

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

CHAPTER II

**INFORMATION AND PRACTICES PRELIMINARY TO
THE CONCLUSION OF THE CREDIT AGREEMENT**

Article 4

Standard information to be included in advertising

1 Any advertising concerning credit agreements which indicates an interest rate or any figures relating to the cost of the credit to the consumer shall include standard information in accordance with this Article.

This obligation shall not apply where national legislation requires the indication of the annual percentage rate of charge in advertising concerning credit agreements which does not indicate an interest rate or any figures relating to any cost of credit to the consumer within the meaning of the first subparagraph.

2 The standard information shall specify in a clear, concise and prominent way by means of a representative example:

- a the borrowing rate, fixed or variable or both, together with particulars of any charges included in the total cost of the credit to the consumer;
- b the total amount of credit;
- c the annual percentage rate of charge; in the case of a credit agreement of the kind referred to in Article 2(3), Member States may decide that the annual percentage rate of charge need not be provided;
- d if applicable, the duration of the credit agreement;
- e in the case of a credit in the form of deferred payment for a specific good or service, the cash price and the amount of any advance payment; and
- f if applicable, the total amount payable by the consumer and the amount of the instalments.

3 Where the conclusion of a contract regarding an ancillary service relating to the credit agreement, in particular insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the annual percentage rate of charge.

4 This Article shall be without prejudice to Directive 2005/29/EC.

Article 5

Pre-contractual information

1 In good time before the consumer is bound by any credit agreement or offer, the creditor and, where applicable, the credit intermediary shall, on the basis of the credit terms and

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conditions offered by the creditor and, if applicable, the preferences expressed and information supplied by the consumer, provide the consumer with the information needed to compare different offers in order to take an informed decision on whether to conclude a credit agreement. Such information, on paper or on another durable medium, shall be provided by means of the Standard European Consumer Credit Information form set out in Annex II. The creditor shall be deemed to have fulfilled the information requirements in this paragraph and in Article 3, paragraphs (1) and (2) of Directive 2002/65/EC if he has supplied the Standard European Consumer Credit Information.

The information in question shall specify:

- a the type of credit;
- b the identity and the geographical address of the creditor as well as, if applicable, the identity and geographical address of the credit intermediary involved;
- c the total amount of credit and the conditions governing the drawdown;
- d the duration of the credit agreement;
- e in the case of a credit in the form of deferred payment for a specific good or service and linked credit agreements, that good or service and its cash price;
- f the borrowing rate, the conditions governing the application of the borrowing rate and, where available, any index or reference rate applicable to the initial borrowing rate, as well as the periods, conditions and procedure for changing the borrowing rate; if different borrowing rates apply in different circumstances, the abovementioned information on all the applicable rates;
- g the annual percentage rate of charge and the total amount payable by the consumer, illustrated by means of a representative example mentioning all the assumptions used in order to calculate that rate; where the consumer has informed the creditor of one or more components of his preferred credit, such as the duration of the credit agreement and the total amount of credit, the creditor shall take those components into account; if a credit agreement provides different ways of drawdown with different charges or borrowing rates and the creditor uses the assumption set out in point (b) of Part II of Annex I, he shall indicate that other drawdown mechanisms for this type of credit agreement may result in higher annual percentage rates of charge;
- h the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments will be allocated to different outstanding balances charged at different borrowing rates for the purposes of reimbursement;
- i where applicable, the charges for maintaining one or several accounts recording both payment transactions and drawdowns, unless the opening of an account is optional, together with the charges for using a means of payment for both payment transactions and drawdowns, any other charges deriving from the credit agreement and the conditions under which those charges may be changed;
- j where applicable, the existence of costs payable by the consumer to a notary on conclusion of the credit agreement;
- k the obligation, if any, to enter into an ancillary service contract relating to the credit agreement, in particular an insurance policy, where the conclusion of such a contract is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed;
- l the interest rate applicable in the case of late payments and the arrangements for its adjustment, and, where applicable, any charges payable for default;
- m a warning regarding the consequences of missing payments;
- n where applicable, the sureties required;
- o the existence or absence of a right of withdrawal;

