REFIT Platform Opinion on the submissions by 5 organisations on the Consumer Credit Directive 2008/48/EC

The REFIT Platform has considered the five submissions by business organisations on the perceived burden caused by standard information that has to be provided when advertising consumer credit agreements in particular on radio.

The REFIT Platform notes that, from the consumer protection perspective, it is essential to ensure that all relevant and key information is provided to the consumer in a non-misleading manner. EU legislation offers a degree of flexibility to Member States which allows them to adapt advertising standards to various communication channels.

The REFIT Platform Stakeholder group and several Member States recommend that that the Commission assesses the relevance, effectiveness and efficiency of the standard information requirements triggered by Article 4 in the context of the upcoming report of the Directive, currently scheduled for 2019. Such an assessment could also examine the coherence with other Directives such as the Directive on unfair commercial practices (2005/29/EC).

In addition, the Stakeholder group recommends that radio industry stakeholders discuss the application of the relevant Directives with the competent national authorities.

Many members of the Government group do not support a repeal or replacement of Article 4 of the Directive on Consumer Credit.

Detailed Opinion

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1 Submissions VI.4.a-f

Submission VI.4.a by Radiocenter (LTL 528)

Radiocentre's concerns on behalf of the UK commercial radio industry relate to Article 4 of Consumer Credit Directive 2008/48/EC (CCD) which requires standard information to be provided in any credit advertising indicating an interest rate or cost of credit. This affects advertising for financial services, retail and motors, typically adding 12-15 seconds of airtime to a radio advert. Our concerns include:

- Cost: we estimate that complying with Article 4 of the CCD costs commercial radio stations and advertisers around €95 million a year in the UK alone.
- Failure to inform and protect consumers: independent research commissioned by Radiocentre shows low levels of recall of key figures - only 4% of listeners recalled the total amount payable.
- Access to market: advertisers have to pay for additional airtime because of the CCD – a burden, which few advertisers, let alone SMEs, can afford.
- Platform neutrality: radio is the only medium where this information has to be read out in full so the CCD has a disproportionate impact on the radio sector.
- Inconsistency with existing EU consumer law: the Unfair Commercial Practices Directive, which pre-dates the CCD, acknowledges that consideration should be given to “limitations of space or time” of the medium used to communicate.
- No impact assessment: no impact assessment was conducted by the Commission prior to the adoption of the Directive – a key component of Better Regulation.

We fully support the principles of the CCD, however consumers ignore information which is too complex or difficult to remember and there is a lot of evidence that simpler information with fewer figures is much more effective at landing critical messages at the advertising stage. Radiocentre have invested (and continue to invest) in independent research exploring the effect of different treatments and this has already highlighted that limiting the information can lead to a three-fold increase in recall of critical figures. We would therefore like to be able to work with Members of the REFIT platform, advertisers, regulators and consumer groups to deliver a solution for the benefit of consumers and businesses.

Annex: click on the paper clip

Submission VI.4.b by the Association of European Radios (AER) (LTL 585)

The Association of European Radios (AER), a Europe-wide trade body representing the interests of over 4'500 commercially-funded radio stations across the EU28 and in Switzerland, submitted a document to REFIT Platform to show its support to all the points made by Radiocentre (The UK member of AER) in their earlier submission to the REFIT platform.

AER supports the principle of helping consumers to make informed choices when purchasing a product or a service to which a credit is associated, objective put forward in Directive 2008/48/EC on credit agreements for consumers. However, as explained in the attached
Submission, the provisions set at article 4 of this text do not seem to permit attainment of such objective whilst they do hinder commercial radio’s access to the essential funding constituted by consumer credit related advertising. The attached submission explains why warning messages / information requirements / mandatory information / terms and conditions for advertising contained in the Consumer Credit Directive article 4 should be repealed, or, at the very least, reduced.

