

(English version)

**Question for written answer E-002620/24
to the Commission
Emmanouil Fragkos (ECR), Galato Alexandraki (ECR)
(21 November 2024)**

Subject: Non-performing loans and auctions in Greece

In Greece there is a problem with the administration of justice in respect of non-performing loans and auctions. Auctions are going ahead despite serious cases of pending legal action without a (legally possible) assertion of defence by the borrower, such as their opposition to a payment order, opposition to garnishment, opposition to auction and any disputes arising from pending action against funds. Law No 4335/2015 repealed Article 938, a basic defence instrument for borrowers. Subsequently, various combined laws essentially kept the problematic provisions.

Borrowers are losing their assets despite the existing pending legal actions. The justification being given is that if after a number of years borrowers win the pending lawsuits then they will be entitled to recover any losses made in full. This is difficult to implement in practice because, having already handed over their money, a successful bidder in an auction is automatically in a position of strength, creating a *fait accompli*.

It is worth emphasising that a major cause of the problem is the combination of the increasing interest on mortgages resulting from the ECB's policy, high inflation, and energy prices.

In view of the above:

1. Given that Greek borrowers are seen as strategic defaulters when inflation and unfairly high interest rates are putting a strain on them, with what political initiatives does the Commission consider to have compensated them or is it planning to compensate them?
2. Given that the legal status quo favours funds over citizens, does the Commission plan to support a complete ban on all auctions until a final decision has been reached on a borrowers' objections?

Submitted: 21.11.2024

**Answer given by Ms Albuquerque on behalf of the European Commission
(6 February 2025)**

The protection of distressed homeowners in the framework of forced execution proceedings falls within the legislative purview of the Greek State.

The Greek Code of Civil Procedure contains provisions affording protection to debtors in the context of such proceedings, including the possibility to file various kinds of objections with the competent court and to ask for the redress of procedural errors and the suspension of enforcement proceedings pending the issuance of a judgment.

Furthermore, in order to protect mortgage borrowers and avoid foreclosures, the Mortgage Credit Directive 2014/17/EU ⁽¹⁾ (MCD) provides a number of safeguards in cases in which the mortgage loan cannot be paid back.

Article 28 MCD, as amended by Directive (EU) 2021/2167 (NPLD) ⁽²⁾, obliges creditors to have adequate policies and procedures in place so that they make efforts to exercise, where appropriate, reasonable forbearance before foreclosure proceedings are initiated ⁽³⁾.

Beyond the protections granted by the Mortgage Credit Directive itself, Article 2 of MCD enables Member States to introduce more stringent provisions in order to protect mortgage borrowers.

⁽¹⁾ 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⁾ 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⁾ 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.

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.

⁽⁴⁾ 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.