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## NOTE

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From:	Permanent Representatives Committee (Part 1)
To:	Council
No. prev. doc.:	6065/23
No. Cion doc.:	9053/22 + ADD1-4
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2011/83/EU concerning financial services contracts concluded at a distance and repealing Directive 2002/65/EC - General approach

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## I. INTRODUCTION

1. On 11 May 2022, the Commission presented a proposal for a Directive of the European Parliament and of the Council amending Directive 2011/83/EU concerning financial services contracts concluded at a distance and repealing Directive 2002/65/EC<sup>1</sup>. The proposal is based on Article 114 of the Treaty on the Functioning of the European Union (TFEU).

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<sup>1</sup> Doc. 9053/22 + ADD 1-4.

2. The review of the current Directive on Distance Marketing of Consumer Financial Services<sup>2</sup> was announced in the Commission's New Consumer Agenda<sup>3</sup> and was supported by the Council in its related conclusions<sup>4</sup> with a view to strengthening consumer protection.
3. The proposal updates and modernises the general framework (acting as a safety net) for the financial services contracts concluded at a distance by repealing the legislative framework in place and including relevant aspects of consumer rights within the scope of the horizontally applicable Consumer Rights Directive<sup>5</sup>.
4. The main objectives of the proposal are:
  - i) to ensure a streamlined and future-proof framework for financial services concluded at a distance,
  - ii) to provide better protection for consumers in the digital environment,
  - iii) to reduce unnecessary burden and deliver a level playing field for financial service providers, thus fostering the cross-border provision of such services.
5. The European Economic and Social Committee provided its opinion on 21 September 2022<sup>6</sup>.
6. In the European Parliament, the committee responsible is the Committee on the Internal Market and Consumer Protection (IMCO), while the Economic and Monetary Affairs Committee (ECON) will provide its opinion as an associated committee. The rapporteur for the file is Ms Arba KOKALARI (EPP, Sweden). The IMCO Committee is expected to vote on its report on 27-28 March 2023.

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<sup>2</sup> Directive 2002/65/EC.

<sup>3</sup> Doc. 12976/20 (COM/2020/696 final).

<sup>4</sup> Doc. 6364/21.

<sup>5</sup> Directive 2011/83/EU.

<sup>6</sup> INT/994 – EESC-2022.

## II. WORK CONDUCTED IN THE COUNCIL PREPARATORY BODIES

7. On 30 June 2022, during the French Presidency, the Commission presented the proposal and the accompanying impact assessment to the Working Party on Consumer Protection and Information, and a first exchange of views took place. The article-by-article examination of the proposal began in July 2022 under the Czech Presidency, which devoted five meetings to the detailed examination and discussion of the proposal. The Working Party continued the discussion of the proposal under the Swedish Presidency (one meeting).
8. The Presidency submitted to the Working Party six compromise proposals which were drawn up on the basis of oral and written comments from delegations and their replies to targeted questionnaires. In the course of this work the proposal has been adapted with a view to accommodating concerns raised by Member States, as outlined in section III. below. A number of technical modifications have also been made to clarify and complement the text where necessary.
9. The compromise text set out in the Annex reflects the continuous efforts of the Presidency to strike a balance between the different positions of delegations, while maintaining the objectives of the Commission proposal. Changes compared to the Commission proposal are marked in **bold and underlined** and/or ~~strikethrough~~.
10. At its meeting on 17 February 2023, the Permanent Representatives Committee (Coreper) endorsed the compromise text<sup>7</sup> and agreed to forward it to the Council (Competitiveness) of 2 March 2023, with a view to agreeing on a general approach. Italy and Luxembourg have submitted statements as set out in Addendum 1 to this note.

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<sup>7</sup> Doc. 6065/23.

### **III. CHANGES TO THE COMMISSION PROPOSAL**

#### **11. Main changes**

##### **a) Level of harmonisation**

One important objective of the Commission proposal is to ensure the same high level of consumer protection across the single market, and this should be achieved by full harmonisation. The 2002 Directive allowed the Member States to go beyond the level of consumer protection established at EU level regarding pre-contractual information. For the Member States who have used this option, the Commission proposal would mean lowering the level of consumer protection. The compromise text therefore gives the Member States the possibility to apply stricter provisions in this area.

##### **b) Scope of application – safety net**

Several Member States considered it essential to clarify how the provisions of the Directive complement the provisions of the product-specific legislation, for instance in the case of financial services explicitly excluded from the scope of sector-specific provisions or only partly covered by them. For reasons of legal certainty, the compromise text further explains the interplay between the Directive and sectoral legislation. In order to ensure greater clarity for the consumer and to avoid the application of different sets of rules to financial products of a similar nature, the compromise text also enables Member States to choose to apply certain product-specific rules on the right of withdrawal to certain specific financial products. The recitals provide ample clarification in this respect.

In addition, the compromise text adds other provisions (articles) of the Consumer Rights Directive to apply to financial services contracts, such as provisions on telephone contracts, inertia selling, reporting and the possibility for Member States to maintain and introduce language requirements in national law regarding pre-contractual information.

c) Withdrawal button

A withdrawal button, or similar function, increases consumers' awareness of their right of withdrawal and facilities for withdrawing from a contract. For distance contracts in general, it is important that it is not more burdensome to withdraw from the contract than to enter it. In order to further strengthen consumer protection, the compromise text proposes not limiting the application of the withdrawal button to financial services. Instead, the text proposes moving the relevant provisions to the general chapter of the Consumer Rights Directive, thus ensuring a horizontal scope of application for contracts concluded at a distance. In addition, the compromise text proposes a few technical changes to the design of the withdrawal button in order to facilitate its implementation and make it easier for consumers to exercise their rights.

d) Online interfaces

The compromise text deletes the provision on additional protection regarding online interfaces, on the grounds that it would be very difficult for the consumer authorities to assess whether the obligation had been violated. In this respect, the relevant horizontal legislation, such as the Artificial Intelligence Act, the Digital Services Act<sup>8</sup> and the Unfair Commercial Practices Directive<sup>9</sup> could be more appropriate instruments for regulating such obligations.

As a substitute for this provision, a review clause has been inserted that requires the Commission to assess how the structure, design, function or manner of operation of online interfaces used by traders affect consumers' ability to make free, autonomous and informed decisions.

## 12. Other important changes

- a) Information disclosure: The objective of the proposed changes is to modernise and future-proof pre-contractual information obligations.

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<sup>8</sup> Regulation (EU) 2022/2065.

<sup>9</sup> Directive 2005/29/EC.

- b) Adequate explanations: Since contracts under the Directive can be of different nature and vary considerably, the compromise text proposes that Member States be able to adapt the way in which adequate explanations are given to the circumstances in which the service is offered and to the consumer's need for assistance.
- c) Alignment with the provisions of the Directive on Consumer Credits currently under negotiation:
- Temporal delimitation of the right of withdrawal: to strengthen legal certainty, the compromise text proposes establishing a time limit for this right of withdrawal, specifically 12 months and 14 days, if the consumer has not received the contractual information in accordance with the requirements laid down by the Directive, except where the consumer has not been informed about the right of withdrawal itself.
  - Penalties: the compromise text proposes abolishing the requirement to impose fines of a maximum amount of at least 4 % of the trader's annual turnover in the event of a serious cross-border infringement.
- d) Transposition: The compromise text provides for a longer transposition period to offer the industry sufficient time to adapt to the new EU rules. The additional six months would allow businesses to make the required changes to their IT-systems and update their processes.

