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Consumer Credit Agreements What to expect ahead of transposition of Directive (EU) 2023/2225

With the **transposition deadline of 20 November 2025** approaching, **Directive (EU) 2023/2225 on credit agreements for consumers** is set to significantly reshape national legal frameworks across the **European Union**.

Adopted on 18 October 2023, the directive aims to harmonise consumer credit policies across credit institutions within the EU and strengthen the integrity of the European financial system.



Enhanced Pre-Contractual Transparency

A cornerstone of the new legal framework is the emphasis on the accuracy and thoroughness of pre-contractual information. Both creditors and consumers are faced with strengthened informational obligations, requiring more detailed and comprehensive disclosures.

Creditors must ensure that consumers are fully, clearly and comprehensively informed on all material terms and conditions of the credit agreement. Particular emphasis is placed on the consumer's payment obligations. Notably, creditors are required to disclose:

- the annual percentage rate of charge (see below);
- the total amount payable including any charge applicable in the event of arrears;
- any other payments the consumer may be obligated to make throughout the duration of the agreement, such as notary fees;

These extensive provisions aim to eliminate ambiguity and foster informed decision-making by consumers.



Lender's duties of Good Conduct

Creditors are required to uphold high standards of conduct and transparency, with full regard to the rights and interests of consumers. This obligation applies to a range of activities, including:

- The manufacturing and advertising of credit products, which **must include clear warnings that credit entails cost**;
- The granting, intermediation, or facilitation of credit;
- The provision of advisory services;
- The execution of credit agreements.

Additionally, **the remuneration of creditors' staff must not be tied to the number or proportion of credit applications accepted**. This measure is intended to align staff incentives with the long-term interests of consumers and the overall integrity of the credit process.

Excessive Credit Costs

While the Directive does not impose uniform caps on interest rates at the EU level, it obliges Member States to adopt measures aimed at preventing abusive lending practices and excessively high borrowing costs. This framework leaves room for national legislation to **introduce interest rate caps or equivalent safeguards**, depending on domestic policy considerations.

Creditworthiness Assessment Standards

The Directive requires creditors to conduct a careful and proportionate assessment of a consumer's creditworthiness based on accurate financial information, such as income, regular expenses, outstanding liabilities, and other economic indicators.

When AI systems are used for this purpose, classified as high-risk under the AI Act, **consumers have the right to request human review and receive clear explanations of automated decisions**. They may also challenge assessments and request reconsideration, though this does not guarantee credit approval.

Protection for Consumers in Financial Distress

By requiring creditors to **exercise reasonable forbearance**, where appropriate, **before initiating enforcement measures**, the Directive imposes the use of a detailed settlement mechanism. Under the new framework, credit institutions will be obligated to undertake the necessary settlement procedures prior to pursuing enforcement actions.

Competence requirements for Staff

Mandatory minimum standards are introduced for the knowledge and competence of staff involved in the granting of credit. Credit institutions will be required to allocate sufficient resources to ensure **adequate, ongoing and up-to-date training**. The enforcement of these standards will be monitored by the competent authorities – in Greece this responsibility lies with the Bank of Greece.

Transposition of the provisions

As mandated by Directive 2023/2225, all Member States, including Greece, must adopt and publish the transposing legislation by 20 November 2025.

In light of the transposition, creditors will need to review and potentially update their processes and policies to ensure compliance, invest in staff training, implement robust creditworthiness assessment procedures, and enhance clarity and transparency in the communication of credit terms.



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