

G-Regs™

## Belgium – Consumer Credit



<b>Full title:</b>	<p><b>28 Feb 2013 - Code of Economic Law: Book VII "Payment and Credit Services"</b></p> <p><b>Title IV: Credit Agreements; Chapter I: Consumer Credit</b></p> <p><b>Entry into force: 01/04/2015</b></p> <p><u>Please note:</u></p> <p><b>Act of 19 March 2014 on the introduction of Book VII "Payment and Credit Services" in the Code of Economic Law</b> – link <a href="#">here</a></p> <p>Art. 3 integrates the Consumer Credit provisions contained in Articles 5 and 6 of the Consumer Credit Act 12 June 1991 into Book VII of the Code on Economic Law. The contents of Arts 5 and 6 are now contained in Articles 64 and 65 (as amended) of Title 4, Chapter 1 of Book VII of the Code on Economic Law.</p> <p>Art. 53(2) – repeals the Law on Consumer Credit of 12<sup>th</sup> June 1991.</p> <p><b>Royal Decree of 19/03/2014 fixing the entry into force of the Act of 19 March 2014 introducing Book VII of the Code of Economic Law</b> - link <a href="#">here</a></p> <p>Section 2: The provisions of Book VII, Title 4, Chapter 1 (which includes Arts. 64/65) will enter into force on 01/04/2015</p>
<b>Title of relevant section:</b>	<p>Title IV: Credit Agreements; Chapter I: Consumer Credit; Section I: Promotion of Credit; Sub-section I: Advertising; Articles 64-66</p> <p><b>Title IV; Chapter I; Section I; Sub-section I</b></p>
<b>Article 64</b>	<p><b>Section 1</b></p> <p>Any advertisement (<i>for a credit agreement</i>) which mentions an interest rate or any figures relating to the cost of the credit to the consumer must include in a clear, concise, prominent, and if need be, audible way, by means of a representative example, the following basic information (<i>i.e. standard information</i>):</p> <ol style="list-style-type: none"> <li>1. The borrowing rate, fixed and/or variable, together with information relating to any expenses/charges included in the total cost of the credit to the consumer;</li> <li>2. The amount of credit;</li> <li>3. The annual percentage rate (APR);</li> <li>4. The duration of the credit agreement;</li> <li>5. In the case of credit in the form of deferred payment for a specific product or service, the cash price and the amount of any down payment (<i>i.e. advance payment</i>), and</li> <li>6. If applicable, the total amount payable by the consumer and the amount payable by instalments.</li> </ol> <p>For all advertising, whatever the medium used, the King shall determine the size of the characters (<i>i.e. typeface/ font size</i>) with regard to information concerning the nature of the operation, its duration, the annual percentage rate and, in the case of a promotional rate, the period for which the special rate is available, and in relation to the fixed or variable nature of</p>

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the borrowing rate and the amount of the repayments.<sup>1</sup>

The amount of credit must be based on the average amount of credit which, depending on the type of credit agreement advertised, is representative of all the offers from the lender or credit intermediary. If several types of credit agreement are offered simultaneously, a separate representative example must be provided for each type of credit agreement.

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### Section 2

All advertising concerning consumer credit must state the following message "Be careful/ Watch Out, borrowing money also costs money<sup>2</sup>". Whatever the medium used, the King shall determine, where appropriate, the size of the characters (i.e. *typeface/ font size*) used in the message. (see separate Royal Decree for formatting stipulations<sup>1</sup>).

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### Section 3

If, in order to obtain credit or to obtain it on the terms and conditions marketed, it is compulsory/ mandatory to take out an agreement for an ancillary service related to the credit agreement, in particular insurance, and the cost of this service cannot be determined in advance, the obligation to take out such an agreement must also be stated in a clear, concise, prominent, and audible way, together with the annual percentage rate.

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## Article 65

### Section 1

The following is prohibited: all advertising for a credit agreement that is focused specifically on:

1. Encouragement of consumers unable to meet their debts, to use/ handle credit
  2. Enhancing (*emphasising*) the ease or speed with which credit can be obtained
  3. Encouragement to consolidate or centralise outstanding loans, or which state that current credit agreements have little or no influence on the assessment of an application for credit
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### Section 2

Also prohibited is any advertisement for a credit agreement which:

1. Refers to an authorisation (licence), a registration or an inscription/record as defined in this act (i.e. refer to an approval or registration number for the credit lender or intermediary)
  2. Referring to the maximum annual percentage rate or the legality of applied rates, gives the impression that these rates are the only ones which can be applied; any reference to the maximum annual percentage rate legally permitted and to the legally permitted maximum lending rate must be made unequivocally, legibly and conspicuously or where appropriate audibly, and must accurately state the maximum APR legally permitted
  3. Indicates that a credit agreement can be concluded without information that assesses the consumer's financial situation
  4. States an identity, address or aspect other than that provided to the SPF Economie, P.M.E., Classe moyennes et Energie (FPS Economy, S.M.E.s, Self-employed and Energy Contact Centre) by the advertiser as part of the approval process, registration, or record
  5. When indicating a type of credit, uses a different description than that used in this Act's designation
  6. States attractive rates without indicating the specific or restrictive conditions to which the advantage of these rates is subject
  7. Indicates with words, signs or symbols that the value of credit is made available in cash.
  8. Mentions the word "Free Credit" or a similar expression, other than the indication of the
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<sup>1</sup> This is referring to Art. 14 (Chapter 4) of the Royal Decree of 21 June 2011 –amending various decrees on consumer credit and implementing Articles 5, § 1, para. 2, and § 2, and Article 15, para. 3 of the Law of 12<sup>th</sup> June 1991 on Consumer Credit.

<sup>2</sup> In French: "Attention, emprunter de l'argent coûte aussi de l'argent"; In Dutch: "Let op, geld lenen kost ook geld"

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9. Promotes an act which must be considered a breach or violation of this Act or its decrees.

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**Article 66**

When advertising concerns both consumer credit and mortgage credit or also credit agreements that fall outside the scope of this book, and where the advertisement does not indicate in a clear, visible and, where appropriate audible way, any information concerning any credit agreement, the provisions of this subdivision then apply to all advertising

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**Reviewed by:** RB

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