

# **Guidelines on short-term loans concluded as distance selling contracts**

**2014**

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**The Danish Consumer Ombudsman**

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Guidelines prepared by the Danish Consumer Ombudsman

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## Background/Introduction

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These guidelines replace the guidelines on short-term or minor loans concluded as distance selling contracts, which the Danish Consumer Ombudsmand issued in February 2009.

The 2009 guidelines specified which requirements may be made for lenders of short-term loans. However, the Danish Credit Agreements Act<sup>1</sup> has subsequently been amended. One of the amendments was that the previous triviality threshold of DKK 1,500 has been repealed, which means that smaller loans are now also comprised by the regulation. However, loans repayable within three months and which are only associated with "insignificant costs" are not comprised by the Act.

Based on the extended legislation, the Consumer Ombudsman has considered whether guidelines in this area are still required. In light of the purposes of the Consumer Credit Directive and the need for notifications from the credit providers in order to monitor market developments, the Consumer Ombudsman has concluded that guidelines are still required.

The Consumer Credit Directive states that Member States should take appropriate measures to promote responsible practices during all phases of the credit relationship, taking into account the specific features of their credit market. The directive also states that it is particularly important that creditors should not engage in irresponsible lending or give out credit without prior assessment of creditworthiness, and the Member States should carry out the necessary supervision to avoid such behaviour.

Based especially on notifications received quarterly from the individual providers subject to the guidelines in force so far, the Consumer Ombudsman has monitored market developments for loans concluded via distance selling. The Consumer Ombudsman has ascertained that the supply of short-term loans has increased, that these loans are still characterised by a high APR and that there has been a tendency to consistently higher loan amounts. Increasingly, the loans seem to attract young consumers, and the Consumer Ombudsman has identified an increase in the number of loan defaults.

Since short-term loans are now widely regulated by the Credit Agreements Act, the guidelines – apart from expressing what is deemed to be good marketing practice in relation to lending via distance selling – will to a great extent be in the nature of information about applicable rules in the area.

The guidelines are not exhaustive. Any matters not dealt with in these guidelines should therefore not on that basis be seen as lawful or generally consistent with good marketing practice.

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<sup>1</sup> See Act no. 535 of 26 May 2010 which implements Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC (The Consumer Credit Directive).

## Guidelines on short-term loans concluded as distance selling contracts

Section 1	
<b>Scope</b>	<b>6</b>
1.1 Comments	6
Section 2	
<b>General marketing principles</b>	<b>8</b>
2.1 Comments	8
Section 3	
<b>Marketing of loan offers</b>	<b>9</b>
3.1 Comments	9
Section 4	
<b>Mandatory information and technical help functions etc. prior to concluding the agreement</b>	<b>12</b>
4.1 Comments	12
Section 5	
<b>Conclusion of agreements</b>	<b>14</b>
5.1 Comments	14
Section 6	
<b>Contractual information</b>	<b>16</b>
6.1 Comments	16
Section 7	
<b>Procedures for secure identification</b>	<b>18</b>
7.1 Comments	18
Section 8	
<b>Credit assessment</b>	<b>20</b>
8.1 Comments	20
Section 9	
<b>Guidance</b>	<b>21</b>
9.1 Comments	21
Section 10	
<b>Specific information about loan disbursement</b>	<b>22</b>
10.1 Comments	22
Section 11	
<b>Specific information about right of withdrawal</b>	<b>23</b>

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11.1	Comments .....	23
Section 12		
	<b>Commencement</b> .....	<b>25</b>
Section 13		
	<b>Evaluation of the guidelines</b> .....	<b>26</b>
Annex 1		
Annex 2		
Annex 3		
Annex 4		

On the basis of negotiations with the Danish Consumer Council, the Danish Bankers Association, Finans og Leasing (the Association of Danish Finance Houses), Dansk Kredit Råd (the Danish Credit Council), the Danish Chamber of Commerce, the Danish Commercial Industries Federation and with participation of the Danish Financial Supervisory Authority, the Danish Consumer Ombudsmand hereby issues the following guidelines with comments pursuant to section 24(1) of the Danish Marketing Practices Act.

