

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 3

CONDITIONS APPLICABLE TO CREDITORS, CREDIT INTERMEDIARIES AND APPOINTED REPRESENTATIVES

Article 7

Conduct of business obligations when providing credit to consumers

1 Member States shall require that when manufacturing credit products or granting, intermediating or providing advisory services on credit and, where appropriate, ancillary services to consumers or when executing a credit agreement, the creditor, credit intermediary or appointed representative acts honestly, fairly, transparently and professionally, taking account of the rights and interests of the consumers. In relation to the granting, intermediating or provision of advisory services on credit and, where appropriate, of ancillary services the activities shall be based on information about the consumer's circumstances and any specific requirement made known by a consumer and on reasonable assumptions about risks to the consumer's situation over the term of the credit agreement. In relation to such provision of advisory services, the activity shall in addition be based on the information required under point (a) of Article 22(3).

2 Member States shall ensure that the manner in which creditors remunerate their staff and credit intermediaries and the manner in which credit intermediaries remunerate their staff and appointed representatives do not impede compliance with the obligation set out in paragraph 1.

3 Member States shall ensure that, when establishing and applying remuneration policies for staff responsible for the assessment of creditworthiness, creditors comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

- a the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the creditor;
- b the remuneration policy is in line with the business strategy, objectives, values and long-term interests of the creditor, and incorporates measures to avoid conflicts of interest, in particular by providing that remuneration is not contingent on the number or proportion of applications accepted.

4 Member States shall ensure that where creditors, credit intermediaries or appointed representatives provide advisory services the remuneration structure of the staff involved does not prejudice their ability to act in the consumer's best interest and in particular is not contingent on sales targets. In order to achieve that goal, Member States may in addition ban commissions paid by the creditor to the credit intermediary.

5 Member States may prohibit or impose restrictions on payments from a consumer to a creditor or credit intermediary prior to the conclusion of a credit agreement.

Status: EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.

Article 8

Obligation to provide information free of charge to consumers

Member States shall ensure that, when information is provided to consumers in compliance with the requirements set out in this Directive, such information is provided without charge to the consumer.

Article 9

Knowledge and competence requirements for staff

1 Member States shall ensure that creditors, credit intermediaries and appointed representatives require their staff to possess and to keep up-to-date an appropriate level of knowledge and competence in relation to the manufacturing, the offering or granting of credit agreements, the carrying out of credit intermediation activities set out in point 5 of Article 4 or the provision of advisory services. Where the conclusion of a credit agreement includes an ancillary service, appropriate knowledge and competence in relation to that ancillary service shall be required.

2 Except in the circumstances referred to in paragraph 3, home Member States shall establish minimum knowledge and competence requirements for creditors', credit intermediaries' and appointed representatives' staff in accordance with the principles set out in Annex III.

3 Where a creditor or credit intermediary provides its services within the territory of one or more other Member States:

- (i) through a branch, the host Member State shall be responsible for establishing the minimum knowledge and competence requirements applicable to the staff of a branch;
- (ii) under the freedom to provide services, the home Member State shall be responsible for establishing the minimum knowledge and competence requirements applicable to the staff in accordance with Annex III, however host Member States may establish the minimum knowledge and competence requirements for those requirements referred to in points (b), (c), (e) and (f) of paragraph 1 of Annex III.

4 Member States shall ensure that compliance with the requirements of paragraph 1 is supervised by the competent authorities, and that the competent authorities have powers to require creditors, credit intermediaries and appointed representatives to provide such evidence as the competent authority deems necessary to enable such supervision.

5 For the effective supervision of creditors and credit intermediaries providing their services within the territory of other Member States under the freedom to provide services, the competent authorities of the host and the home Member States shall cooperate closely for the effective supervision and enforcement of the minimum knowledge and competence requirements of the host Member State. For that purpose they may delegate tasks and responsibilities to each other.