



EU consumer legislation fostering sustainability

European Federation of Building Societies

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*Elena Brolis
Team Leader – Financial Services
Unit JUST B1 Consumer Policy and Sustainability
European Commission*

The new Consumer Credit Directive 2023/2225 ('CCDII')

Scope of application of CCDII for green loans

Covered

- **Loans below EUR 100 000** - to finance for example:
 - ✓ House improvements
 - ✓ Solar panels
 - ✓ E-bikes
 - ✓ Hybrid/electric cars (including leasing with option to buy)
 - ✓ A++ home appliances
- Unsecured credits of **more than EUR 100 000** for the **renovation of a residential immovable property**

Non covered

- Unsecured credits of **more than EUR 100 000**

Green loans in CCD II

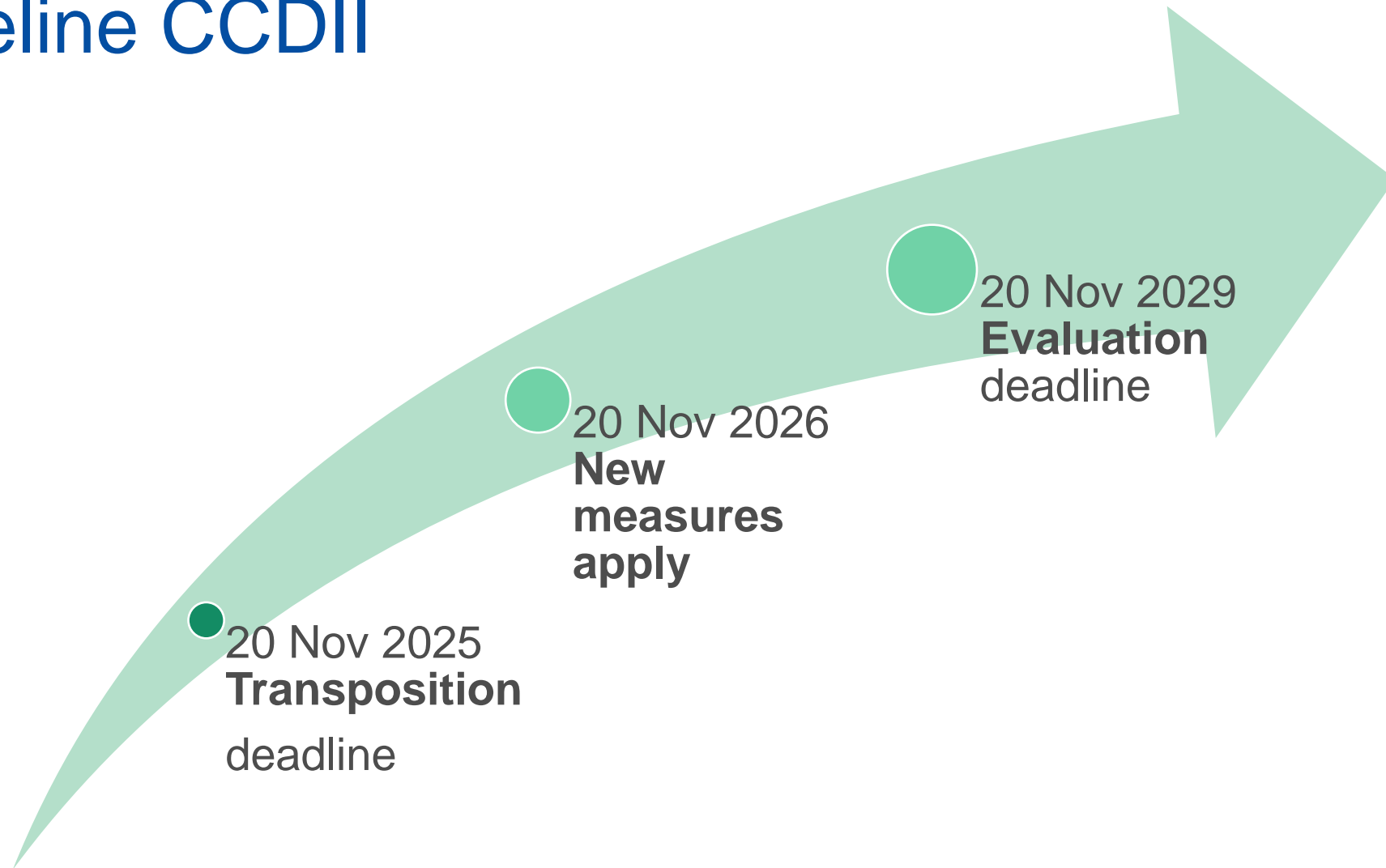
Negotiations (2022-2023)

- European Parliament initial position on green loans: *”Member States shall encourage creditors or, where applicable, credit intermediaries or providers of crowdfunding credit services to **develop and offer consumer credit products that support the digital and green transition.**”*

Final text: review clause (Art. 46)

- That evaluation should also include an analysis of the evolution of the market for consumer credits that support the green transition and an assessment of the need for further measures to improve the uptake of such credits.