Annex: click on the paper clip

**Submission VI.4.c by the Advertising Association (LTL 613)**

We would like to set out our views relating to the impact of Article 4 of Directive 2008/48/EC on credit agreements for consumers (the Consumer Credit Directive) on consumers, advertisers and the media in the United Kingdom. The attached paper sets out our views, covering in summary:

- The objective of the Consumer Credit Directive is to ensure consumer confidence through providing information in a “clear, concise and prominent way”.

There is clear evidence that the standard information requirements for advertising contained in the CCD do not achieve this objective.

- When terms and conditions in advertising are too detailed consumers ‘zone out’ and miss critical information. Simpler, shorter information makes it easier for consumers to take in important facts and understand potential risks.

Costs related to complying with the CCD information requirements include the need to buy additional advertising space, reduced return on investment for advertisers due to lower advert effectiveness and lost revenue to media. The cost of complying with the Consumer Credit Directive for radio alone is approximately €95 million.

There were opportunities for the unintended consequences of the CCD for advertising to be addressed during the legislative process.

- Existing consumer law already recognises the importance of considering “limitations of space or time” of different media when assessing the information provided to consumers.

Annex: click on the paper clip

**Submission VI.4.d by the Voice of British Advertisers (ISBA) (LTL 624)**

Submission VI.4.e by the association of Television and Radio Sales Houses (EGTA) (LTL 672)

Television and radio sales houses believe that empowering consumers with appropriate information when seeking credits is a commendable political objective which deserves a proper policy response. However, as a trade body representing advertising professionals, EGTA wishes to highlight that the current provisions of the Consumer Credit Directive 2008/48/EC show a lack of understanding of the media and advertising landscape.

Submission VI.4.f by a business organisation (LTL 738)

The Consumer Credit Directive 2008/48/EC (CCD) Recital 9 of Directive 2008/48/EC states that one of its core objectives is “to ensure that all consumers in the Community enjoy a high and equivalent level of protection of their interests”. Article 4, in particular, states that in any advertising concerning credit agreements, standard information that’s provided has to indicate an interest rate or any figures relating to the cost of the credit to the consumer in a ‘clear, concise and prominent way’. All Italian radio sales houses believe that empowering consumers with appropriate information when seeking credits is a commendable political objective which deserves a proper policy response. However, as a trade body representing advertising professionals, FCP wishes to highlight that the current provisions of the Consumer Credit Directive (CCD) show a lack of understanding of the media and advertising landscape. Possible suggestion may consist in restricting mandatory information in advertising messages, included in the article 4 of The Consumer Credit Directive, exclusively to the “visual media”, excluding radio from the provision. An important legal precedent is represented by the final position of European Parliament about Energy Labelling. Another suggestion may include replacing mandatory information in radio advertising messages with only a specific reference to the website.

2 Policy context

The EU legislation on consumer credit is Directive 2008/48/EC on credit agreements for consumers (CCD). Its objective is to enhance the functioning of the Single Market of consumer credits (in particular cross-border lending) and to strengthen the protection of...
consumers in this area. CCD fully harmonizes some rights of the consumers on the credit market. It covers in particular the right to be informed about the features and costs of the credit in a standardised way (at advertisement, pre-contractual and contractual stage), the right to withdraw from the credit agreement within 14 days after its conclusion and the right to repay credit earlier. Also the calculation of the Annual Percentage Rate of charge (APR), the single figure summarising the costs of the credit, is fully harmonised.

The submissions to the REFIT Platform criticize the obligation imposed by Article 4 of CCD (Directive 2008/48/EC of 23 April 2008 on credit agreements for consumers) to provide standard information in any advertising concerning credit agreements which indicate an interest rate or any figures relating to the cost of the credit to the consumer, because it would be too long and complex to catch the attention of the listeners of the radio, and too costly for advertisers.

