

(English version)

**Question for written answer E-001918/24
to the Commission
Afroditi Latinopoulou (Pfe)
(1 October 2024)**

Subject: Supporting borrowers and protecting first homes in Greece and the EU as a whole

The transfer of loans to servicers and funds has created a new, stressful environment for debtors. Many risk losing their first home due to aggressive debt collection practices. Vulnerable groups such as low-income earners and people with disabilities, in particular, find themselves in deep water. Meanwhile, the lack of transparency over how management companies and funds operate makes it difficult to protect borrowers' rights. This problem is especially felt in Greece where the economic crisis has left deep scars in society and many citizens are having serious trouble paying back their loans.

In view of this:

1. Can the Commission adopt legislation allowing borrowers who are having proven difficulties in meeting their loan obligations to be given priority in repurchasing their loans at a discounted rate or to be offered more favourable repayment terms instead of these loans being sold to funds at very low prices?
2. Is it feasible to establish a mechanism that will allow borrowers to buy their loans from funds, paying a set penalty, thus preventing profiteering?
3. What ways are there to guarantee the EU-wide protection of people's first homes and of vulnerable borrowers who are trying to meet their obligations?

Submitted: 1.10.2024

**Answer given by Ms McGuinness on behalf of the European Commission
(29 November 2024)**

In order to protect consumers and prevent them from losing their homes, the Mortgage Credit Directive 2014/17/EU ⁽¹⁾ (MCD) provides a number of safeguards, such as ensuring that the creditworthiness of a borrower is assessed before a mortgage can be granted.

For cases in which it is nevertheless not possible for the mortgage loan to be paid back, Article 28 MCD, as amended by Directive (EU) 2021/2167 (NPLD) ⁽²⁾, obliges creditors to have adequate policies and procedures so that they make efforts to exercise, where appropriate, reasonable forbearance before foreclosure proceedings are initiated ⁽³⁾.

Under the MCD, borrowers have in any case the right to repay their mortgage loans early (Article 25), including if the mortgage has been sold.

However, the MCD does not oblige creditors to offer more favourable repayment terms to individual borrowers in distress or enable them to repurchase their loans at a discounted rate. Such a rule would impact contractual freedom.

Beyond the protections granted by the Mortgage Credit Directive itself, Article 2 of MCD enables Member States to introduce, in line with EU law, more stringent provisions in order to protect consumers, including establishing a financial support mechanism for vulnerable consumers.

For example, the Greek insolvency code ⁽⁴⁾ already establishes a safety net for vulnerable debtors, with a temporary subsidy of their loan instalment in out-of-court restructuring and a sale-and-leaseback regime in case of insolvency or if their primary residence is about to be auctioned.

⁽¹⁾ 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 (OJ L 60, 28.2.2014, p. 34, <http://data.europa.eu/eli/dir/2014/17/oj>).

⁽²⁾ Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU (OJ L 438, 8.12.2021, p. 1, <http://data.europa.eu/eli/dir/2021/2167/oj>).

⁽³⁾ Such measures may consist of a total or partial refinancing of a credit agreement, or of a modification of the existing terms and conditions of a credit agreement.

⁽⁴⁾ Law 4738/2020 transposing Directive (EU) 2019/1023, as amended by law 4818/2021 and law 5024/2023. The new sale-and-leaseback regime aims to avoid past moral hazard behaviour and the adverse impact it has had in the cost of credit in Greece. Until said mechanism becomes operational, law 4916/2022 provides for the protection of the primary residence of eligible vulnerable debtors by means of a state subsidy and the suspension of liquidation measures.