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Sweden – Consumer Credit Act (2010:1846)



Full title: Consumer Credit Act 2010:1846 (*Konsumentkreditlag SFS 2010:1846*).
This law implements the EU Consumer Credit Directive 2008/48/EC which mandates information in credit marketing

Title of relevant section: Section 7: Information in connection with marketing
Section 8 – 10: Information prior to entering into a credit agreement

Information in connection with marketing

Section 7: The trader must, when marketing a credit agreement, provide information on the effective interest rate for the credit¹ (*i.e. APR*), by providing a representative example.

If any interest rate or figure other than the effective interest rate (*i.e. APR*) is indicated in the marketing, the trader must also, by means of a representative example, provide information on:

1. The credit interest rate, indicating whether it is fixed or variable,
2. Fees and other costs that form part of the cost of the credit,
3. The credit amount,
4. The term of the credit agreement,
5. The total amount to be paid by the consumer, the number of instalments, and the amount of each instalment and
6. The cash price² and the down payment (advance cash payment) required in the case of credit purchases (credit in the form of a deferred payment).

If the consumer is under an obligation to enter into a contract regarding an ancillary service relating to the credit agreement, and the costs of the service cannot be determined in advance, this obligation must be indicated in the marketing in connection with the information on the APR

The information must be provided in a clear, concise and prominent manner.

NB: Section 4, para. 3 states – for credit agreements in the form of an overdraft facility, where the credit has to be repaid on demand or within three months, provisions for information on marketing contained in Sect. 7, para. 2, points 4-6 are not applicable, neither will the information in the credit agreement in Section 14, para 2, the right of withdrawal in §§ 21-25, on payment of the debt prematurely in §§ 32-36 or the termination of the credit contract of indeterminate

¹ Section 2 Consumer Credit Act defines:

Effective interest rate: the cost of credit expressed as an annual interest rate calculated on the amount of credit, where appropriate, taking into account the payments to be made during the ongoing credit period.

Cost of credit: the total amount of interest, charges and other expenses/ costs paid by the consumer because of the credit, but excluding notary fees

² Defined as: the price at which goods or services are usually offered to consumers for cash payment (Sect. 2 CCA)

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duration in § 37.

Information prior to entering into a credit agreement

Section 8

The trader shall, within a reasonable time prior to conclusion of the credit agreement, provide the consumer with information about:

1. The type of credit that it concerns
2. The creditor or credit intermediary's name, identification number and address.
3. The credit amount and the terms for using the credit (i.e. governing the drawdown of the credit).
4. Duration of the credit agreement.
5. The product or service and its cash price, in the case of buying on credit (credit in the form of deferred payment)
6. The borrowing rate, the terms of the borrowing rate, indicating the reference index or reference rate (applicable to the initial borrowing rate), as well as the periods, procedures and other conditions for changing the borrowing rate.
7. The annual percentage rate of charge, illustrated by means of a representative example, and the total amount payable by the consumer.
8. The amount, number and due dates (i.e. frequency) of the instalments, as well as the order in which payments will be allocated for credit with different borrowing rates; if a payment is not settled but is saved or invested for the consumer's behalf, it shall be stated.
9. Charges/ fees associated with the credit agreement and conditions under which those charges/ fees may be changed.
10. Notary fees
11. The obligation to enter into an ancillary service contract relating to the credit agreement.
12. Default interest rate and arrangements for adjusting it, and charges to be paid when the contractual obligations are not met.
13. Penalties for late payment.
14. Sureties.
15. The existence or absence of a right of withdrawal.
16. The consumer's right of early repayment, and information concerning the creditor's right to compensation and the way in which that compensation will be calculated.
17. The consumer's right to receive information that credit has not been granted (i.e. in online assessment of creditworthiness)
18. The consumer's right to receive a draft credit agreement.
19. The period of time during which the offer applies.

The information will be provided in the 'Standard European Consumer Credit Information' form. The form must be provided to the consumer in a document or in any other legible and durable medium available and accessible to the consumer. If the agreement has been concluded at the consumer's request using a means of distance communication which does not allow the information to be provided in such form prior to the conclusion of the agreement, the trader shall provide the consumer with the information in this form as soon as possible after the conclusion of the agreement. The information in the form (Standard EU Consumer Credit Information form) should be limited to those points set out in Para. 1 (i.e. points 1-19).