The application of article 4 of the CCD was assessed in the 2011 Impact Assessment for the Mortgage Credit Directive, which contains a provision similar to Art.4 of CCD. The Impact Assessment (Annex 4) for the MCD confirms that there are still numerous cases of unclear advertisements provided by credit providers (this fact was confirmed by the study on the EU market for consumer credits carried out in 2013 and by numerous complaints). The research undertaken for this Impact Assessment for the Mortgage Credit Directive confirmed the support of consumers and many Member States for standardised information to be provided by creditors. The Impact Assessment concluded that the avoided detriment to consumers exceeded the costs to the industry.

It is possible to avoid the provision of the full standard information, if the advertisement does not include any information about the costs of the credit. The advertisement can instead refer the consumer for details to another information source.

Advertisements indicating costs of the credit should however indicate all the relevant features of a credit. The reason for this is that consumers compare offers on the basis of financial information and a figure which is quoted and does not reflect all elements of the costs of the credit in the most objective way may lead the consumer to take an unsuitable decision, to which, due to behavioural biases, he would stick later.

The only relevant feature suitable for the comparison of credit offers is the Annual Percentage Rate of charge (APR). As to the observations concerning costs to businesses linked to the provision of additional information, it should be underlined that by providing complete standard information on credits, providers of good credit products have an opportunity to gain over their competitors. Also, by ensuring that consumers have all of the required information to make an informed choice when purchasing a credit product, providers avoid losses derived from unpaid credits (resulting from consumers making the wrong choices when purchasing credit products).

It should be noted that that there is also a possibility to provide only the APR in an advertisement, without the full standard information. This applies where national legislation requires the indication of the APR in advertising concerning credit agreements which does not
indicate an interest rate or any figures relating to any cost of credit to the consumer.

In 2016, the European Commission issued guidance on the application of the Unfair Commercial Practices Directive (UCPD). The 2016 Guidance explains the interplay between the UCPD and sector-specific EU law. It also explains the functioning of Article 7(3) UCPD, with examples of how national courts have applied this provision in concrete cases.

Article 3(4) UCPD clarifies that the UCPD complements other EU legislation ("Community rules") that regulate specific aspects of unfair commercial practices. Consequently, the UCPD works as a "safety net" ensuring that a high common level of consumer protection against unfair commercial practices can be maintained in all sectors, including by complementing and filling gaps in other EU law. Where provisions of sector-specific EU law, such as for example the requirements under Article 4 the Consumer Credit Directive, are in place and overlap with provisions of the UCPD, the corresponding provisions of the *lex specialis* prevail. As a consequence, the UCPD will not apply to the specific aspect of the commercial practice that is regulated by Article 4 of the Consumer Credit Directive.

**State of Play**

A report on the application of CCD was adopted in 2014, which concluded that it was necessary to continue monitoring the enforcement of the CCD in the Member States, without amending the Directive at that stage. A new report is planned for 2019.

### 3 Opinion of the REFIT Platform

#### 3.1 Considerations of the REFIT Platform Stakeholder group

- Article 4 of the Consumer Credit Directive (CCD) requires that in any advertising concerning credit agreements, in case an interest rate or other figures relating to the cost of the credit for the consumer are provided, standard information must be provided. This information must indicate in a clear, concise and prominent way the following elements: the total amount of credit, interest rate, annual percentage rate of charge, total cost of credit and total amount payable by the consumer. Article 4 does not impose the provision of the standard information for advertisements which do not indicate an interest rate or any figures relating to the cost of the credit to the consumer.

- Recital 18 of CCD provides that “Consumers should be protected against unfair or misleading practices, in particular with respect to the disclosure of information by the creditor” and further clarifies that information should be given to the consumer “in a clear, concise and prominent way”.

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It is important to clearly understand the rationale underpinning the CCD provisions. Credit is not a substitute for income and must be paid back by the borrower. It can cause overindebtedness if not properly regulated and used. Therefore, credit advertising must provide clear, sufficient and non-misleading information to consumers to empower them to make informed decisions. Several EU Member States, in addition to the standard information requirements under CCD, impose an obligation on businesses to warn consumers that borrowing money costs money.

