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Consumer credit: EU Member States propose to prevent overindebtedness but fail to capture new forms of lending

EU Member States have just adopted their position on updated rules for consumer credit. This follows a [strong European Commission proposal](#) to modernise the bloc's outdated Consumer Credit Directive, which covers all types of credit, including peer-to-peer lending and deferred debit cards.

What BEUC sees today, however, is a move by Member States to leave out various forms of credit such as peer-to-peer lending, deferred payments of an invoice, and deferred debit cards. This opens the door for operators of schemes such as 'Buy-Now-Pay-Later' to circumvent consumer protection rules.

On the good side, Member States propose to strengthen the assessment of creditworthiness to ensure that no credit is granted when said assessment is negative. This will create better protection against overindebtedness, which is much needed in times of economic uncertainty.

Monique Goyens, BEUC Director General, commented:

"In times of high energy and food prices, consumers increasingly use credit to cover expenses for their daily needs. Without sound checks, this can quickly create a spiral of debt. The low level of ambition of the Member States to tackle new forms of lending shifts the responsibility to better protect consumers onto the European Parliament. MEPs will have to resist attempts to create new loopholes that would for instance allow large online shops to offer Buy-Now-Pay-Later products without following consumer protection rules."

Next steps

All eyes are now on Parliament to safeguard the Commission's proposal, as it engages in negotiations with Member States to hash out the final details of a new Consumer Credit Directive.

Background

The Commission proposal on the Consumer Credit Directive covers a wide range of credit products on the market and scored among the top-ranked proposals in [BEUC's mid-term review of the European Commission](#).

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