#### IV. CONCLUSION

13. In the light of the above, the Council (Competitiveness) is invited to agree on a general approach on the basis of the text set out in the Annex, and to mandate the Presidency to enter into negotiations with the European Parliament.
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2022/0147 (COD)

Proposal for a

**DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Directive 2011/83/EU concerning financial services contracts concluded at a distance and repealing Directive 2002/65/EC**

**(Text with EEA relevance)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank<sup>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

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1 ...  
2 ...

Whereas:

- (1) Directive 2002/65/EC of the European Parliament and of the Council<sup>3</sup> lays down rules at Union level concerning the distance marketing of consumer financial services. At the same time Directive 2011/83/EU of the European Parliament and of the Council<sup>4</sup> lays down, amongst other, rules applicable to distance contracts for the sale of goods and provision of services concluded between a trader and a consumer.
- (2) Article 169(1) and Article 169(2), point (a), of the Treaty on the Functioning of the European Union (TFEU) provide that the Union is to contribute to the attainment of a high level of consumer protection through the measures adopted pursuant to Article 114 thereof. Article 38 of the Charter of Fundamental Rights of the European Union (the ‘Charter’) provides that Union policies are to ensure a high level of consumer protection.
- (3) Within the framework of the internal market, in order to safeguard freedom of choice, a high degree of consumer protection in the area of financial services contracts concluded at a distance is required in order to enhance consumer confidence in distance selling.
- (4) Ensuring the same high level of consumer protection across the internal market is best achieved through full harmonisation. Full harmonisation is necessary in order to ensure that all consumers in the Union enjoy a high and equivalent level of protection of their interests and to create a well-functioning internal market. Member States should therefore not be allowed to maintain or introduce national provisions other than those laid down in this Directive, with respect to aspects covered by the Directive, unless otherwise provided in this Directive. Where no such harmonised provisions exist, Member States should remain free to maintain or introduce national legislation.

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<sup>3</sup> Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC (OJ L 271, 9.10.2002, p. 16).

<sup>4</sup> Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC (OJ L 304, 22.11.2011, p. 64).



- (5) Directive 2002/65/EC has been the subject of different reviews. Those reviews revealed that the progressive introduction of Union product-specific legislation has led to significant overlaps with Directive 2002/65/EC and that digitalisation exacerbated some aspects that are not fully addressed by that Directive.
- (6) Digitalisation has contributed to market developments that were not foreseen at the time of the adoption of Directive 2002/65/EC. In fact, the rapid technological developments since then have brought significant changes to the financial services market. Although many sector-specific acts have been adopted on the Union level, financial services offered to consumers have evolved and diversified considerably. New products have appeared, in particular in the online environment, and their use continues to develop, often in a fast and unpredicted manner. In this regard, the horizontal application of Directive 2002/65/EC remains relevant. The application of Directive 2002/65/EC to consumer financial services not regulated by sector specific Union legislation has meant that, a set of harmonised rules apply to the benefit of consumers and traders. This ‘safety net’ feature, contributes to ensuring a high level of consumer protection while ensuring a level playing field among traders.
- (7) In order to address the fact that the progressive introduction of Union sector specific legislation has led to significant overlaps of that legislation with Directive 2002/65/EC and that digitalisation exacerbated some aspects that are not fully addressed by the Directive, including how and when information should be provided to the consumer, it is necessary to revise the rules applicable to financial services contracts concluded between a consumer and a trader at a distance, while at the same time ensuring the application of the ‘safety net’ feature **for financial services which are either not covered by Union sector specific legislation or excluded from the scope of Union acts governing specific financial services.**

- (8) Directive 2011/83/EU, similarly to Directive 2002/65/EC, provides for a right to pre-contractual information and a right of withdrawal for certain consumer contracts concluded at a distance. This complementarity is, however, limited since Directive 2011/83/EU does not cover financial services contracts, **which are defined as services of a banking, credit, insurance, personal pension, investment or payment nature. In this context, a housing savings account and a consumer credit agreement should be considered as financial services. Selling of goods such as precious metals, diamonds, wine or whiskey should not be considered *per se* a financial service.**
- (9) Extending the scope of Directive 2011/83/EU to cover financial services concluded at a distance should ensure the necessary complementarity. However, due to the particular nature of consumer financial services, in particular by reason of their complexity, not all the provisions of Directive 2011/83/EU should apply to consumer financial services contracts concluded at a distance. A dedicated chapter with rules applicable only to consumer financial services contracts concluded at a distance should ensure the necessary clarity and legal certainty.
- (9a) Financial service contracts concluded in some other manner than at a distance are not covered by this Directive. Member States can therefore determine, in accordance with Union law, which rules apply to such contracts, including by applying the requirements set out in this Directive to contracts not included in its scope.**
- (10) While not all the provisions of Directive 2011/83/EU should apply to financial services contracts concluded at a distance due to the specific nature of those services, a number of provisions of Directive 2011/83/EU, such as relevant definitions, rules on additional payments, on enforcement, ~~and penalties,~~ **inertia selling and reporting**, should also apply to financial services contracts concluded at a distance. The application of those provisions ensures complementarity between the different types of contracts concluded at a distance. The extension of the application of the rules on penalties of Directive 2011/83/EU will ensure that effective, proportionate and dissuasive fines are imposed on traders ~~responsible for widespread infringements or widespread infringements with a Union dimension.~~

- (11) A dedicated chapter in Directive 2011/83/EU should contain the still relevant and necessary rules of Directive 2002/65/EC, in particular concerning the right to pre-contractual information and the right to withdrawal, and rules ensuring online fairness when financial service contracts are concluded at a distance.
- (12) Since distance financial services contracts are most commonly concluded by electronic means, rules on ensuring online fairness when financial services are contracted at a distance should contribute to the achievement of the goals laid down in Article 114 TFEU and Article 38 of the Charter of the Fundamental Rights of the EU. The rule on adequate explanations should ensure added transparency and provide the consumer with the possibility to request human intervention when he or she interacts with the trader through **fully automated** online interfaces, such as a chatbots, **roboadvice, interactive tools** or similar tools **means**. ~~The trader should be prohibited to deploy measures in his or her online interface that could distort or impair the consumers' ability to make a free, autonomous and informed decision or choice.~~ **Other rules on ensuring online fairness as set in other Union acts, such as Regulation 2022/2065/EU of the European Parliament and of the Council<sup>5</sup>, can apply when financial services are contracted at a distance by electronic means. In the interest of ensuring a high level of consumer protection, the Commission should assess how the structure, design, function or manner of operation of online interfaces used by the traders affects the consumers' ability to make a free, autonomous and informed decision or choice. In this context the Commission should look into practices such as timed transactions placed in order to instil a sense of urgency in consumers to speed up the conclusion of a contract and the use of discriminatory price optimization based on individual price sensitivity.**