One of the criticisms made by the radio industry is that no impact assessment was conducted by the Commission prior to the adoption of CCD. In its response to a parliamentary question in May 2016, the Commission referred to the Mortgage Credit Directive (MCD) which contains similar provisions related to advertising as CCD. The 2011 impact assessment on MCD “confirmed that many advertisements lacked clarity and were therefore detrimental for consumers. The research for this Impact Assessment confirmed the support of consumers and many Member States for the obligation to provide standardised information. The application of Article 4 of Consumer Credit Directive was also assessed in this framework with the conclusion that the benefits for consumers exceed the costs for credit providers.²”

It is essential from a consumer protection objective to make sure that all relevant and the key information is provided to the consumer in a non-misleading way. For example, there is a risk of misleading information when the offer is advertised with low monthly repayments or lower borrowing rate without informing the consumer about the annual percentage rate of charge and duration of the credit.

The fact that some consumers do not read or listen to certain information is not a reason for repealing requirements for the provision of important consumer information. The same argument could be used in relation to any consumer information, on other media channels, such as newspapers, TV and internet. Indeed, not all consumers read information in written advertising. Yet, the obligation to provide standardised information to consumers is not being challenged.

EU legislation offers a degree of flexibility to Member States allowing them to adapt the advertising rules to various communication channels. Article 7.3 of the Unfair Commercial Practices Directive (UCPD) provides that “Where the medium used to communicate the commercial practice imposes limitations of space or time, these limitations and any measures taken by the trader to make the information available to consumers by other means shall be taken into account in deciding whether information has been omitted.”

Some Member States have made use of this option; however the Member States interpret

and use the flexibility in divergent ways. For example, in 2011, the French Consumer Protection authority (DGCCRF) issued guidelines on radio advertising. The guidelines offer flexibility to radio advertisers, while at the same time making sure that important information appears in any audio advertising.

**Recommendations:**

- Taking into account the objectives of the Consumer Credit Directive and the flexibility in the directive’s implementation, the following options are at hand:
  
  - Credit advertisers who do not want to comply with the directives’ standard information requirements can avoid indicating an interest rate and any figures related to the cost of the credit. In which case the requirement of Art 4 CCD for standard information will not apply;
  
  - It should be noted that there is also a possibility to provide only the APR in an advertisement, without the full standard information. This applies where national legislation requires the indication of the APR in advertising concerning credit agreements which does not indicate an interest rate or any figures relating to any cost of credit to the consumer.

- Radio industry stakeholders are invited to approach the competent national authorities to discuss the application of the directive on unfair commercial practices accordingly.

- In the upcoming report of the Directive, which is currently scheduled by the European Commission for 2019, the Stakeholder group recommends that the impact of Article 4 and its effectiveness to fulfil its legislative objectives should be specifically assessed.

- The Stakeholder group further invites the Government group to provide feedback on this recommendation regarding the national discretion in implementing the Directive.

### 3.2 Considerations of the REFIT Platform Government group

16 Member States contributed to this opinion, all highlighting that from the consumer protection perspective, it is essential to ensure that all relevant and key information is provided to the consumer in a non-misleading manner.

These 16 Member States note that EU legislation offers a degree of flexibility to Member States which allows them to adapt advertising standards to various communication channels. One Member State points towards a conflict between the provisions in Article 7.3 of the UCPD and Article 4 standard information requirements.

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Some Member States support the Stakeholder group recommendation that the Commission assesses/evaluates the effectiveness, efficiency and coherence of the standard information requirements triggered by Article 4 in the context of the upcoming report of the Directive, currently scheduled for 2019.

Other Member States underline that they do not support a review or repeal of Article 4 of the Directive on Consumer Credit.

**Individual contributions from Member States**

**Member State 1** agrees with the analyses put forward by the Commission. According to the COM where provisions of sector-specific EU law, such as for example the requirements under Article 4 the Consumer Credit Directive, are in place and overlap with provisions of the UCPD, the corresponding provisions of the *lex specialis* prevail. As a consequence, the UCPD will not apply to the specific aspect of the commercial practice that is regulated by Article 4 of the Consumer Credit Directive.