# Section 1

## Scope

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The guidelines apply to loans:

- » concluded via distance selling, and
- » for which the maturity does not exceed three months.<sup>2</sup>

### 1.1 Comments

*The scope of the guidelines is loans repayable within three months, regardless of whether or not the loan is associated with (immaterial) costs.*

*In addition, the loan must be concluded as a distance selling contract as defined in section 4 of the Danish Consumer Contracts Act. Typically, these are loans concluded via text messages (SMS) or by using a loan form on the Internet.*

*By letting the guidelines cover all loans repayable within three months, they do not need to define the meaning of “immaterial costs” as set out in section 3(1)(ii) of the Credit Agreements Act. This means that it may be difficult to establish precisely which loans are associated with immaterial costs. It could also cause considerable uncertainty as to whether or not a specific loan is covered by these guidelines.*

*Since the guidelines cover all loans concluded by distance selling and which are repayable within three months, there is a clear delimitation in the scope of the guidelines in relation to all short-term loans.*

*This delimitation also includes some of the loans that are exempt from the Credit Agreements Act, cf. section 3(1) of the Act, which are loans repayable within three months and which are either interest-free and without other costs or which are only associated with immaterial costs.*

*Although these loan agreements are not covered by the Credit Agreements Act, they may be covered by parts 3 and 4 of the Consumer Contracts Act<sup>3</sup>.*

*It is the Consumer Ombudsman's assessment that the scope of loans in the latter category is limited.*

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<sup>2</sup> Where an existing loan contract is extended by up to three months on financially more burdensome terms and conditions to the effect that the disclosure requirements of the Danish Credit Agreements Act take effect, the lender must observe the rules and procedure described in Item 6 of these guidelines in relation to the new contract extension.

<sup>3</sup> Cf. Act no. 451 of 9 June 2004 on certain consumer contracts, as most recently amended by act no. 102 of 15 February 2011. At 13 June 2014, this act was replaced by act no. 1457 of 17 December 2013 on consumer agreements. As a result, consequential changes will need to be made to the guideline references.

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*It is also noted that the guidelines do not apply to temporary overdrafts on an account already established with a bank or another lender, irrespective of whether such overdraft has been agreed or it is an unauthorised overdraft.*

*Section 1 of the Danish Marketing Practices Act does not apply to businesses subject to the Financial Business Act to the extent that the Minister for Business and Growth has issued regulations in the areas concerned. For financial businesses, reference is made to the Executive Order on Good Business Practice for Financial Undertakings<sup>4</sup>, issued by the Danish Ministry of Business and Growth, which is widely interpreted in the same way as sections 1 and 3 of the Marketing Practices Act.*

*These businesses are instead subject to section 43 of the Financial Business Act and section 3 of the Executive Order on Good Business Practice for Financial Undertakings. These provisions set the same public requirements on compliance with good practice as section 1 of the Danish Marketing Practices Act.*

*In particular, it should be noted that lending operations are covered by the Danish Money Laundering Act.*

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<sup>4</sup> Executive Order no. 928 of 28 June 2013 on Good Business Practice for Financial Undertakings.

## Section 2

# General marketing principles

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Lenders must at all times abide by and structure their business in such a way that it complies with the principles on good marketing practice.

### 2.1 Comments

*Lenders are subject to the Marketing Practices Act and must therefore exercise good marketing practice (see section 1 of the Marketing Practices Act) with due consideration to consumers, traders and public interests.*

*Lenders must therefore structure their business and marketing activities in such a way that the rules in the area, including the Credit Agreements Act, the Consumer Contracts Act, the E-commerce Act, the Money Laundering Act and the general contract law rules, are observed.*

*The general requirements of the Marketing Practices Act on corporate marketing are supplemented by the special disclosure requirements of the above-mentioned legislation. If the lender does not provide the mandatory information, it will generally also constitute non-compliance with good marketing practice.*

*Finally, it should be noted that violation of certain provisions of the Credit Agreements Act and the Consumer Contracts Act may have civil consequences. For example, non-disclosure or incorrect disclosure of credit costs may lead to a reduction of the interest rate payable by the borrower. See section 23 of the Credit Agreements Act. Non-disclosure of contractual terms and conditions or non-disclosure of the information listed in section 8 of the Credit Agreements Act will also extend the deadline for cancelling the loan. See section 19(2)(ii) of the Act.*



## Section 3

# Marketing of loan offers

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When marketing loan offers, the lender must provide the consumer with clear, unambiguous, correct and adequate information about the loan.

