



**COUNCIL OF
THE EUROPEAN UNION**



Brussels, 28 January 2014
5564/14
(OR. en)
PRESSE 23

Council adopts directive on mortgage credits

The Council adopted today, by qualified majority¹, a directive aimed at creating a single market for mortgage credits in the EU, with a high degree of consumer protection ([5318/14](#) + [ADD 1 REV 1](#) + [25/13](#)).

The directive sets out to create an efficient and competitive single market for the benefit of 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.

By ensuring that mortgage credit markets operate in a responsible manner, the text also seeks to promote financial stability.

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 EUR 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.

¹ The decision was taken without discussion at a meeting of the Economic and Financial Affairs Council. The Czech Republic, Luxembourg and Latvia abstained.

P R E S S

The 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, and impose 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.

The text adopted by the Council includes all amendments voted by the European Parliament, following an agreement reached between the two institutions in first reading.

Member states will have two years to transpose the directive into their national laws, regulations and administrative provisions.