According to Stakeholder group the UCPD would be applicable in spite of the specific provisions of CCD. MS1 does not agree to this interpretation. Otherwise the analyses and the recommendations put forward by the Stakeholder group are acceptable.

**Member State 2** has the following observations:

- Article 4 of the Consumer Credit Directive (DCC) requires standardized information to be provided to consumers in all advertising of credit agreements, where an interest rate or other figures relating to the cost of credit to the consumer are provided. It must indicate clearly, concisely and prominently (by means of a representative example): the total amount of the credit, the interest rate, the annual percentage of charge, the total cost of the credit and the total amount to be paid by the consumer. Article 4 does not require the provision of standardized information for advertisements which do not indicate an interest rate or figures relating to the cost of credit to the consumer.

- Recital 18 of the Convention provides that "consumers should be protected against unfair or deceptive practices, in particular as regards the disclosure of information by the creditor", and clarifies that the information must be given to the consumer "Clear, concise and in a prominent way."

All this is based on the fact that the consumer must be clear that the credit is not a substitute for income and must be returned by the consumer. Not having access to all this information can give rise in practice to an over-indebtedness, which has led many families to the loss of their home, as in fact has already been verified throughout all these years of crisis, having been consumer loans granted with a mortgage guarantee, as they have not been able to cover the loans requested and their interests. All this is often due to a lack of the necessary information or its inadequate presentation, which has led consumers to make decisions that are not very reflective. Therefore, credit advertising should provide clear, sufficient and non-misleading information to consumers to enable them to make informed decisions.
To reduce the level of information to consumers for the problem raised by the radio industry, and their possible loss of advertisers and consequently revenue, cannot be invoked. On the other hand, in this organization it is not known that throughout these years the radio media of this country and / or its organizations have come to similar approaches to those that are gathered in the document raised by other member states.

The Stakeholder group's assertion that it is essential, from the consumer protection objective, to ensure that all relevant and key information is provided to the consumer in a non-misleading manner, and that, there is often the risk of misleading information when the offer is announced with low monthly payments or a lower rate of indebtedness without informing the consumer about the annual percentage rate and the duration of the credit.

From the consumer protection objective, MS2 is in line with the Stakeholder group statement that it is essential to ensure that all relevant and key information is provided to the consumer in a non-misleading manner. There is often the risk of misleading information when the offer is announced with low monthly payments or a lower rate of indebtedness without informing the consumer about the annual percentage rate and the duration of the credit.

It cannot be argued that some consumers do not read or hear certain information to waive the requirements for the provision of important consumer information. Assuming such an argument would make it possible to invoke it in relation to any consumer information in other media channels, such as newspapers, television and the Internet for. In fact, not all consumers read information in written advertising, and yet the obligation to provide standardized information to consumers is not being questioned.

Indeed, as Stakeholder group states, EU legislation offers a degree of flexibility to Member States which allows them to adapt advertising standards to various communication channels, and this is reflected in Article 7.3 of the Directive Unfair commercial practices.

Due to all the above mentioned, the opinion of MS2 is unfavourable to any measure that implies a reduction of consumer protection, and in particular, in the case at hand, to reduce the information requirements contained in Article 4 of The Directive 2008/48 / EC on Consumer Credit and which have been included in article 9 of Law 16/2011 of 24 June on consumer credit agreements, which incorporated said Directive into the Member State's legal system.

**Member State 3** does not support the provision on Article 4 of the CCD to be repealed or replaced.

It is important to clearly understand the rationale underpinning the CCD provisions. Credit is not a substitute for income and must be paid back by the borrower. It can cause over-indebtedness if not properly regulated and used. Therefore, credit advertising must provide clear, sufficient and non-misleading information to consumers to empower them to make informed decisions. Several EU Member States, in addition to the standard information requirements under CCD, impose an obligation on businesses to warn consumers that borrowing money costs money.
The fact that some consumers do not read or listen to certain information is not a reason for repealing requirements for the provision of important consumer information. The same argument could be used in relation to any consumer information, on other media channels, such as newspapers, TV and internet. Indeed, not all consumers read information in written advertising. Yet, the obligation to provide standardised information to consumers is not being challenged.