If the consumer so requests, the trader shall, without charge, give him or her a draft credit

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agreement.

In the case of credit which is associated with the provision of a mortgage, leasehold or freehold, or rights of a similar nature, or a corresponding right in the building which does not fall within the property, the trader has to only provide information in Section 7, para. 1 and section 7, para. 2, points 1-4. The information shall be provided in a document or in any other legible and durable medium available and accessible to the consumer.

Section 9

In the case of credit agreements in the form of bank overdrafts which are repayable on demand or within three months, the trader should only have to provide the information specified in §8, para. 1, points: 1, 2, 4, 6, 9, 12, 17 and 19. The trader must additionally provide information on the credit amount, the APR by means of a representative example, the conditions and procedure for terminating the credit agreement. If the agreement means that the consumer may be asked to repay the entire outstanding credit, the information (i.e. info requirements) shall be provided even it is.

Section 10

In the telemarketing of credit, the provisions as provided in Chapter 3³, Section 4, para 1⁴ of the Act on Distance and Off-premises contracts (SFS 2005:59⁵ - *Lag om distansavtal och avtal utanför affärslokaler*) shall apply in place of Section 8, para. 1 and Section 9, para. 1. The description of the main characteristics of the financial service to be provided under this paragraph shall include information on:

1. The credit amount and the terms for using the credit (i.e. governing the drawdown of the credit).
2. Duration of the credit agreement.
3. The product or service and its cash price, in the case of credit purchases (i.e. buying on credit)
4. The borrowing/ credit interest rate, the terms of the borrowing/ credit interest rate, indicating the reference index or reference interest rates (applicable to the initial borrowing/ interest rate), as well as the periods, procedures and other conditions for changing the borrowing rate/ credit interest rate.
5. The effective interest rate (i.e. APR), illustrated by means of a representative example, and the total amount payable by the consumer.

³ Chapter 3: Contracts relating to financial services and financial instruments

⁴ Sect. 4 (1) – **Special rules for telemarketing:** In the case of telemarketing/ telesales, the trader must at the start of each call provide consumers with information about their identity and the name of the person in contact with the consumer and their relationship to the trader. The trader must then inform about the commercial purpose of the call. If the consumer expressly agrees to it, the trader does not have to provide all of the information specified in Section 3, para. 1 (Chap. 3 of Act on Distance and Off-Premises Contracts), but only the information in accordance with Sect. 3, para. 1, points 3-6, 8 and 15 – i.e. info before signing a financial contract. The trader shall inform the consumer that further information is available upon request and indicate what nature this information is. The provisions of section 3, para.2 also apply to telemarketing (namely – the information shall be provided in a clear and comprehensible manner in any way appropriate to the means of distance communication used. The trader must pay particular attention to the need for protection of minors.)

For ref (Sect. 3, para.1, points 3-6,8,15):

Point 3: The financial service or financial instrument's main characteristics

Point 4: The financial service or financial instrument price, including fees, taxes,

Point 5: notice of the possibility that other taxes and/or costs may exist that are not paid via the supplier or imposed by him

Point 6: The specific risks associated with the financial instruments covered by the contract, including a statement that the previous value growth and yield does not provide any safe guidance on the future development and yield.

Point 8: The issue of what happens with the right of withdrawal under this Act, including information on what the consumer according to § 11 may pay in order to exercise of the right of withdrawal.

Point 15: The language in which the contract terms and information are provided and the language in which the trader undertakes to communicate during the contract period

Sect. 4(2) for reference: As soon as possible after the conclusion of the contract, the trader must provide the consumer with all the information referred to in § 3, para. 1 and all contractual terms in a document or in any other legible and durable medium available and accessible to the consumer.

⁵ https://www.riksdagen.se/sv/Dokument-Lagar/Lagar/Svenskforfattningssamling/Distans--och-hemforsaljningsla_sfs-2005-59/

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6. The amount, number and due dates (i.e. frequency) of the instalments, as well as the order in which payments will be allocated for credit with different borrowing/ credit interest rates.

In the case of credit referred to in Section 9 (i.e. credit in form of an overdraft facility) the description shall include information on the credit amount, the borrowing rate, with conditions for it, and stating the reference index and reference rate, as well as the APR by means of a representative example.