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<sup>5</sup> **Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) (OJ L 277, 27.10.2022, p. 1)**

- (13) Certain consumer financial services are governed by specific Union acts, which continue to apply to those financial services. In order to ensure legal certainty, it should be clarified that where another Union act governing specific financial services contains rules on pre-contractual information, ~~or on the exercise of the right of withdrawal~~ **or on adequate explanations, and irrespective of the level of detail of these rules,** only the respective provisions of those other Union acts should apply to those specific consumer financial services unless provided otherwise in those acts, **including the explicit option for Member States to exclude the application of those specific rules. In this context, whenever a specific Union act lays down rules offering Member States the possibility not to apply that specific Union act but instead refer to the application of another specific Union act, such as in Article 3(3) a) of Directive 2014/17/EU of the European Parliament and of the Council on credit agreements for consumers relating to residential immovable property<sup>6</sup>, the rules of that specific Union act should prevail, and this Directive should not apply. Similarly, in those instances where the specific Union act provides for rules concerning adequate alternative arrangements to ensure consumers receive timely information at the pre-contractual stage, such as in Article 3 (5) of Directive 2014/17/EU, the rules laid down in that specific Union act should prevail and this Directive should not apply.**

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<sup>6</sup> **Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ L 60, 28.2.2014, p. 34).**

**(13a) With regard to pre-contractual information, certain Union acts governing specific financial services contain rules adapted for those specific financial services designed to ensure that consumers are able to understand the essential characteristics of the proposed contract. For instance, Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP)<sup>7</sup>, Directive 2014/92/EU on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features<sup>8</sup>, Directive 2014/65/EU on markets in financial instruments<sup>9</sup> or Directive (EU) 2016/97 on insurance distribution<sup>10</sup>, provide for pre-contractual information both in the basic specific Union act and also empower the Commission to adopt delegated or implementing acts. Only the pre-contractual information requirements laid down in such Union acts should apply to those specific consumer financial services, unless provided otherwise in those acts. This should also be the case where the Union act governing specific financial services provides different or minimal rules on pre-contractual information in comparison with the rules laid down by this Directive.**

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<sup>7</sup> OJ L 198, 25.7.2019, p. 1.

<sup>8</sup> OJ L 257, 28.8.2014, p. 214.

<sup>9</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349–496).

<sup>10</sup> Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (OJ L 26, 2.2.2016, p. 19–59).

**(13b) With regard to the right of withdrawal, where the Union act governing specific financial services gives consumers time to consider the implications of the contract signed, and irrespective of what it is called by that Union act, only the respective provisions of that Union act should apply to those specific consumer financial services unless otherwise provided in that act.** For instance, when Article 186 of Directive 2009/138/EC of the European Parliament and of the Council<sup>11</sup> applies, the rules concerning the 'cancellation period' laid down in Directive 2009/138/EC apply and not the rules on the right of withdrawal laid down in this Directive and when Article 14(6) of Directive 2014/17/EU of the European Parliament and of the Council<sup>12</sup> applies, **the rules concerning the possibility to choose between the right of withdrawal and the reflection period laid down in Directive 2014/17/EU apply, not** the rules on the right of withdrawal under this Directive ~~should not apply~~.

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<sup>11</sup> Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).

<sup>12</sup> Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ L 60, 28.2.2014, p. 34).

**(13c) With regard to rules on adequate explanation,** Likewise, certain Union acts governing specific financial services<sup>13</sup> contain extensive and developed rules designed to ensure that consumers are able to understand the essential characteristics of the proposed contract. Furthermore, certain Union acts governing specific financial services, such as Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property<sup>14</sup>, **Directive 2014/65/EU on markets in financial instruments<sup>15</sup> and Directive (EU) 2016/97 on insurance distribution<sup>16</sup>**, already lay down rules on adequate explanations to be provided by the traders to the consumers with respect to the proposed contract. In order to ensure legal certainty, the rules on adequate explanations set out in this Directive should not apply to financial services falling under Union acts governing specific financial services that contain rules on the information **adequate explanation** to be provided to the consumer prior to the conclusion of the contract, **irrespective of what it is called by that Union act.**

<sup>13</sup> Such as, Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) (OJ L 198, 25.7.2019, p. 1), Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349), Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (OJ L 26, 2.2.2016, p. 19), Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (OJ L 257, 28.8.2014, p. 214)

<sup>14</sup> Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ L 60, 28.2.2014, p. 34)

<sup>15</sup> **Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349–496).**

<sup>16</sup> **Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (OJ L 26, 2.2.2016, p. 19–59).**

**(13d) Where Union acts governing specific financial services provide for rules on pre-contractual information but do not establish rules on the right of withdrawal, the right of withdrawal provisions of this Directive should apply. For instance, Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) sets out rules on pre-contractual information requirements but with respect to non-life insurance does not set out a right providing time to the consumer to consider the implications of the contract signed. In that case, rules on pre-contractual information laid down in the Union act governing specific financial services should apply and the rules on the right of withdrawal as laid down in this Directive should apply. Where a Union act governing specific financial services does not contain provisions on information on the right of withdrawal, the trader should provide this information according to this Directive in order to ensure proper information awareness of the consumer.**

**(13e) Where Union acts governing specific financial services provide for rules on pre-contractual information but do not establish rules on the right of withdrawal, the period for withdrawal set out in this Directive should apply and begin either from the day of the conclusion of the distance contract according to Article 16b (1a) of this Directive, or from the provision of the contractual terms and conditions and pre-contractual information in accordance with the Union acts governing those specific financial services, if the information is provided later than the day of the conclusion of the distance contract. Where a Union act governing specific financial services does not contain provisions on information on the right of withdrawal, in order for the period for withdrawal to begin, the trader should in addition to the contractual terms and conditions and pre-contractual information in accordance with the Union act governing those specific financial services also provide the information on the right of withdrawal set out in this Directive.**



- (14) Consumer financial services contracts negotiated at a distance involve the use of means of distance communication which are used as part of a distance sales or service-provision scheme not involving the simultaneous presence of the trader and the consumer. In order to tackle the constant development of those means of communication principles should be defined that are valid even for those means which are not yet in widespread use or which are not yet known.
- (15) A single financial service contract involving successive operations or separate operations of the same nature performed over time may be subject to different legal treatment in different Member States, but it is important that the rules are applied in the same way in all the Member States. To that end, it is appropriate to provide that the provisions governing the financial services contracts concluded at a distance should apply to the first of a series of successive operations or separate operations of the same nature performed over time which may be considered as forming a whole, irrespective of whether that operation or series of operations is the subject of a single contract or several successive contracts.
- Where there is no initial agreement, the provisions governing the financial services contracts concluded at a distance should apply to all successive or separate operations, except for the pre-contractual information, which should apply only to the first operation.** For example, an "initial service agreement" may be considered to be the opening of a bank account, and "operations" may be considered to be the deposit or withdrawal of funds to or from the bank account. Adding new elements to an initial service agreement, **such as a possibility to use an electronic payment instrument together with one's existing bank account,** does not constitute an "operation" but an additional contract.
- Other Union acts governing specific financial services may provide for different rules for initial agreements and operations.**
- (16) In order to delimit the scope of application of this Directive, the rules concerning consumer financial services concluded at a distance should not apply to services provided on a strictly occasional basis and outside a commercial structure dedicated to the conclusion of distance contracts.

