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Honourable Members of the European Parliament,

Thank you for your letter of 21 April 2020 on consumers' difficulties with loan repayments due in particular to the COVID-19 pandemic.

In the past few weeks almost all EU Member States have put in place, either by government action or through industry-wide self-regulation, consumer assistance or measures such as country-wide payment deferral schemes for mortgages and consumer credit. While the applicable European legislation in the area of consumer protection in financial services, namely the Consumer Credit Directive¹ (CCD) and the Mortgage Credit Directive² (MCD), does not prevent or otherwise limit such measures, the Commission adopted on 28 April an interpretative communication in support of EU banks lending to businesses and households in the present conditions³. This document welcomes relief measures such as moratoria for repayment of credits and clearly explains the flexibility within the applicable regulatory framework. This should reassure banks and other credit institutions and facilitate continued lending to households while ensuring that consumers have more time to repay their debts in a sustainable manner despite the consequences of COVID-19.

While at this point in time, given the widespread response of individual Member States, there seems to be limited scope for further direct and immediate action by the Commission, I nonetheless consider that consumer indebtedness will require continued attention and possibly also action at EU level. According to data from Eurostat surveys and Commission studies, already before the COVID-19 crisis almost one in four EU citizens were at risk of poverty or social exclusion and almost one in ten were in arrears with payments of rent, mortgages, consumer credit, or utility bills⁴. The current situation risks aggravating their situation significantly. The Commission therefore pays close attention to it. I work with Vice-President Dombrovskis to ensure a

¹ Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC

² 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

³ [Commission Interpretative Communication on the application of the accounting and prudential frameworks to facilitate EU bank lending - Supporting businesses and households amid COVID-19](https://ec.europa.eu/finance/docs/law/200428-banking-package-communication_en.pdf), COM(2020) 169 final, available at https://ec.europa.eu/finance/docs/law/200428-banking-package-communication_en.pdf.

⁴ Ref. in particular to Eurostat, Living conditions in Europe, 2018 edition, and to EU-SILC survey, 2018 data.

thorough assessment of the need for longer-term measures in the context of the current reviews of the aforementioned directives.

The reviews are taking fully into account the results of the evaluations of the directives, which will be published in the coming weeks. The CCD review will also assess the scope for introducing rules for situations of exceptional and systemic economic disruption as well as the ways to strengthen responsible lending to prevent over-indebtedness which could put at risk particularly consumers in vulnerable positions.

In this regard, you rightly put emphasis in your letter on over-indebtedness and specifically on the role of debt advice in its prevention and remedy. Following the 2018 conference on debt advice mentioned in your letter, the Commission has just launched a project putting in place concrete steps, including:

- systematic and evidence-based identification of funding needs for the delivery and distribution of debt-advice services all over the EU, including the evaluation of the feasibility of direct funding by the Commission itself ;
- organization of best practice exchange events amongst existing and prospective debt advice providers, and
- capacity-building initiatives in six European countries where the quality and availability of debt-advice services at disposal of the citizens has been recognized as inadequate.

The experience and feedback gathered through these initiatives will also inform the ongoing CCD review.

Last but not least, I fully share your view that consumers must continue to be protected also as regards their privacy and personal data. The General Data Protection Regulation (GDPR) provides consumers with a number of rights, including the right to obtain information about the processing of their data and the right to object to processing of their personal data. It also places a number of obligation on the data controllers and data processors. The rules and principles enshrined in the GDPR must be fully respected by the financial sector. The GDPR sets up a modernized system of enforcement, whereby the national data protection authorities are responsible to monitor the application of its rules.

I am confident that the current Commission activities and your interest and support will help ensure that the revision of the European legislation on financial services is completed during the current European Parliament and Commission mandates and greatly improves the conditions of European consumers. I look forward to working with you towards this goal and towards a speedy recovery of the European economy.

Yours faithfully,

(e-signed)

Didier REYNDERS

Letter sent to European Parliament members:

MARQUES Maria
GUALMINI Elisabetta
CERDAS Sara
BORZAN Biljana
CARVALHAIS Isabel

DE SUTTER Petra
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ARVANITIS Konstantinos
ZORRINHO Carlos
PIZARRO Manuel
SCHIEDER Andreas
ALAMETSÄ Alviina
SANTOS Isabel
LEXMANN Miriam
UJHELYI István
KUMPULA-NATRI Miapetra
MALDONADO LÓPEZ Adriana
GEUKING Helmut
AGIUS SALIBA Alex
FAJON Tanja
MARQUES Margarida
BISCHOFF Gabriele
GRAPINI Maria
HOMS GINEL Alicia
KELLEHER Billy
DALI Miriam
MAVRIDES Costas
GEORGOULIS Alexis
KOKKALIS Petros
PAPADAKIS Demetris
HAUTALA Heidi
BENIFEI Brando
ANGEL Marc
GRUDLER Christophe
KOHUT Lukasz
CIUHODARU Tudor
CUTAJAR Josianne
TANG Paul
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