

ESBG work on the upcoming review of the EU Mortgage Credit Directive

Briefing and Position paper summary

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After the ESBG meeting with the European Commission on 30 September, we have recently shared some documents as a follow-up. ESBG members finalised a position paper on the MCD review, and shared two briefing documents on the topics of reverse mortgages and green/energy efficient mortgages. These are topics on which the Commission is keen to receive more information from the national level to consider possible actions at the EU level.

ESBG shares its position paper

The European Commission will launch a review of the Mortgage Credit Directive early next year. ESBG members met with the Commission on 30 September and continue to engage providing additional information.

With regards to the requirements for advertising, the channels have changed considerably since the last review. Innovative new channels for communication with customers have been developed, which makes it significantly more challenging to provide potential customers with all necessary information at a single glance. We therefore call on the Commission to allow for simplified information in the advertisement, on the basis that the details will be provided later in the process.

We would also call for streamlined pre-contractual information for consumers, focusing on the total amount of credit, the repayment plan, the default interest rate, and information about the typical consequences for the borrower during the tenor of the contract in case of breaches of obligations. Any information beyond this might overburden consumers.

With regards to foreign currency loans, previous changes to the Commission text have put an end to the offering of such loans. We call for a small change in the definition, to one or other criteria instead of both, which would limit the scope of a foreign currency loan while allowing financial entities to once again offer this type of product. We also call on making the right of withdrawal and early repayment options clearer for consumers.

Briefing documents

On reverse mortgages and green/energy efficient mortgages, ESBG members have shared information on what is in place at national levels, or what is being done by individual banks. This information will fuel the Commission's work on the upcoming review to define possible actions at the EU level. In particular, the Commission is keen to know what criteria are being used to define 'energy efficient', and to determine if the risk is higher or lower compared to other mortgages.

[READ THE FULL POSITION PAPER](#)