Timeline CCDII



Call of Advice on green loans and mortgages

November 2022 - European Commission sent a Call for Advice to the EBA on green loans and mortgages

- Overview of existing market practices
- EU definition of green loans based on the Taxonomy
- Measures to encourage the uptake of green loans by retail borrowers and stimulate the origination of such assets by credit institutions
- Green origination process

December 2023 - EBA report in response to the call for advice from the European Commission on green loans and mortgages

Distance Marketing of Financial Services 2023/2673 ('DMFS')

Scope of application



« Safety net »

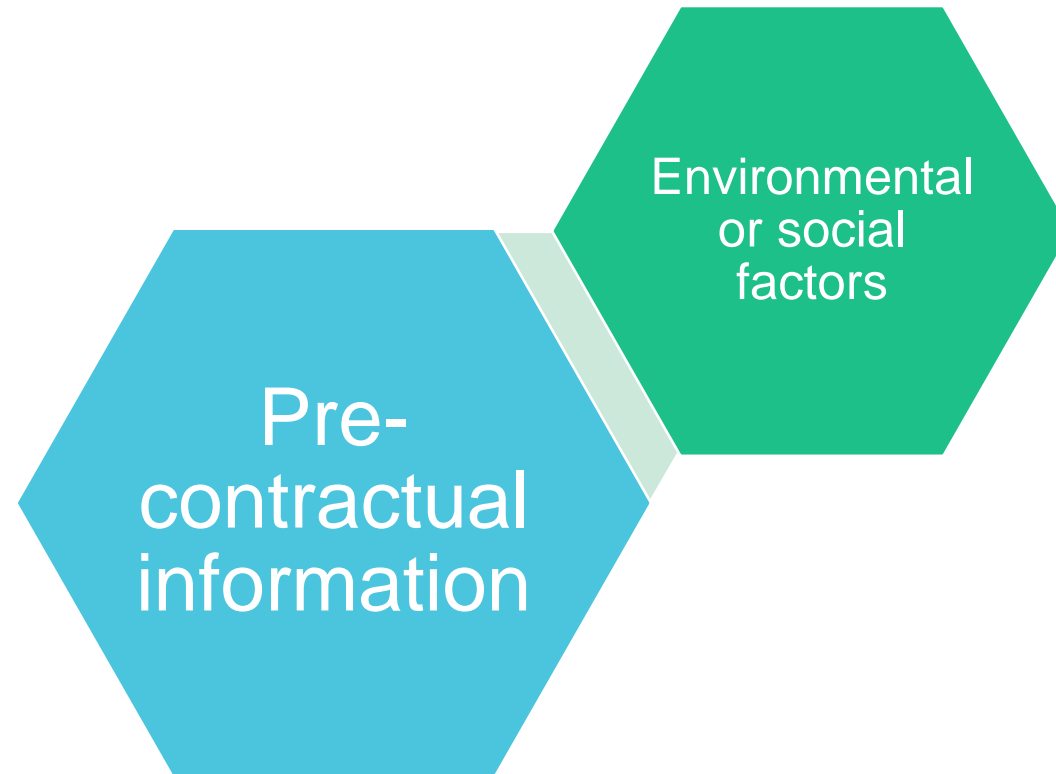
scope in application:
lex specialis prevails

Recital 16: Certain consumer financial services are governed by specific Union acts, which continue to apply to those financial services. This Directive does not amend existing sectoral Union acts