Credit advertisers who do not want to comply with the directives’ standard information requirements can avoid indicating an interest rate and any figures related to the cost of the credit. In which case the requirement of Art 4 CCD for standard information will not apply.

It should be noted that that there is also a possibility to provide only the APR in an advertisement, without the full standard information. This applies where national legislation requires the indication of the APR in advertising concerning credit agreements which does not indicate an interest rate or any figures relating to any cost of credit to the consumer.

The provision on Article 4 of the CCD is not to be repealed or replaced.

**Member State 4** supports the Stakeholder group in drawing attention to options where the Directive’s standard information requirements are not applicable: Credit advertisers can avoid indicating an interest rate and any figures or, if national implementation has opted to impose this requirement, provide only the Annual Percentage Rate of charge (which option, according to the Commission Report on the implementation of Directive 2008/48/EC, p. 5, was chosen by four other member states).

In MS4 there were never any discussions among the social partners on the existence of relevant problems in this field.

As regards a possible national discretion with a view to mitigate the impact of Art 4(2) CCD, MS4 does not see a legal scope for that, in particular not for invoking Art. 7(3) UCPD (given that Art. 4 takes precedence as lex specialis, cf. the last paragraph of Policy context).

**Member State 5** does not apply any objections towards this Opinion.

**Member State 6** values the national discretion that the Consumer Credit Directive offers with regard to its implementation. MS6 agrees with the Stakeholder group recommendation to discuss the issues raised in the context of the upcoming report of the Directive, which is currently scheduled by the European Commission for 2019.

**Member State 7** wholly agrees with the Stakeholder group's view that the provisions of Article 4 of the CCD do not require any amendment. MS7 prescribed compulsory indication of the APR in advertising concerning credit agreements which MS7 consider adequate.

**Member State 8** does not support the submissions concerning the advertisement of consumer credit. Art. 4 of CCD does indeed require disclosing detailed information in advertisements,
however, that requirement only applies to advertisements that indicate figures relating to the cost of credit. Having that in mind, MS8 would like to stress that the content of the advertisement should be adjusted to the medium that is being used for the purposes of the advertisement. Traders responsible for advertisement are free not to include figures relating to the cost of credit and by doing so to avoid disclosing standard information. These rules prevent traders from resorting to misleading advertisement by highlighting only selected costs of credit. The rationale behind art. 4 of CCD is that consumer should either receive complete information on the cost of credit or no information at all. In our view that principle should remain intact.

In addition, it is to point that according to art. 4.1 national legislation may require the indication of the APR in advertising concerning consumer credit which does not indicate any figures relating to the cost of credit and in that case the obligation to provide standard information does not apply. Such legislation was adopted in the United Kingdom and in MS8.

MS8 can agree that average consumer may not be able to fully understand complete standard information if the format of the advertisement is not suitable for submission of more detailed information. However, in such cases the advertisement should contain no information on the cost of credit or exclusively information on APR (if national legislation requires so). For that reason MS8 cannot agree that art. 4 of CCD creates unnecessary burden.

**Member State 9** supports the objective of ensuring financial terms and conditions in radio advertising protect listeners more effectively. However, MS9 does not think that a review of the impact of the Article 4 standard information requirement and its effectiveness is within the scope of the five-yearly review which focuses on specific provisions that are prescribed by the Directive. MS9 recommends that the Commission carries out cross-cutting work to assess how information requirements impact on consumer engagement. This will build an evidence base for change that protects consumers more effectively and removes ineffective burdens on firms.

MS9 notes the Stakeholder group’s recommendation that firms should consider not indicating the cost of credit to avoid engaging the standard information requirement. It is nevertheless important to effectively protect consumers where the cost of credit is mentioned, without imposing ineffective burdens.

