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Consumers to get financial breathing space with debt and insurance relief

New guidelines issued to financial institutions will offer some welcome breathing space to consumers who have been hit financially by the COVID-19 pandemic.

The European Commission today issued [recommendations to financial institutions](#) based on industry best practices from across the bloc. The aim is to harmonise these practices throughout the EU. BEUC has been [calling for financial relief](#) for consumers [since the start of the crisis](#) and fed in feedback to the recommendations together with industry groups.

According to the recommendations, lenders are encouraged to offer borrowers – for both mortgages and consumer credit – in financial difficulties due to COVID-19, the option to defer credit instalments for a sufficiently long period of time. Lenders are also urged to provide simple, online procedures to access credit relief, and in a way that does not impact consumers' credit rating.

Insurers are similarly encouraged to temporarily postpone the payments of insurance premiums without interest or charges to consumers in financial difficulty. Insurers should also adjust insurance tariffs to reflect any changes in cost or risks and the use of insurance during the pandemic. In Belgium, our member Test Achats, has [called](#) on insurers to offer premium rebates or to lower premium levels for consumers, as there is evidence of a significant reduction in car accidents due to the government-imposed lockdown. Similar moves are underway in [France](#).

BEUC Director General, Monique Goyens, said: "This is a positive development for consumers, many of whom have been hit hard financially by the crisis. Providing greater flexibility in the reimbursement of credit and payment of insurance premiums will offer consumers some welcome financial breathing space. It shows that the EU looks out for consumers, particularly in times of crisis such as these.

"These best practice recommendations are only voluntary, but we welcome that many representatives of the financial industry have demonstrated their goodwill in introducing this support to consumers in financial difficulty. Now, some of the more reluctant parts of this industry should be pushed to implement them too. We urge the EU institutions to monitor this process. Consumer groups will also be watching closely".

ENDS

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