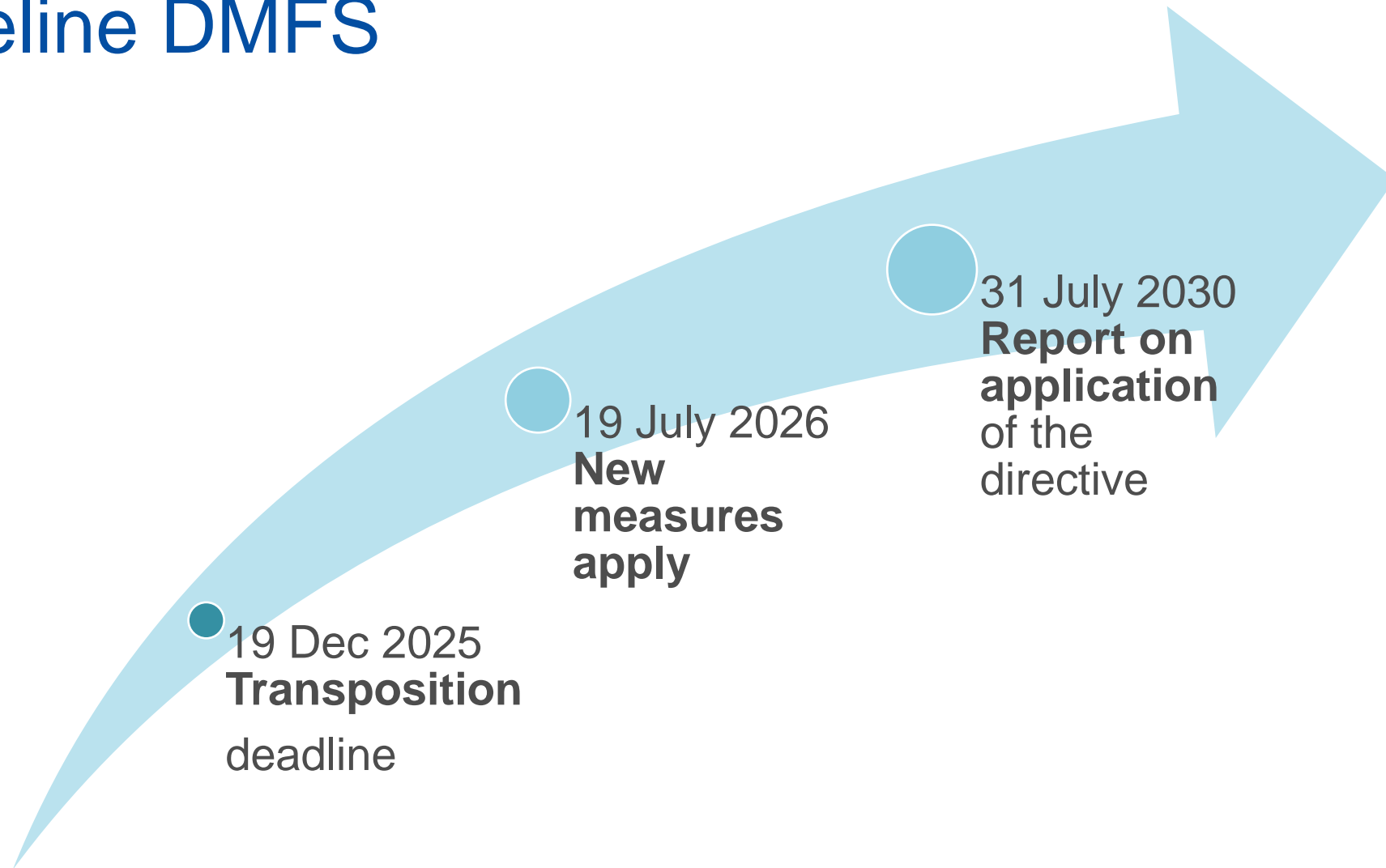
Article 3(2) CRD: If any provision of this Directive conflicts with a provision of another Union act governing specific sectors, the provision of that other Union act shall prevail and shall apply to those specific sectors

Article 16a(6); 16b(6); 16(d)(4): In order to ensure legal certainty, and to ensure that there are no duplications or overlaps, it should be clarified that, where other Union acts governing specific financial services contain rules on pre-contractual information, on the right of withdrawal or on adequate explanations, and irrespective of the level of detail of those rules, only the respective provisions of those other Union acts should apply to those specific consumer financial services unless otherwise provided in those acts

Information



Timeline DMFS



Directive on empowering consumers for the green transition 2024/825

Policy context



December 2019



March 2020



November 2020

Facts & figures

- **61%** of respondents find it difficult to understand which products are truly environmentally friendly
- **86%** want better information on durability and **82%** have difficulties finding information on this
- **44%** do not trust environmental claims
- **76%** experienced an unexpected failure of products in the past 3 years (ICT products most problematic)...

Source: IA report Empowering Consumers for the Green Transition

Objectives and timing

- **Goal:**



- Fighting **greenwashing** and early obsolescence – amending **Unfair Commercial Practices Directive (UCPD)**
- Better information on durability and reparability – amending the **Consumer Rights Directive (CRD)**

- **Timing:**



- Entry into force: 27 March 2024
- Transposition: 27 March 2026
- Entry into application: 27 September 2026

UCPD - additions in Articles 6 and 7

Article 6: Misleading actions

- Main characteristic of a product includes **environmental or social characteristics and circularity aspects**
- **Environmental claims related to future environmental performance** banned unless:
 - Clear, objective, publicly available and verifiable commitments
 - Set out in a detailed and realistic implementation plan
 - Verified by independent third-party expert
- Advertising **benefits that are irrelevant** and **do not result from any feature of product/business**



UCPD - additions in Articles 6 and 7

Article 7: Misleading omissions

- **Material information for product comparisons** on environmental/social/circularity aspects: method of comparison, the products being compared, and measures to keep that information up to date



UCPD – new bans in the blacklist of Annex I

Bans related to Greenwashing



- Voluntary **sustainability labels** not based on third-party certification scheme or not established by public authorities
- **Generic environmental claims** without proof of recognised excellent environmental performance
- Misleading environmental claims about **entire product or business** when it concerns only specific aspect/activity
- **Climate neutral/positive/reduced claims** on products based on GHG emission offsetting schemes
- Presenting **legal requirements** as distinctive feature