- (17) The use of means of distance communications should not lead to an unwarranted restriction on the information provided to the consumer. In the interests of transparency, requirements should be laid down with regard to when the information should be provided to the consumer prior to the conclusion of the distance contract and how that information should reach the consumer. In order to be able to make their decisions in full knowledge of the facts, consumers should receive the information ~~at least one day~~ **in good time** prior to the conclusion of the distance contract. ~~Only in exceptional cases can the information be provided less than a day before the conclusion of the distance contract for financial service. In case the contract is concluded less than one day before, the trader, within the established timeframe, should be obliged to remind the consumer about the possibility to withdraw from the distance contract for financial service.~~
- (18) The information requirements should be modernised ~~and updated to include, for example, the email address of the trader and the information on the risk and reward related to certain consumer financial services~~ **and made future-proof. Therefore, the trader should communicate to the consumer its telephone number, but also its email address or other means of communication which can encompass various methods of communication, as well as the information on where to address complaints. The requirements on the complaint handling policy could be determined by Member States. Consumers should be informed about the specific additional costs of using the means of distance communication which in the case of telephone communication include costs calculated at a rate other than the basic rate.** Consumers should also be clearly informed when the price presented to them is personalised on the basis of automated processing.

**(18a) Under Directive 2002/65/EC Member States could maintain or introduce more stringent provisions on prior information requirements when the provisions are in conformity with Union law. Several Member States have maintained or introduced more stringent information requirements in that context. This possibility to offer a higher level of consumer protection with respect to the rules on pre-contractual information should remain. This should apply both to the information catalogue and the ways of presenting information. The application of more stringent rules can also include the application of requirements set out in Union acts concerning specific financial services to financial services not covered by these sectoral Union acts.**

~~(19) When the consumer financial service concluded at a distance includes a risk-reward profile, it should contain such elements as a summary risk indicator, supplemented by a narrative explanation of that indicator, its main limitations and a narrative explanation of the risks which are materially relevant to the financial service and the possible maximum loss of capital, including information on whether all capital can be lost.~~

~~(20) Certain financial services might pursue an environmental or social objective such as contributing to the fight against climate change or contributing to the reduction of over-indebtedness. In order to be able to make an informed decision, the consumer should also be informed about the particular environmental or social objectives targeted by the financial service.~~

**(20a) The trader should provide all pre-contractual information in good time before the consumer is bound by the distance contract or any corresponding offer, so that the consumer has enough time to make an informed decision. The information should be provided on a durable medium and in a way that the information is both easy for the consumer to comprehend and is in a readable format. Being in a readable format means written in legible fonts in a readable size and in colours that do not diminish the comprehensibility of the information, including when the document is presented, printed or photocopied in black and white. If the information cannot be provided on a durable medium before the conclusion of the contract due to the media chosen by the consumer, it should be provided immediately after the conclusion.**

(21) The information requirements should be adapted to take into account the technical constraints of certain media, such as the restrictions on the number of characters on certain mobile telephone screens. In the case of mobile telephone screens, where the trader has customised the content and presentation of the online interface for such devices, the following information must be provided most prominently and in an upfront manner: information concerning the identity of the trader, the main characteristics of the consumer financial service, the total price to be paid by the consumer to the trader for the consumer financial service including all taxes paid via the trader or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the consumer to verify it, and the existence or absence of the right of withdrawal, including the conditions, time limit and procedures for exercising that right. The rest of the information could be **layered** ~~provided via additional pages~~. However, all the information should be provided on a durable medium before the conclusion of the distance contract.

(22) When providing pre-contractual information through electronic means, such information should be presented in a clear and comprehensible manner. In this regard, the information could be highlighted, framed and contextualised effectively within the display screen. The technique of layering, **whereby certain pre-contractual information requirements are deemed key elements and thus placed in a prominent way on the first layer and other detailed parts of the pre-contractual information are presented in accompanying layers**, has been tested and proved to be useful for certain financial services; ~~its uses,~~ namely the possibility to present detailed parts of the information through pop-ups or through links to accompanying layers, should be encouraged. **When making use of the technique of layering pursuant to this Directive, the trader should provide on the first layer of the electronic means at least, the identity and the main business of the trader, the main characteristics of the financial service, the total price to be paid by the consumer, notice of the possibility that other taxes or costs may exist and the existence or absence of a right of withdrawal. The other remaining pre-contractual information requirements could be displayed in other layers. When layering is used all the information should be easily accessible to the consumer and the use of accompanying layers does not distract the customer's attention from the content of the document and should not obscure key information. It should be possible to print all the parts of the pre-contractual information in one single document.**

**(22a)** **Another** possible manner of providing pre-contractual information is through **electronic means** is the ‘tables of contents’ approach using expandable headings. At the top level, consumers could find the main topics, each of which can be expanded by clicking on it, so that the consumers are directed to a more detailed presentation of the relevant information. In this way, the consumer has all the required information in one place, while retaining control over what to review and when. Consumers should have the possibility to download all the pre-contractual information document and to save it as a stand-alone document.

(23) Consumers should have a right of withdrawal without penalty and with no obligation to provide justification. **The right of withdrawal should not apply to financial services whose price depends on fluctuation in the financial market outside the trader's control. Certain other products, such as some pension products or insurance-based investment products, could be linked to financial market instruments and, as such, be dependent on fluctuations in the financial market. When the consumer has a right to withdraw from these contracts, the possible loss in value of the financial market instruments should be taken into account in the amount payable to the consumer.**

When the right of withdrawal does not apply because the consumer has expressly requested the performance of a distance contract before the expiry of the withdrawal period, the trader should inform the consumer of this fact before the start of the performance of the contract.

**(23a) The withdrawal period should expire 14 calendar days after providing both pre-contractual information and contractual terms and conditions. In order to increase legal certainty, if the consumer has not received that pre-contractual information and contractual terms and conditions, the withdrawal period should expire at the latest 12 months and 14 calendar days after the conclusion of the distance contract. The withdrawal period should not expire if the consumer has not been informed about the right of withdrawal on a durable medium.**

(24) In order to ensure the effective exercise of the right of withdrawal, the procedure for the exercise of that right should not be more burdensome than the procedure for the conclusion of the distance contract.

