EUROPEAN COMMISSION

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***REGULATORY SCRUTINY BOARD OPINION***

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL**
on the implementation of Directive 2008/48/EC on credit agreements for consumers

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{SWD(2020) 255 final }

EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
Ares (2020)

# Opinion

## Title: Evaluation of the Consumer Credit Directive (2008/48/EC)

## Overall opinion: POSITIVE

**(A) Policy context**

The EU adopted the current Consumer Credit Directive in 2008. The Directive obliges lenders to disclose key information to potential borrowers. Lenders must also assess borrowers' creditworthiness. Borrowers have a cooling-off period during which they can back out of a loan for any reason. The Directive also provides borrowers with rights to repay loans early.

The legislation requires a review every five years. This evaluation also responds to a REFIT platform opinion about disclosure obligations in advertisements.

This evaluation explains how Member States have implemented the Directive, and analyses whether it remains fit for purpose. The evaluation identifies shortcomings and aspects for further consideration.

**(B) Summary of findings**

**The Board finds the report to be comprehensive, informative and reader-friendly.**

**The Board gives a positive opinion. The Board also considers that the report should further improve with respect to the following aspects:**

**(1) The main conclusions do not adequately capture and draw lessons from some important issues that emerge from the analysis. Limitations and uncertainties of the analysis are not made sufficiently clear.**

**(2) The report does not sufficiently explain the significance of low levels of cross border consumer credits and obstacles for the internal market. The need for EU-level measures is not clear.**

**(3) The report does not sufficiently balance consultation findings against statistical data from other sources.**

This opinion concerns a draft evaluation, which may differ from the final version.

**(C) What to improve**

(1) The conclusions and executive summary should better bring out key insights and lessons learned from this evaluation exercise. The report should focus attention on core elements of the Directive and on areas where findings raise issues for policy makers and future political choices. It should draw clearer conclusions with regard to issues raised in the REFIT platform opinion. The report could also conclude more prominently on its findings on creditworthiness assessments. It could be more consistent in evaluating its double role in providing access to foreign credit markets and protecting consumers from over-borrowing.

(2) The evaluation provides evidence that there has been little progress towards achieving the internal market objective. It attributes this failure to obstacles outside the scope of the Directive. The report should more clearly set out the problems that the absence of an internal market in consumer credit causes, and why EU action is more appropriate than national regulation to address these problems.

(3) The report should better describe the current state of the market for consumer credit in different EU Member States. It could also distinguish more clearly between banks and non-bank providers. The report would benefit from more data (on types of products, market volumes, interest rates, consumer complaints, etc.) at Member State level to improve the market description and to qualify findings, including on the potential for cross border credit.

(4) The report should be more transparent about limitations and uncertainties of the data and analysis. It should better explain how it arrived at quantitative estimates of the benefits, and indicate how reliable those estimates are.

*Some more technical comments have been sent directly to the author DG.*

**(D) Conclusion**

**The DG must take these recommendations into account before launching the interservice consultation.**

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