PAYING OFF A CONSUMER CREDIT AHEAD OF SCHEDULE – RULING OF THE CJEU

* **The CJEU has given a ruling of great importance to individuals who incurred consumer credits.**
* **The EU Court of Justice ruled that if one pays back their consumer credit ahead of schedule, the bank must give us all its costs proportionately reduced.**
* **According to today’s ruling, creditors must settle commissions, front-end fees and insurance.**
* **The President of UOKiK and the Financial Ombudsman expressed such an opinion already in 2015.**

**[Warsaw, 16 September 2019]** Anyone who incurred a consumer credit may pay it back earlier. In such a situation, **the** **creditor should reduce all credit** **costs** (i.e. fees, commissions, insurance costs) and reimburse the consumer. **The reimbursement should be proportional**, i.e. it should cover the period from the date of actual credit repayment to the date of final repayment specified in the credit agreement. It cannot depend on when the creditor actually incurred these costs.

*UOKiK’s experience shows that some financial institutions do not settle accounts with consumers. Interest for the time the credit is no longer used is remitted, but some fees, such as administrative fees, commissions or insurance premiums, are not. This is a violation of the law. I am glad that the Court of Justice of the EU shared our view*, says Marek Niechciał, President of the Office of Competition and Consumer Protection.

UOKiK analyses how financial institutions settle accounts with consumers who paid off their credits ahead of schedule. **The President of the Office levelled charges against 21 companies from the non-banking sector that do not settle accounts with their clients**. In addition, eight explanatory proceedings have been initiated. Other cases will be handled on a current basis.

*I am calling for creditors to respect the CJEU’s ruling. It provides clear information to financial institutions and banks on how to interpret this provision*. *It is also a good reason for them to normalize the market situation and conclude settlements with customers. Thus, the UOKiK’s intervention can be avoided, and I would like to remind you that the maximum fine for violating the Consumer Credit Act may amount up to 10% of an enterprise’s turnover,* says President Niechciał.

The Office together with the Financial Ombudsman already in 2015 worked out a common position on paying back consumer credits ahead of schedule. Their opinion on this matter can be [downloaded from the UOKiK’s website](https://www.uokik.gov.pl/download.php?plik=17925).

Any consumer who paid his/her credit back but was not reimbursed by the creditor for fees, commissions etc. should file a complaint, citing the CJEU’s ruling. If the complaint is rejected, the [Financial Ombudsman](http://www.rf.gov.pl/) will help. The consumer may also take his/her case to court.

**Ruling**

Ruling of the CJEU cleared up doubts presented in the reference for a preliminary ruling of the Lublin-Wschód District Court. The ruling shows national courts how to interpret provisions regarding creditor’s obligation to reimburse part of total credit costs if the credit is paid back earlier and how to rule on consumers’ claims.

**Case reference number in the CJEU: C-383/18 (Lexitor).**

**Consumer service:**

Phone: 801 440 220 or 22 290 89 16 – consumer helpline
E-mail: porady@dlakonsumentow.pl
[Consumers Ombudsmen](https://uokik.gov.pl/pomoc.php) – in your town or district
Regional Consumer Centres: 22 299 60 90 - [Dlakonsumenta.pl](http://dlakonsumenta.pl/) Financial Ombudsman - following complaint rejection - [www.rf.gov.pl](http://www.rf.gov.pl)

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