- p the right of early repayment, and, where applicable, information concerning the creditor's right to compensation and the way in which that compensation will be determined in accordance with Article 16;
- q the consumer's right to be informed immediately and free of charge, pursuant to Article 9(2), of the result of a database consultation carried out for the purposes of assessing his creditworthiness;
- r the consumer's right to be supplied, on request and free of charge, with a copy of the draft credit agreement. This provision shall not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer; and
- s if applicable, the period of time during which the creditor is bound by the pre-contractual information.

[^{F1}Where the credit agreement references a benchmark as defined in point 3 of Article 3(1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council⁽¹⁾, the name of the benchmark and of its administrator and the potential implications on the consumer shall be provided by the creditor, or where applicable, by the credit intermediary, to the consumer in a separate document, which may be annexed to the Standard European Consumer Credit Information form.]

Any additional information which the creditor may provide to the consumer shall be given in a separate document which may be annexed to the Standard European Consumer Credit Information form.

2 However, in the case of voice telephony communications, as referred to in Article 3(3) of Directive 2002/65/EC, the description of the main characteristics of the financial service to be provided pursuant to the second indent of Article 3(3)(b) of that Directive shall include at least the items referred to in points (c), (d), (e), (f) and (h) of paragraph (1) of this Article, together with the annual percentage rate of charge illustrated by means of a representative example and the total amount payable by the consumer.

3 If the agreement has been concluded at the consumer's request using a means of distance communication which does not enable the information to be provided in accordance with paragraph 1, in particular in the case referred to in paragraph 2, the creditor shall provide the consumer with the full pre-contractual information using the Standard European Consumer Credit Information form immediately after the conclusion of the credit agreement.

4 Upon request, the consumer shall, in addition to receiving the Standard European Consumer Credit Information, be supplied free of charge with a copy of the draft credit agreement. This provision shall not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer.

5 In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute capital during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the pre-contractual information required under paragraph 1 shall include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given.

6 Member States shall ensure that creditors and, where applicable, credit intermediaries provide adequate explanations to the consumer, in order to place the consumer in a position enabling him to assess whether the proposed credit agreement is adapted to his needs and to his financial situation, where appropriate by explaining the pre-contractual information to be provided in accordance with paragraph 1, the essential characteristics of the products proposed

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and the specific effects they may have on the consumer, including the consequences of default in payment by the consumer. Member States may adapt the manner by which and the extent to which such assistance is given, as well as by whom it is given, to the particular circumstances of the situation in which the credit agreement is offered, the person to whom it is offered and the type of credit offered.

Textual Amendments

- F1** Inserted by [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation \(EU\) No 596/2014 \(Text with EEA relevance\)](#).

Article 6

Pre-contractual information requirements for certain credit agreements in the form of an overdraft facility and for certain specific credit agreements

1 In good time before the consumer becomes bound by any credit agreement or offer concerning a credit agreement as referred to in Article 2(3), (5) or (6), the creditor and, where applicable, the credit intermediary shall, on the basis of the credit terms and conditions offered by the creditor and, if applicable, the preferences expressed and information supplied by the consumer, provide the consumer with the information needed to compare different offers in order to take an informed decision on whether to conclude a credit agreement.

The information in question shall specify:

- a the type of credit;
- b the identity and geographical address of the creditor as well as, if applicable, the identity and geographical address of the credit intermediary involved;
- c the total amount of credit;
- d the duration of the credit agreement;
- e the borrowing rate; the conditions governing the application of that rate, any index or reference rate applicable to the initial borrowing rate, the charges applicable from the time the credit agreement is concluded, and, where applicable, the conditions under which those charges may be changed;
- f the annual percentage rate of charge, illustrated by means of representative examples mentioning all the assumptions used in order to calculate that rate;
- g the conditions and procedure for terminating the credit agreement;
- h in the case of credit agreements as referred to in Article 2(3), where applicable, an indication that the consumer may be requested to repay the amount of credit in full at any time;
- i the interest rate applicable in the case of late payments and the arrangements for its adjustment, and, where applicable, any charges payable for default;
- j the consumer's right to be informed immediately and free of charge, pursuant to Article 9(2), of the result of a database consultation carried out for the purposes of assessing his creditworthiness;
- k in the case of credit agreements as referred to in Article 2(3), information about the charges applicable from the time such agreements are concluded and, if applicable, the conditions under which those charges may be changed;

1 if applicable, the period of time during which the creditor is bound by the pre-contractual information.

Such information shall be provided on paper or on another durable medium and all information shall be equally prominent. It may be provided by means of the European Consumer Credit Information form set out in Annex III. The creditor shall be deemed to have fulfilled the information requirements in this paragraph and in Article 3(1) and (2) of Directive 2002/65/EC if he has supplied the European Consumer Credit Information.

2 In the case of a credit agreement of the kind referred to in Article 2(3), Member States may decide that the annual percentage rate of charge need not be provided.

3 In the case of a credit agreement as referred to in Article 2(5) and (6), the information provided to the consumer in accordance with paragraph 1 of this Article shall also include:

- a the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments will be allocated to different outstanding balances charged at different borrowing rates for the purposes of reimbursement; and
- b the right of early repayment, and, where applicable, information concerning the creditor's right to compensation and the way in which that compensation will be determined.

However, if the credit agreement falls within the scope of Article 2(3), only the provisions of paragraph 1 of this Article shall apply.

4 However, in the case of voice telephony communications and where the consumer requests that the overdraft facility be made available with immediate effect, the description of the main characteristics of the financial service shall include at least the items referred to in points (c), (e), (f) and (h) of paragraph 1. In addition, in credit agreements of the kind referred to in paragraph 3, the description of the main characteristics shall include a specification of the duration of the credit agreement.

5 Notwithstanding the exclusion provided for in Article 2(2)(e), the Member States shall apply at least the requirements of the first sentence of paragraph 4 of this Article to credit agreements in the form of an overdraft facility and where the credit has to be repaid within one month.

6 Upon request, the consumer shall, in addition to receiving the information referred to in paragraphs 1 to 4, be supplied free of charge with a copy of the draft credit agreement containing the contractual information provided for by Article 10 insofar as that Article is applicable. This provision shall not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer.

7 If the agreement has been concluded at the consumer's request using a means of distance communication which does not enable the information to be provided in accordance with paragraphs 1 and 3, including in the cases referred to in paragraph 4, the creditor shall immediately after the conclusion of the credit agreement fulfil his obligations under paragraphs 1 and 3 by providing the contractual information pursuant to Article 10 insofar as that Article is applicable.

Article 7

Exemptions from the pre-contractual information requirements

Articles 5 and 6 shall not apply to suppliers of goods or services acting as credit intermediaries in an ancillary capacity. This is without prejudice to the creditor's

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obligation to ensure that the consumer receives the pre-contractual information referred to in those Articles.

Article 8

Obligation to assess the creditworthiness of the consumer

1 Member States shall ensure that, before the conclusion of the credit agreement, the creditor assesses the consumer's creditworthiness on the basis of sufficient information, where appropriate obtained from the consumer and, where necessary, on the basis of a consultation of the relevant database. Member States whose legislation requires creditors to assess the creditworthiness of consumers on the basis of a consultation of the relevant database may retain this requirement.

2 Member States shall ensure that, if the parties agree to change the total amount of credit after the conclusion of the credit agreement, the creditor updates the financial information at his disposal concerning the consumer and assesses the consumer's creditworthiness before any significant increase in the total amount of credit.

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- (1) [^{F1}Regulation (EU) 2016/1011, of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).]

Textual Amendments

- F1** Inserted by [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation \(EU\) No 596/2014 \(Text with EEA relevance\).](#)