### 3.1 Comments

*The loan product will typically be marketed in advertisements or on websites, offering the possibility of entering into agreements electronically or by sending a text (SMS) message.*

*The information must be correct and rendered in such a way that it provides a true and fair view of the loan terms. Consequently, the information must not be misleading or incomplete.*

*In addition to the disclosure and information requirements that follow from section 1 of the Marketing Practices Act on good marketing practice, section 3 on misleading and improper marketing and section 12a on invitations to purchase, section 14a of the Marketing Practices Act applies.*

*For businesses subject to the Financial Business Act the similar provisions are found in section 5 of the Executive Order on Good Business Practice for Financial Undertakings and in section 9 of the Executive Order on Price Information from Banks.*

*When the marketing material stipulates an interest rate or specific figures concerning costs in relation to the loan, the advertisement must provide the information that follows from section 14a of the Marketing Practices Act, which has the following wording:*

**"14a-(1)** Any advertising concerning credit agreements which indicates an interest rate or any figures relating to the cost of the credit to the consumer shall include standard information in accordance with subsection (2).

(2) The standard information referred to in subsection (1) shall specify in a clear, concise and prominent way by means of a representative example:

(i) The borrowing rate, fixed or variable or both, together with particulars of any charges included in the total cost of the credit to the consumer.

(ii) The total amount of credit.

(iii) The annual percentage rate of charge, calculated in accordance with the Credit Agreements Act.

(iv) The duration of the credit agreement.

(v) In the case of a credit in the form of deferred payment for a specific product or service, the cash price and the amount of any advance payment.

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*(vi) The total amount payable by the consumer and the amount of instalments.*

*(3) Where the conclusion of a contract regarding an ancillary service relating to the credit agreement, in particular insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the annual percentage rate of charge.*

*(4) A credit intermediary must indicate in advertising and documentation intended for consumers the extent of his powers, in particular whether he works exclusively with one or more creditors or as an independent broker."*

*With respect to loans associated with not immaterial costs, and which are thus subject to the Credit Agreements Act, section 14a(1) of the Marketing Practices Act will also apply if the marketing material contains expressions relating to the borrowing costs. This is the case if the material refers to e.g. interest charges of DKK 0 or uses wording such as "no initial fee" or "no interest costs" or similar expressions relating to the marketing of the borrowing costs.<sup>5</sup>*

*The purpose of the provision is to provide the consumer with correct information, and the information must therefore be presented in such a way that it provides a true and fair view allowing the consumer to compare different loan offers and make informed decisions.*

*All the information in section 14a must be provided the first time an interest rate or figures concerning the loan costs are published.*

*Non-durable media are generally not suitable for price marketing of services or products for which a number of details must be disclosed. Any advertisement in non-durable media presented in a way that requires the disclosure of information pursuant to section 14a must be made to the effect that price information can actually be perceived by the viewer or the recipient. For example, text-based information in a TV commercial must be shown in such a way that the consumer is given a real opportunity to read and understand the text. This entails that the information must be presented with adequately large text, an appropriate colour and sufficient duration. When considering whether the consumer has an adequate opportunity to read and understand the text, consideration should also be given to whether the commercial includes activities that disturb or remove focus from the text.*

*If it is impossible to present a text that can be read and understood during the time available, the provider must disclose the information by combining text with the voice speak in the commercial.*

*If the marketing of a credit agreement can be deemed to be an invitation to purchase directed at the consumer (see section 12a of the Marketing Practices Act) the creditor must provide a number of details, if not already apparent from the context. When the loan characteristics and*

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<sup>5</sup> By virtue of Act no. 535 of 26 May 2010 to amend the Credit Agreements Act and the Act to amend the Marketing Practices Act, Article 4 and Article 21 (a) of the Directive on credit agreements for consumers have been implemented in section 14a of the Marketing Practices Act and in section 9 of Executive Order no. 1210 of 24 October 2010 on information to consumers on prices etc. in banks, while the remainder of the Directive has been implemented in the Credit Agreements Act. The explanatory notes to Bill L 91, tabled on 16 December 2009 (Amendments due to the Consumer Credit Directive), would seem to indicate that the legislature's intention has been that information on borrowing costs for loans that fall outside the scope of the Directive and, by extension, the Credit Agreements Act, should not comply with section 14a of the Marketing Practices Act but should be judged according to the other provisions of the Marketing Practices Act and legislation in general.