- (25) For distance contracts concluded by electronic means, the trader should provide the consumer with the possibility to use a withdrawal button. In addition to other existing withdrawal means, such as the form laid down in Annex 1(B) of this Directive, where the trader offers the possibility of concluding distance contracts by means of an online interface, such as through a website or application, he should be obliged to enable the consumer to withdraw from such a contract via a button or a similar function on that same interface. This should ensure that consumers can withdraw from a contract just as easily as they can conclude it. To achieve this, the trader is to provide a button or a similar function on the online interface on which the contract is concluded that indicates the possibility of withdrawal. The consumer should be allowed to make the withdrawal statement and to provide or confirm the information necessary to identify the contract. For instance, a consumer who has already identified themselves, for example by logging in, could be able to confirm from which service they wish to withdraw without the necessity of providing their name and the identification of the contract. In order to avoid that the consumer does not withdraw from the contract by accident, the withdrawal statement should be submitted by using a confirmation button. If the consumer ordered multiple goods or services within the same distance contract, the trader can provide the consumer with the possibility to withdraw from part of the contract.

In order ~~for~~to ensure the effective use of the withdrawal button, the trader should ensure that it is available during the withdrawal period, is visible and easily accessible and, when the consumer uses the button, the trader should adequately document its use. The withdrawal button, or similar function, should increase the awareness of consumers of their right of withdrawal and simplify the possibility of benefitting from that right. This is important when it comes to distance selling in general. In these cases, whether it is regarding financial or non-financial products or services, the consumer does not have the possibility to receive explanations in person, to test and inspect where appropriate the good or service to the extent necessary to establish the nature, characteristics and the functioning of the good or service, or to otherwise learn in person about the possibly complex or extensive nature about a product or service. Therefore, this obligation should be laid down not only to distance contracts for financial services, but also to distance contracts for other goods and services where Union law provides a right of withdrawal to enhance the possibilities for consumers to get out of contracts by means of withdrawal.



- (26) Consumers, in addition to the pre-contractual information provided to them by the trader, may still need assistance in order to decide which financial service is the most appropriate for his or her needs and financial situation. The objective of the provision of adequate explanation is to ensure that the consumer understands the financial service offered by the trader before he or she signs the contract. The mere reproduction of the pre-contractual information could be insufficient and should then be avoided. Therefore, Member States should ensure that before the conclusion of a financial service contract at a distance, traders provide such assistance in relation to the financial services which they offer to the consumer, by providing adequate explanations ~~about the relevant information, including~~ concerning the essential characteristics of the ~~products-proposed~~ contract, including the possible ancillary services, and the specific effects that the proposed contract may have on the consumer. With regard to the essential characteristics of the proposed contract the trader should explain the main features of the offer, such as the total price to be paid by the consumer to the trader and the description of the main characteristics of the financial service, and its impact on the consumer, including, where applicable, whether the ancillary services can or cannot be terminated separately and the consequences of such termination. With regard to the specific effects of the proposed contract, the trader should also explain the main consequences of non-compliance with the contractual obligations.
- (26a) The contracts under this Directive can be of different financial natures and thus can vary considerably. Therefore, Member States could adapt the way in which such explanations are given to the circumstances in which the financial service is offered and to the consumer's need for assistance, taking into account the consumer's knowledge and experience of financial service and its nature.

**(26b)** The obligation of providing adequate explanations is particularly important when consumers intend to conclude a financial service contract at a distance and the trader provides explanations through online tools **such as chatbots, roboadvice, interactive tools or similar means**. In order to ensure that the consumer understands the effects that the contract may have on his or her economic situation, the consumer should always be able to obtain human intervention on behalf of the trader, **free of charge, during business hours of the trader**.

~~(27) When concluding financial services contracts at a distance, traders should be prohibited to use the structure, design, function or manner of operation of their online interface in a way that could distort or impair consumers' ability to make a free, autonomous and informed decision or choice.~~

(28) Directive 2011/83/EU should therefore be amended accordingly.

(29) Directive 2002/65/EC should therefore be repealed.

- (30) Since the objective of this Directive, namely, through the achievement of a high level of consumer protection, to contribute to the proper functioning of the internal market, cannot be sufficiently achieved by the Member States and can therefore be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.
- (31) In accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents<sup>17</sup>, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified,

HAVE ADOPTED THIS DIRECTIVE:

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<sup>17</sup> OJ C 369, 17.12.2011, p. 14.

*Article 1*  
*Amendments to Directive 2011/83/EU*

Directive 2011/83/EU is amended as follows:

(1) Article 3 is amended as follows:

(a) the following paragraph (1b) is inserted:

‘(1b) **Only** Articles 1 and 2, Article 3(2), (5) and (6), Article 4, **Article 6(7), Article 6a, Article 8(6), Article 11a,** Articles 16a to ~~16c~~**16d**, Article 19, Articles 21 to 23, Article 24(1), ~~(2), (3) and (4)~~ and Articles 25 ~~and to 26-27~~ **and Article 29** shall apply to distance contracts concluded between a trader and a consumer for the supply of financial services.

**With the exception of Article 21, Where where** contracts referred to in the first subparagraph comprise an initial service agreement followed by successive operations or a series of separate operations of the same nature performed over time, the provisions referred to in the first subparagraph shall apply only to the initial agreement.

**Where no initial service agreement but the successive operations or the separate operations of the same nature performed over time are performed between the same contractual parties, Articles 16a and 16d shall apply only to the first operation. Where, however, no operation of the same nature is performed for more than one year, the next operation will be deemed to be the first in a new series of operations and, accordingly, Articles 16a and 16d shall apply.**

(b) in paragraph 3, point (d) is replaced by the following:

‘(d) for financial services, **other than distance contracts** ~~not~~ covered by Article 3(1b).’

**(1a) In Article 6 paragraph 1, point (h) is replaced by the following:**

**‘(h) where a right of withdrawal exists, the conditions, time limit and procedures for exercising that right in accordance with Article 11(1), as well as the model withdrawal form set out in Annex I(B), and, where applicable, information about the existence and placement of the withdrawal button or a similar function referred to in Article 11a;’**

**(1b) The following Article 11a is inserted:**

**‘Article 11a**

**Exercise of the right of withdrawal from distance contracts concluded by the means of an online interface**

1. **For distance contracts concluded by the means of an online interface, the trader shall ensure that the consumer can withdraw from the contract on that same online interface by using a button or a similar function.**

**The button or a similar function shall be labelled in a legible manner and shall contain the words “withdraw from contract here” or a corresponding unambiguous formulation. The withdrawal button or a similar function shall be placed on the online interface in a prominent manner and be easily accessible to the consumer.**

2. **Using the button or a similar function shall allow the consumer to make the withdrawal statement by providing or confirming the following information:**
  - (a) **name of the consumer;**
  - (b) **identification of the contract;**
  - (c) **details of the electronic means by which the confirmation of the withdrawal shall be sent to the consumer.**

3. **The withdrawal statement shall be submitted by using a confirmation button or a similar function.**

**The confirmation button or a similar function shall be labelled in a legible manner with the words “withdraw now” or a corresponding unambiguous formulation.**

4. **Once the consumer uses the confirmation button or a similar function, the consumer shall then automatically receive a confirmation that the withdrawal statement has been submitted, including the date and time of the submission.**
5. **The trader shall confirm to the consumer without undue delay the content of the withdrawal statement, including the date and time of its receipt, on a durable medium.’**

- (2) The following Chapter is inserted:

