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Mortgage credit: Council confirms agreement with EP

The Permanent Representatives Committee today approved a compromise text agreed with the European Parliament on 22 April on legislation aimed at creating a genuine internal market for mortgage credit, with a high degree of consumer protection ([8895/13](#) + [COR 1](#) + [COR 2](#)).

The presidency will confirm to the Parliament the Council's approval of the text, enabling adoption of the legislation at first reading.

The draft directive sets out to create an efficient and competitive single market for consumers, creditors and credit intermediaries. It seeks to establish a high level of protection whilst addressing irresponsible lending and borrowing which, in the recent context of financial crisis, has contributed to increased numbers of unaffordable loans, defaults and foreclosures throughout the EU.

The text also seeks to promote financial stability by ensuring that mortgage credit markets operate in a responsible manner.

EU rules on misleading advertising and on unfair terms in consumer contracts do not take account of the specificities of mortgage credit. Pre-contractual information for mortgage loans is the subject of a voluntary code of conduct, though its implementation has been inconsistent. Mortgage and renovation loans in excess of €75 000 are outside the scope of EU rules on consumer credit, and there are currently no EU requirements for non-credit institutions providing credit or for credit intermediaries.

P R E S S

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The draft directive therefore establishes conditions to ensure a high degree of professionalism amongst creditors and credit intermediaries. It sets out principles for marketing and advertising, and obligations for pre-contractual information, as well as requirements for information concerning credit intermediaries and for information on the borrowing rate. Provisions require the creditor to assess the creditworthiness of the consumer, as well as disclosure obligations on the part of the consumer. The text establishes regulatory and supervisory principles with regard to credit intermediaries, as well as provisions to enable adequate regulation and supervision of non-credit institutions.
