purchase is cancelled.***

Markos Kyprianou, Commissioner for Health and Consumer Protection, said: "This new draft maximises the benefits to consumers while keeping 'red tape' to a minimum. This Directive makes it simpler for consumers to compare the cost of credit and easier for industry to offer credit across borders. The changes we have made, which reflect many of the concerns expressed by MEPs, Council and our consultations with stakeholders, should also facilitate the adoption of the proposal next year."

In October 2004, the previous Commission indicated which European Parliament amendments it could accept. In November 2004, the incoming Commission of President Barroso decided to undertake further consultations on the draft directive and produce a consolidated text that would facilitate agreement.

Key elements of the revised proposal include:

- Restricting the scope to consumer credit of up to €50,000 to cover the most common consumer credit contracts;
- Mortgage credit will be addressed separately following the consultations triggered by the Green Paper on Mortgage Credit launched in July (see IP/05/971);
- Applying a specific regime based on pre-contractual and contractual information to credit contracts of up to €300;
- Giving Member States more flexibility to adapt the rules to their national situation in certain clearly specified areas, while insisting on a mutual recognition clause in a limited number of cases to protect the single market;
- Making it easier to compare consumer credit contracts through a harmonised method of calculating the cost of credit;

- A list of information that consumers must be given;
- A right of withdrawal of up to 14 days;
- The right to repay a loan early; and
- The right to break a credit contract if the related purchase is cancelled.

The draft law will now be debated in the Council of Ministers, with a common position expected in 2006.

The text of the revised proposal is available at:

[http://europa.eu.int/comm/consumers/cons\\_int/fina\\_serv/cons\\_directive/index\\_en.htm](http://europa.eu.int/comm/consumers/cons_int/fina_serv/cons_directive/index_en.htm)