**‘CHAPTER IIIa**  
**RULES CONCERNING DISTANCE CONTRACTS FOR FINANCIAL SERVICES**  
**~~CONTRACTS CONCLUDED AT A DISTANCE~~**

*Article 16a*

*Information requirements for distance contracts for ~~consumer~~ financial services*

1. Before the consumer is bound by a distance contract, or any corresponding offer, the trader shall provide the consumer with the following information, in a clear and comprehensible manner **in any way appropriate to the means of distance communication used:**
  - (a) the identity and the main business of the trader **and, where applicable, those of the trader on whose behalf he is acting;**

- (b) the geographical address at which the trader is established as well as the **trader's telephone number, email address or details of other means of communication provided by the** ~~trader's telephone number and email address; in addition, where the trader provides other means of online communication which guarantee that the consumer can keep any written correspondence, including the date and time of such correspondence, with the trader on a durable medium, the information shall also include details of those other means,~~ **and where applicable, that of the trader on whose behalf he is acting;** all those means of communication provided by the trader shall enable the consumer to contact the trader quickly and communicate with him efficiently **and guarantee that the consumer can keep any written correspondence with the trader on a durable medium;** ~~where applicable, the trader shall also provide the geographical address and identity of the trader on whose behalf he is acting;~~
- (c) ~~if different from the address provided in accordance with point (b), the geographical address of the place of business of the trader, and, where applicable, that of the trader on whose behalf he is acting,~~ **information on** where the consumer can address any complaints **to the trader, and, where applicable, to the trader on whose behalf he is acting;**
- (d) where the trader is registered in a trade or similar public register, the ~~trade~~ register in which the trader is entered and the registration number or an equivalent means of identification in that register;
- (e) where the trader's activity is subject to an authorisation scheme, the ~~particulars~~ **name, address, website and any other contact information** of the relevant supervisory authority;
- (f) a description of the main characteristics of the financial service;

- (g) the total price to be paid by the consumer to the trader for the financial service, including all related fees, charges and expenses, and all taxes paid via the trader or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the consumer to verify it;
- (h) where applicable, that the price was personalised on the basis of automated decision-making;
- (i) where ~~relevant~~ **applicable**, notice indicating that the financial service is related to instruments involving special risks related to their specific features or the operations to be executed or whose price depends on fluctuations in the financial markets outside the trader's control and that historical performances are ~~no~~ **not** indicators for future performances;
- (j) notice of the possibility that other taxes ~~and/or~~ costs may exist that are not paid via the trader or imposed by him;
- (k) any limitations of the period for which the information provided **in accordance with this paragraph** is valid;
- (l) the arrangements for payment and for performance;
- (m) any specific additional costs, **beside the basic rate**, for the consumer of using the means of distance communication **for the conclusion of the contract**, if such additional costs ~~is~~ **are** charged;
- ~~(n) where applicable, a brief description of the risk-reward profile;~~
- ~~(o) where applicable, information on any environmental or social objectives targeted by the financial service;~~



- (p) the existence or absence of a right of withdrawal and, where the right of withdrawal exists, its duration and the conditions for exercising it including information on the amount which the consumer may be required to pay **in accordance with Article 16c(1) and procedures for exercising the right of withdrawal, *inter alia*, the address or details of the means of communication relevant for sending the withdrawal statement and for financial contracts concluded by the means of an online interface information about the existence and placement of the withdrawal button or a similar function, referred to in Article 11a,** as well as the consequences of non-exercise of that right;
- (q) **where applicable,** the minimum duration of the distance contract in the case of financial services to be performed permanently or recurrently;
- (r) information on any rights the parties may have to terminate the contract early or unilaterally by virtue of the terms of the distance contract, including any penalties imposed by the contract in such cases;
- ~~(s) practical instructions for exercising the right of withdrawal indicating, *inter alia*, the address or email address to which the notification of a withdrawal should be sent and for financial contracts concluded by electronic means, information about the existence and placement of the withdrawal button, referred to in Article 16d;~~
- (t) any contractual clause on law applicable to the distance contract ~~and/or on competent court;~~
- (u) in which language, or languages, the contractual terms and conditions, and the prior information referred to in this Article are supplied, and furthermore in which language, or languages, the trader, with the agreement of the consumer, undertakes to communicate during the duration of ~~this~~ **the** distance contract;

(v) where applicable, the possibility of having recourse to an out-of-court complaint and redress mechanism, to which the trader is subject, and the methods for having access to it;

**(x) the existence of guarantee funds or other compensation arrangements, not covered by Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes and Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor compensation schemes.**

2. In the case of telephone communications, the identity of the trader and the commercial purpose of the call initiated by the trader shall be made explicitly clear at the beginning of any conversation with the consumer. **The trader shall also notify the consumer when the call is or may be recorded.**

~~Where the consumer explicitly agrees to continue the telephone communications, by way of derogation from paragraph 1, only the information referred to in points (a), (f), (g), and (p) of that paragraph needs to be provided.~~

**By way of derogation from paragraph 1, if the consumer explicitly agrees, the trader may provide only the information referred to in points (a), (f), (g), (j) and (p) of that paragraph. In that case** ~~The trader shall inform the consumer of the nature and the availability of the other information referred to in paragraph 1 and shall provide that information when fulfilling obligations under paragraph 3.~~

3. The trader shall provide the information referred to in paragraph 1 ~~at least one day~~ **in good time** before the consumer is bound by any distance contract **or any corresponding offer.**

~~When the information referred to in paragraph 1 is provided less than one day before the consumer is bound by the distance contract, Member States shall require that the trader sends a reminder, on a durable medium, to the consumer of the possibility to withdraw from the distance contract and of the procedure to follow for withdrawing, in accordance with Article 16b. That reminder shall be provided to the consumer, at the latest, one day after the conclusion of the distance contract.~~

4. The information referred to in paragraph 1 shall be ~~made available~~ **provided** to the consumer on a durable medium and ~~laid out in a way that is~~ **be** easy to read, using characters of readable size.

**The information referred to in paragraph 1 shall be provided upon request in an appropriate format to consumers with disabilities, including those with a visual impairment.**

- 4a.** Except for the information referred to in paragraph 1, points (a), (f), (g), **(j)**, and (p), the trader shall be permitted to layer the information where it is provided by electronic means.

~~In case the trader decides to layer the~~ **of layering of** information, it shall be possible to **view, save and** print the information referred to in paragraph 1 as one single document.

**The trader shall ensure that the consumer is presented with all the pre-contractual information referred to in paragraph 1 in its entirety before the conclusion of the distance contract.**

~~Where colours are used to provide the information referred to in paragraph 1, they shall not diminish the comprehensibility of the information if the key information document is printed or photocopied in black and white.~~

The information referred to in paragraph 1 shall be made available upon request in an appropriate format to consumers with a visual impairment.

**4b. By way of derogation from paragraph (3) and (4a), if the contract has been concluded at the consumer's request using a means of distance communication which does not enable providing the information referred to in paragraph 1 in accordance with paragraph 4 in good time before the consumer is bound by the distance contract or any corresponding offer, the trader shall provide that information in accordance with paragraph 4 immediately after the conclusion of the contract.**

5. As regards compliance with the information requirements laid down in this Article, the burden of proof shall be on the trader.

