No. 153

OFFICE FOR CONSUMER AFFAIRS

Explanatory Notes[1]

1. Introduction

Title of Regulations	Consumer Credit (Amendment) Regulations, 2024 (hereinafter referred to as the "regulations").
Activity to be regulated	Updates and strengthens the current consumer credit legislation.
Responsible entity	Office for Consumer Affairs within the Malta Competition and Consumer Affairs Authority.

2. Summary and background

The regulations amend the Consumer Credit Regulations (S.L. 378.12), hereinafter referred to as the "principal regulations".

The regulations transpose Article 27 of 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, hereinafter referred to as "the Directive". The main objectives of the Directive are to:

(a) enable credit institutions to better deal with non-performing loans by improving the conditions under which these can be sold to third parties;

(b) develop a secondary market for non-performing loans and establish an EU-wide framework for both credit purchasers and credit servicers of non-performing credit agreements issued by credit institutions; and

(c) establish safeguards for the transfer of non-performing loans by credit institutions to credit purchasers whilst at the same time safeguarding the borrower's rights.

Article 27 of the Directive amends Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers (hereinafter referred to as "the CCD") has been transposed into Maltese legislation by means of the principal regulations.

3. Overview of the structure of the instrument

The regulations are made up of four (4) regulations and consist of the following:

1. Citation.

[1] These Explanatory Notes are in accordance with and for the purpose of article 3(2)(c) of the Small Business Act (Chapter 512 of the Laws of Malta).

2. Substitutes regulation 2 of the principal regulations.

3. Amends regulation 12 of the principal regulations.

4. Adds new regulation to the principal regulations.

4. Commentary on parts and regulations

The amendments introduced by the regulations, which transpose the amendments of the CCD by the Directive, provide a high level of consumer protection, and ensures that consumers are provided, in due time and prior to any modifications to the terms and conditions of the credit agreement, with a clear and comprehensive list of any such changes, the time period for their implementation and the necessary details as well as the name and address of the national authority, namely the Arbiter for Financial Services before whom consumers may submit a complaint.

The information regarding the modification of the terms and conditions of a credit agreement, as introduced by these amendments, shall not affect any consumer rights already established in the CCD.

These amendments also ensure that creditors have adequate policies and procedures to ensure that they make efforts to exercise, where appropriate, reasonable forbearance before foreclosure proceedings are instituted.

5. Conclusion

The regulations shall be deemed to have come into force on the 30th December 2023.

For further information or queries, please contact the Office for Consumer Affairs within the Malta Competition and Consumer Affairs Authority on:

Email: (info.mccaa@mccaa.org.mt) and the telephone number: 2395 2000.

N.B. These Explanatory Notes are not intended to be an exhaustive description of the instrument nor a substitute thereof or a legislative supplement thereto. These Explanatory Notes do not purport to be an authoritative ruling on the interpretation of the legislation.

Annex

(for the purpose of paragraph (vi) of Schedule III of Chapter 512 of the Laws of Malta)

Transposition Notes for the transposition of article 27 of the 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

The Directive's Article number	Transposing Regulations
Article 27	regulations 1 to 4

2nd February, 2024