MS9 further notes the recommendation to consider whether the provisions in the Unfair Commercial Practices Directive (UCPD) provide discretion. However, where there is a conflict between the provisions of the UCPD on “limitations of space or time” and the specific CCD Article 4 standard information requirements, the specific CCD requirements prevail.

**Member State 10** notes that the submissions to the REFIT Platform criticize the obligation imposed by Article 4 of CCD (Directive 2008/48/EC of 23 April 2008 on credit agreements for consumers) to provide standard information in any advertising concerning credit agreements which indicate an interest rate or any figures relating to the cost of the credit to the consumer, because it would be too long and complex to catch the attention of the listeners
of the radio, and too costly for advertisers.

Article 4 of the Consumer Credit Directive (CCD) requires that in any advertising concerning credit agreements, in case an interest rate or other figures relating to the cost of the credit for the consumer are provided, standard information must be provided. This information must indicate in a clear, concise and prominent way the following elements: the total amount of credit, interest rate, annual percentage rate of charge, total cost of credit and total amount payable by the consumer. Article 4 does not impose the provision of the standard information for advertisements which do not indicate an interest rate or any figures relating to the cost of the credit to the consumer.

Recital 18 of CCD provides that “Consumers should be protected against unfair or misleading practices, in particular with respect to the disclosure of information by the creditor” and further clarifies that information should be given to the consumer “in a clear, concise and prominent way”.

It is important to underline that credit is not a substitute for income and must be paid back by the borrower. It can cause over-indebtedness if not properly regulated and used. It is essential from a consumer protection objective to make sure that all relevant and key information is provided to the consumer in a non-misleading way. For example, there is a risk of misleading information when the offer is advertised with low monthly repayments or lower borrowing rate without informing the consumer about the annual percentage rate of charge and duration of the credit.

Therefore, MS10 considers that credit advertising must provide clear, sufficient and non-misleading information to consumers to empower them to make informed decisions. In addition, MS10 would like to underline that the report to issue in 2019 should also evaluate the impact and efficiency of Article 4.

Member State 11 can agree with the opinion that it is essential from a consumer protection perspective to make sure that all relevant and key information is provided to the consumer in a way that is not misleading. Information on the actual cost of the credit is essential for the consumer’s ability to assess the credit being offered and enables them to compare different offers. In order to enable consumers to make their decision in full knowledge of the facts, they need to receive adequate information. In the present situation, MS11 cannot see any need for an overview of the Consumer Credit Directive for the purpose of relaxing this important requirement for information that is laid down in Article 4.

MS11 is hesitant to the interpretation of the Unfair Consumer Practices Directive as providing national leeway regarding Article 4 of the Consumer Credit Directive. If that were the case, all Member States could relax specific requirements regarding mandatory information with reference to Article 7.3 of the Unfair Consumer Practices Directive and that would undermine all efforts to prescribe requirements for certain information in sector specific EU-legislation. Article 7.3 of the Unfair Commercial Practices Directive applies only when assessing whether information has been omitted in regards to that specific Article, and thus applies only to the requirement not to omit ‘material information that the average consumer needs’ in the first paragraph of the Article. It cannot be applied in order to exempt information that is mandatory.
according to a specific Directive such as the Consumer Credit Directive.

**Member State 12** states that consumers must be sure that credit is marketed in a way that is fair, transparent and not misleading. The CCD rightly requires that 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. The standard information is clear and concise and allows the consumer to compare offers in a like for like manner.

It is noted that there are options for advertisers to avoid the provision of the full standard information as this is only required when the advertisement indicates an interest rate or figures relating to the cost of credit. In other words, if you do not want to have to provide the full standard information, then do not put in figures which could be misleading.

It is further difficult to see how it would be possible to reduce the obligations on advertisers only in relation to radio advertisements. Many of the submissions on behalf of radio advocates state that they are seeking a level playing field and it is noted that the requirements are particularly onerous for radio advertising, but in fact they seem to be seeking derogation for radio which would not be a level playing field. A particular fear would be that in attempting to address a radio specific problem, the consumer could be exposed to less clear information from a variety of other sources.