**5a. Member States may adopt or maintain more stringent provisions on information requirements than those referred to in this Article.**

6. Where another Union act governing specific financial services contains rules on the information to be provided to the consumer prior to the conclusion of the contract, only the ~~pre-contractual information requirements~~ **rules** of that Union act shall apply to those specific financial services, **irrespective of the level of detail of these rules**, unless provided otherwise in that act.

**Where another Union act governing specific financial services does not contain rules on information about the right of withdrawal, the trader shall inform the consumer about the existence or absence of such a right in accordance with Article 16a(1), point (p).**

*Article 16b*

*Right of withdrawal from distance contracts for financial services*

1. The Member States shall ensure that the consumer shall have a period of 14 calendar days to withdraw from a contract without penalty and without giving any reason. **This period shall be extended to 30 calendar days in distance contracts relating to personal pension operations.**

The period for withdrawal referred to in the first subparagraph shall begin from one of the following days:

- (a) the day of the conclusion of the distance contract,
- (b) the day on which the consumer receives the contractual terms and conditions and the information in accordance with Article 16a, if that is later than the date in point (a) of this subparagraph.

**If the consumer has not received the contractual terms and conditions and the information in accordance with Article 16a, the withdrawal period shall expire 12 months and 14 calendar days after the conclusion of the contract. This shall not apply if the consumer has not been informed about his right of withdrawal in accordance with Article 16a(1), point (p).**

2. The right of withdrawal shall not apply to the following:
- (a) ~~consumer~~ financial services whose price depends on fluctuations in the financial market outside the traders control, which may occur during the withdrawal period, such as services related to:
- foreign exchange; ~~money market instruments~~;
  - **money market instruments**;
  - transferable securities;
  - units in collective investment undertakings;
  - financial-futures contracts, including equivalent cash-settled instruments;
  - forward interest-rate agreements (FRAs);
  - interest-rate, currency and equity swaps;
  - options to acquire or dispose of any instruments referred to in this point including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates;
  - crypto-assets ~~as defined in [Article 3(1)(2) of Commission Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/193 24.9.2020 COM(2020) 593 final]~~;
- (b) travel and baggage insurance policies or similar short-term insurance policies of less than one month's duration;
- (c) contracts whose performance has been fully completed by both parties at the consumer's express request before the consumer exercises his right of withdrawal.

3. The consumer shall have exercised his right of withdrawal within the withdrawal period referred to in paragraph 1 if the communication concerning the exercise of the right of withdrawal is sent or the withdrawal button **or a similar function** referred to in paragraph 5 **Article 11a** is activated **used** by the consumer before that period has expired.

4. This Article shall be without prejudice to any rule of national law establishing a period of time during which the performance of the contract may not begin.

~~5. Member States shall ensure that, for distance contracts concluded by electronic means, the trader provides a possibility to use a withdrawal button in order to facilitate the consumer's exercise of the right of withdrawal. Such button shall be clearly labelled with the words 'Withdraw from Contract' or a corresponding unambiguous formulation.~~

~~The withdrawal button shall be placed in a prominent manner and permanently available during the entire withdrawal period on the same electronic interface as the one used to conclude the distance contract. In addition, the trader may also provide the withdrawal button through another channel.~~

~~The trader shall ensure that the activation of the withdrawal button results in an instant confirmation notice to the consumer that the right of withdrawal has been exercised, which shall include the date and time of the exercise of the right of withdrawal.~~

~~Confirmation of the exercise of the right of withdrawal shall be provided by the trader to the consumer on a durable medium.~~

**5a. Where an ancillary service relating to the distance contract for financial service is provided by the trader or by the third party on the basis of an agreement between that third party and the trader, this ancillary contract shall be terminated, without any penalty for the consumer, if the consumer exercises his right of withdrawal in accordance with this Article.**

6. Where another Union act governing specific financial services contains rules on the exercise of the right of withdrawal, only the right of withdrawal rules of that Union act shall apply to those specific financial services, unless provided otherwise in that act.  
**Where there exists an option for Member States to choose between right of withdrawal and an alternative, such as reflection period, only the corresponding rules of that Union act shall apply to those specific financial services, unless provided otherwise in that act.**

**6a. By way of derogation from this article, Member States may choose to instead apply the following provisions to the following financial services with regards to the right of withdrawal or a reflection period:**

a) **Article 14(6) of Directive 2014/17/EU of the European Parliament and of the Council<sup>18</sup> to credit agreements exempted from the scope according to Article 3(2) of Directive 2014/17/EU of the European Parliament and of the Council, and**

b) **Articles 14 and 15 of Directive 2008/48/EC of the European Parliament and of the Council<sup>19</sup> to credit agreements exempted from the scope according to Article 2(2) of Directive 2008/48/EC of the European Parliament and of the Council.**

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<sup>18</sup> **Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ L 60, 28.2.2014, p. 34).**

<sup>19</sup> **Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC (OJ L 133, 22.5.2008, p.66).**



*Article 16c*

*Payment of the service provided before withdrawal*

1. Where the consumer exercises the right of withdrawal under Article 16b, the consumer may only be required to pay, without any undue delay, for the service actually provided by the trader in accordance with the distance contract. The amount payable shall not:
  - (a) exceed an amount which is in proportion to the extent of the service already provided in comparison with the full coverage of the distance contract;
  - (b) in any case be such that it could be construed as a penalty.

**1a. Member States may provide that the consumer cannot be required to pay any amount when withdrawing from an insurance contract.**

2. The trader may not require the consumer to pay any amount on the basis of paragraph 1 of this Article unless the trader can prove that the consumer was duly informed about the amount payable, in conformity with Article 16a(1), point (p). However, in no case may the trader require such payment if the trader has commenced the performance of the contract before the expiry of the withdrawal period provided for in Article 16b(1) without the consumer's prior request.
3. The trader shall, without any undue delay and no later than within 30 calendar days, return to the consumer any sums the trader has received from him in accordance with the distance contract, except for the amount referred to in paragraph 1. This period shall begin from the day on which the trader receives the notification of withdrawal.
4. The consumer shall return to the trader any sums he or she has received from the trader without any undue delay and no later than within 30 calendar days. This period shall begin from the day on which the consumer withdraws from the contract.

