

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (Text with EEA relevance)

CHAPTER 9

FOREIGN CURRENCY LOANS AND VARIABLE RATE LOANS

Article 23

Foreign currency loans

1 Member States shall ensure that, where a credit agreement relates to a foreign currency loan, an appropriate regulatory framework is in place at the time the credit agreement is concluded to at least ensure that:

- a the consumer has a right to convert the credit agreement into an alternative currency under specified conditions; or
- b there are other arrangements in place to limit the exchange rate risk to which the consumer is exposed under the credit agreement.

2 The alternative currency referred to in point (a) of paragraph 1 shall be either:

- a the currency in which the consumer primarily receives income or holds assets from which the credit is to be repaid, as indicated at the time the most recent creditworthiness assessment in relation to the credit agreement was made; or
- b the currency of the Member State in which the consumer either was resident at the time the credit agreement was concluded or is currently resident.

Member States may specify whether both of the choices referred to in points (a) and (b) of the first subparagraph are available to the consumer or only one of them or may allow creditors to specify whether both of the choices referred to in points (a) and (b) of the first subparagraph are available to the consumer or only one of them.

3 Where a consumer has a right to convert the credit agreement into an alternative currency in accordance with point (a) of paragraph 1, the Member States shall ensure that the exchange rate at which the conversion is carried out is the market exchange rate applicable on the day of application for conversion unless otherwise specified in the credit agreement.

4 Member States shall ensure that where a consumer has a foreign currency loan, the creditor warns the consumer on a regular basis on paper or on another durable medium at least where the value of the total amount payable by the consumer which remains outstanding or of the regular instalments varies by more than 20 % from what it would be if the exchange rate between the currency of the credit agreement and the currency of the Member State applicable at the time of the conclusion of the credit agreement were applied. The warning shall inform the consumer of a rise in the total amount payable by the consumer, set out where applicable the right to convert to an alternative currency and the conditions for doing so and explain any other applicable mechanism for limiting the exchange rate risk to which the consumer is exposed.

5 Member States may further regulate foreign currency loans provided that such regulation is not applied with retrospective effect.

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6 The arrangements applicable under this Article shall be disclosed to the consumer in the ESIS and in the credit agreement. Where there is no provision in the credit agreement to limit the exchange rate risk to which the consumer is exposed to a fluctuation in the exchange rate of less than 20 %, the ESIS shall include an illustrative example of the impact of a 20 % fluctuation in the exchange rate.