The clear intention of the CCD is to protect consumers and the review of the CCD highlighted that there are issues with the implementation of the Directive. This shows that it may be premature to move back from specific provisions when there are other issues with implementation.

The Central Bank in MS12 conducted a desk based review of print, TV, radio and on-line advertisements from November 2013 to March 2014. This found that approximately 30% of the 291 advertisements examined did not contain all relevant information or did not display it in a clear concise and prominent way by means of a representative example. The review is available here [https://www.centralbank.ie/docs/default-source/Regulation/consumer-protection/compliance-monitoring/advertising-monitoring/review-of-advertisements-for-compliance-with-consumer-credit-regulations-july-20149426b8134644629bacc1ff0000269695.pdf?sfvrsn=0](https://www.centralbank.ie/docs/default-source/Regulation/consumer-protection/compliance-monitoring/advertising-monitoring/review-of-advertisements-for-compliance-with-consumer-credit-regulations-july-20149426b8134644629bacc1ff0000269695.pdf?sfvrsn=0).

The Bank has addressed the specific issues and continues to monitor advertising for compliance with regulatory requirements. However given the levels of non-compliance, MS12 would be very reluctant to see any diminution of the regulatory requirements in respect of advertising.

It is noted that a further report on the Directive is scheduled for 2019 and MS12 fully accepts that the issue could be further explored at that stage. Therefore MS12 concurs with the recommendation that the impact of article 4 and its effectiveness to fulfil its legislative objectives should be specifically assessed at that stage.

**Member State 13** indicates that the draft opinion relates to Article 4 of the Consumer Credit Directive 2008/48/EC (CCD) which requires standard information to be provided in any
credit advertising indicating an interest rate or cost of credit and which was transposed to MS13's legislation in Regulation 19 of the Consumer Credit Regulations. The approach advocated by the European Commission is reasonable and as such MS13 agrees to the Opinion in relation to the Consumer Credit Directive.

**Member State 14** does not support the proposal regarding the provision on Article 4 of the CCD to be repealed or replaced. It is important to ensure that all relevant and key information is provided to the consumer. For the purpose of the consumer protection, MS14 is unfavourable to any measure that implies a reduction of the information requirements contained in Article 4 of the Directive on Consumer Credit.

**Member State 15** supports the Stakeholder group's view that it is essential to ensure that all relevant and key information is provided to the consumer in a non-misleading manner. Article 4 of CCD does not impose the provision of the standard information for advertisements that do not indicate an interest rate or any figures relating to the cost of the credit to the consumer. The marketing companies responsible for advertisement can choose whether they include figures relating to the cost of credit or not (and thereby they avoid the disclosure of standard information). The principle of Article 4 is that consumer should either receive complete information on the cost of credit or no information at all. MS15 thinks that this should not be changed.

MS15 has not observed any discussions on the existence of relevant problems with respect to the information in radio advertising in MS15. Finally, MS15 has nothing against reviewing the relevance, effectiveness and efficiency of the standard information requirements triggered by Article 4 in the context of the upcoming report of the Directive.

**Member State 16** in general, MS16 supports measures to reduce administrative burdens and simplify legislation in business and consumer interests. MS16 ready to evaluate proposals in order to make information requirement SGs more efficient, while taking into account current developments in the lending market in MS16, in particular in the field of non-bank lending.

MS 16 has not received a significant complaint regarding the requirements referred to in the Article 4 of the Directive 2008/48 (about the excess information in advertisements). MS16 considers that there is currently not enough justification for revision of the Directive 2008/48 with the aim of reducing information requirements in advertising.

Also in the European Commission's 2014 Report on the implementation of the Directive, the European Commission concludes that, there is no need for a change in the Directive. The next European Commission Report is expected in 2019, which could be a more detailed with analysis of the application of existing information requirements at the moment.