*Article 16d*  
*Adequate explanations*

1. Member States shall ensure that traders are required to provide adequate explanations to the consumer on the proposed financial services contracts that make it possible for the consumer to assess whether the proposed contract and ancillary services are adapted to his or her needs and financial situation. The explanations shall include the following elements:
    - (a) the required pre-contractual information;
    - (b) the essential characteristics of the proposed contract, including the possible ancillary services;
    - (c) the specific effects that the proposed contract may have on the consumer, ~~including the consequences of payment default or late payment by the consumer.~~
  - ~~2. Paragraph 1 shall also apply to explanations provided to the consumer, when using online tools such as live chats, chat bots, roboadvice, interactive tools or similar approaches.~~
- 2a. Member States shall specify the manner in which and the extent to which the explanations referred to in paragraph 1 are given and may adapt it to the circumstances of the situation in which the financial service is offered, the person to whom it is offered and the nature of the financial service offered.**

3. Member States shall ensure that, in case the trader uses online tools, the consumer shall have a right to request and obtain human intervention **at every stage of the negotiation process and contractual relationship.**
4. Where another Union act governing specific financial services contains rules on the **adequate explanations** information to be provided to the consumer, **only rules on the adequate explanations of that Union act shall apply to those specific financial services, unless provided otherwise in that act** prior to the conclusion of the contract, paragraphs 1 to 3 of this Article shall not apply.’

*Article 16e*

***Additional protection regarding online interfaces***

Without prejudice to Directive 2005/29/EC of the European Parliament and of the Council<sup>20</sup> and Council Directive 93/13/EEC<sup>21</sup>, Member States shall adopt measures requiring that traders, when concluding financial services contracts at a distance, do not use the structure, design, function or manner of operation of their online interface in a way that could distort or impair consumers’ ability to make a free, autonomous and informed decision or choice.

**(3) In Article 29, paragraph 1 is replaced by the following:**

**‘1. Where a Member State makes use of any of the regulatory choices referred to in Article 3(4), Article 6(7), Article 6(8), Article 7(4), Article 8(6), Article 9(1a), Article 9(3), Article 16(2), Article 16(3), and Article 16a(5a) and Article 16b(6a), it shall inform the Commission thereof by [date of transposition], as well as of any subsequent changes.’**

<sup>20</sup> Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council (‘Unfair Commercial Practices Directive’) (OJ L 149, 11.6.2005, p. 22).

<sup>21</sup> Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (OJ L 95, 21.4.1993, p. 29).

**(4) In Article 30, the following subparagraph is inserted:**

**‘By [5 years from entry into force], the Commission shall submit a report on the application of this Directive regarding the distance contracts for financial services to the European Parliament and the Council. That report shall include in particular an assessment of the provision of financial services by means of an online interface including effects of the structure, design, function or manner of operation of online interfaces on consumer’s ability to make decisions. The report shall be accompanied, where necessary, by a legislative proposal to adapt this Directive to the development in the field of consumer rights.’**

*Article 2*

*Transposition*

1. Member States shall adopt and publish by [24 months from adoption] at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

They shall apply those provisions from [the date after 24+6 months from adoption].

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions in national law which they adopt in the field covered by this Directive.

*Article 3*

***Repeal***

Directive 2002/65/EC is repealed with effect from [24+6 months from adoption].

References to the repealed Directive shall be construed as references to Directive 2011/83/EU, as amended by this Directive, and shall be read in accordance with the correlation table set out in the Annex to this Directive.

*Article 4*

***Entry into force***

This Directive shall enter into force on the twentieth day following its publication in the *Official Journal of the European Union*.

*Article 5*

***Addressees***

This Directive is addressed to the Member States.

Done at Brussels,

*For the European Parliament*

*The President*

*For the Council*

*The President*

Correlation Table

Directive 2002/65/EC	Directive 2011/83/EU, as amended by this Directive
Article 1(1)	-
Article 1(2), first subparagraph	Article 3(1b), second subparagraph
Article 1(2), second subparagraph	-
Article 2, point (a)	Article 2, point (7)
Article 2, point (b)	Article 2, point (12)
Article 2, point (c)	Article 2, point (2)
Article 2, point (d)	Article 2, point (1)
Article 2, point (e)	Article 2, point (7)
Article 2, point (f)	Article 2, point (10)
Article 2, point (g)	-
Article 3(1)	Article 16a(1)
Article 3(1), point 1(a), (b) and (c)	Article 16a(1), point (a) and (b)
Article 3(1), point 1(d)	Article 16a(1), point (d)
Article 3(1), point 1(e)	Article 16a(1), point (e)
Article 3(1), point 2(a)	Article 16a(1), point (f)
Article 3(1), point 2(b)	Article 16a(1), point (g)
Article 3(1), point 2(c)	Article 16a(1), point (i)
Article 3(1), point 2(d)	Article 16a(1), point (j)
Article 3(1), point 2(e)	Article 16a(1), point (k)
Article 3(1), point 2 (f)	Article 16a(1), point (l)
Article 3(1), point 2 (g)	Article 16a(1), point (m)
Article 3(1), point 3(a)	Article 16a(1), point (p)
Article 3(1), point 3(b)	Article 16a(1), point (q)
Article 3(1), point 3(c)	Article 16a(1), point (r)
Article 3(1), point 3(d)	Article 16a(1), point (s)

Directive 2002/65/EC	Directive 2011/83/EU, as amended by this Directive
Article 3(1), point 3(e)	-
Article 3(1), point 3(f)	Article 16a(1), point (t)
Article 3(1), point 3(g)	Article 16a(1), point (u)
Article 3(1), point 4(a)	Article 16a(1), point (v)
Article 3(1), point 4(b)	-
Article 3(2)	-
Article 3(3), point (a)	Article 16a(2), first subparagraph
Article 3(3), point (b) first, second, third and fifth indent	Article 16a(2), second subparagraph
Article 3(3), point (b), fourth indent	-
Article 3(3), second subparagraph	Article 16a(2), third subparagraph
Article 3(4)	-
Article 4(1) and (5)	Article 16a(6)
Article 4 (2), (3), (4)	-
Article 5(1)	Article 16a(3), first subparagraph and (4), first subparagraph
Article 5(2)	-
Article 5(3)	-
Article 6(1), first subparagraph, first sentence	Article 16b(1), first subparagraph
Article 6(1), first subparagraph, second sentence	-
Article 6(1), second subparagraph, first indent	Article 16b(1), second subparagraph, point (a)
Article 6(1), second subparagraph, second indent	Article 16b(1), second subparagraph, point (b)
Article 6(1), third subparagraph	-
Article 6(2), point (a)	Article 16b(2), point (a)
Article 6(2), point (b)	Article 16b(2), point (b)
Article 6(2), point (c)	Article 16b(2), point (c)
Article 6(3), (4), (5), (6), (7) and (8)	-

Directive 2002/65/EC	Directive 2011/83/EU, as amended by this Directive
Article 7(1), introductory wording	Article 16c(1), introductory wording
Article 7(1), first indent	Article 16c(1), point (a)
Article 7(1), second indent	Article 16c(1), point (b)
Article 7(2)	-
Article 7(3)	Article 16c(2)
Article 7(4)	Article 16c(3)
Article 7(5)	Article 16c(4)
Article 9	-
Article 10	-
Article 11, first and third subparagraphs	Article 24(1)
Article 11, second subparagraph	-
Article 12 (1)	Article 25, first subparagraph
Article 12 (2)	-
Article 13(1)	Article 23(1)
Article 13(2)	Article 23(2)
Article 13(3)	-
Article 14	-
Article 15	-
Article 16	-
Article 17	-
Article 18	-
Article 19	-
Article 20	-
Article 21	-
Article 22	-
Article 23	-