

(English version)

**Priority question for written answer P-001356/24
to the Commission
Giorgos Georgiou (The Left)
(16 July 2024)**

Subject: Unfair terms concerning early loan repayment

The Commission has opened infringement procedure INFR(2024)0018 against Cyprus by sending a letter of formal notice on 24 January 2024 because the country failed to transpose the EU directive on unfair terms into national law within the deadline. However, unaccountability continues, to the detriment of borrowers.

According to findings that have come to light, one bank in Cyprus continues to include and apply an unfair term concerning early loan repayment in its contracts. It is able to do so due to Cyprus' failure to implement EU Directives 93/13/EEC and 2005/29/EC.

In view of this:

1. What actions does the Commission intend to take to put an end to the illegal practice by which Cypriot banks are applying unfair terms on early loan repayment in their contracts?
2. What can be done concerning the refusal of the Cypriot Consumer Protection Service to investigate complaints submitted by fellow citizens, a refusal that disregards the terms of its mandate which apply under Cypriot Law No 112(1)2021?
3. At what stage is the procedure for assessing the implementation of the directive on non-performing loans (NPLs) in the Cypriot legal system?

Submitted: 16.7.2024

**Answer given by Mr Reynders on behalf of the European Commission
(2 September 2024)**

Directive 93/13/EEC requires Member States to ensure that consumers are not bound by unfair terms and have effective remedies against such terms.

It applies to all kinds of contracts on the purchase of goods and services, including contracts on financial services ⁽¹⁾. It is the primary responsibility of national authorities and courts to safeguard consumer rights in individual disputes ⁽²⁾.

The Commission opened in 2013 an infringement procedure against Cyprus for ineffective enforcement of Directive 93/13/EEC ⁽³⁾ and Directive 2005/29/EC ⁽⁴⁾.

While Cyprus responded positively to several concerns, certain unresolved grievances were addressed by an additional letter of formal notice on 25 July 2019 ⁽⁵⁾ and a reasoned opinion on 18 February 2021 ⁽⁶⁾.

The Commission is finalising its assessment of the case, taking into account *inter alia* the reply of 16 April 2021 to the reasoned opinion, subsequent changes to Cypriot consumer law last notified to the Commission in November 2022 ⁽⁷⁾, relevant administrative practice and further analysis undertaken as part of the preparation of the report on the implementation of the Modernisation Directive, published by the Commission on 18 June 2024 ⁽⁸⁾. Based on this assessment, the Commission will consider next steps before the end of 2024.

⁽¹⁾ See Section 5 of Commission Notice — Guidance on the interpretation and application of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ C 323, 27.9.2019, p. 4-92, COM(2019) 5325 final.

⁽²⁾ See for example CJEU judgment of 30 September 2003, Case C-224/01, *Köbler*.

⁽³⁾ Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ L 95, 21.4.1993, p. 29-34.

⁽⁴⁾ Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive'), OJ L 149, 11.6.2005, p. 22-39.

⁽⁵⁾ https://ec.europa.eu/commission/presscorner/detail/en/INF_19_4251

⁽⁶⁾ https://ec.europa.eu/commission/presscorner/detail/en/inf_21_441

⁽⁷⁾ See in particular the Cypriot Consumer Protection Laws of 2021 to (No 2) 2022.

⁽⁸⁾ Report from the Commission to the European Parliament and the Council on the implementation of Directive (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 amending Council Directive 93/13/EEC and Directives 98/6/EC, 2005/29/EC and 2011/83/EU of the European Parliament and of the Council as regards the better enforcement and modernisation of Union consumer protection rules, (COM(2024) 258 final).

In relation to the concern of the Honourable Member regarding the transposition of Directive (EU) 2021/2167 by Cyprus, an infringement procedure for non-communication is indeed ongoing. In this context, the Commission sent a letter of formal notice to the Cypriot authorities on 24 January 2024 and subsequently a reasoned opinion on 25 July 2024 ⁽⁹⁾.

⁽⁹⁾ INFR (2024) 018 — information available at https://ec.europa.eu/atwork/applying-eu-law/infringements-proceedings/infringement_decisions/?lang_code=en&langCode=EN