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*price have been disclosed to the effect that the consumer is able to make a purchase decision, section 12a will apply. This means that the provision will apply even if the creditor has not made an ordering facility available on a website or provided a telephone number in the advertisement.*

*Sections 12a and 14a of the Marketing Practices Act complement each other.<sup>6</sup> To comply with the disclosure duty under section 14a, the creditor must therefore also be aware of whether additional information must be provided pursuant to section 12a because the loan characteristics and price are sufficiently specific that an invitation to purchase is deemed to exist also pursuant to section 12a.*

*The decisive factor with respect to whether the advertisement for loan offers must provide additional information pursuant to section 12a is whether non-disclosure, following a specific assessment, is assumed to mislead the consumers.*

*The wording of sections 12a and 14a appears from Annex 1.*

*Finally, terms and conditions material to the consumer's assessment of the marketing must balance with the key message.*

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<sup>6</sup> Article 4 of the Consumer Credit Directive has been implemented in section 14a of the Marketing Practices Act. Article 4(4) of the Directive sets out the following: "This Article shall be without prejudice to Directive 2005/29/EC." (Unfair Commercial Practices Directive). Recital 18 of the Consumer Credit Directive also stipulates: "Consumers should be protected against unfair or misleading practices, in particular with respect to the disclosure of information by the creditor, in line with 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 (Unfair Commercial Practices Directive) (1). However, this Directive should contain specific provisions on advertising concerning credit agreements as well as certain items of standard information to be provided to consumers in order to enable them, in particular, to compare different offers. [...]"

## Section 4

# Mandatory information and technical help functions etc. prior to concluding the agreement

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The lender must provide the consumer with a number of details prior to concluding the agreement and make technical support tools available to the consumer for use when placing an order.

### 4.1 Comments

*Prior to concluding a loan agreement, the consumer must be provided with specific information pursuant to, i.a.:*

- » Section 7a of the Credit Agreements Act;
- » Section 13(1) of the Consumer Contracts Act;
- » Sections 10 and 11 of the E-commerce Act; and
- » Possibly sections 3 and 4 of the Executive Order on signage with annexes.<sup>7</sup>

*The wording of the above provisions is set out in Annex 2.*

*The information pursuant to section 7a of the Credit Agreements Act must be provided on paper or on another durable medium using the form in Annex 2 of the Act. This could include information about the total credit amount, conditions for exercising the credit option, maturity, the borrowing rate and APR.*

*If, at the request of the consumer, the loan agreement is concluded using voice telephony, which does not allow for the provision of information pursuant to section 7a(1) and (2) of the Act, such complete information must be provided immediately after the conclusion of the credit agreement by using the form in Annex 2 of the Act. See section 7a(5).*

*The lender must also comply with section 13 of the Consumer Contracts Act, as it stipulates a number of disclosure requirements. These requirements may, however, also be communicated after the agreement has been concluded. See section 14(2) of the Act.*

*Pursuant to section 10 of the E-commerce Act, the service provider must design his website in such a way that the consumer, before an order is placed, receives information about the different technical steps to follow to conclude the contract. Pursuant to section 11 of the Act, a service provider must further enable the consumer to identify and correct input errors before an order is placed.*

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<sup>7</sup> Executive Order no. 1203 of 28 September 2010 on information to consumers about prices on loan and credit offers and exchange rates

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*If the loan is offered at a site or on a medium allowing consumers to order, e.g. at business premises or on a website, the disclosure requirements in sections 3 and 4 of the Executive Order on signage and the standard information in the annex to the Executive Order on consumer loans must also be observed.<sup>8</sup>*

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<sup>8</sup> A business subject to the Danish Financial Business Act and which advertises the loans in question on its website or at its business premises must comply with the rules of Executive Order no. 1210 of 24 October 2010 on information to consumers about prices etc. in banks.

## Section 5

# Conclusion of agreements

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The terms and conditions of a loan agreement may only be deemed to be adopted where the consumer has received and accepted the most important loan terms and conditions prior to concluding the loan agreement.

The lender must be able to document that the consumer is familiar with the terms and conditions.

### 5.1 Comments

*The Consumer Ombudsman believes that it is necessary to underline that the lender must ensure that the consumer, prior to concluding the agreement, receives information about the terms and conditions that, in the lender's view, form the content of the agreement.*

*It follows from general contract law principles that a contracting party (lender) may only rely on the agreement terms that can be deemed to be adopted by the counterparty (consumer).*

*For one or more agreement terms to be deemed to be adopted, it will not be sufficient if a consumer has been recommended or referred to familiarise himself with the agreement terms on another medium.*

*If particularly burdensome conditions apply to the loan agreement, general contract law rules stipulate that such conditions must be highlighted in order to be deemed to be accepted by the consumer. The conditions must also be clearly formulated. If there is any doubt as to the interpretation of a standard condition prepared by the trader, and if such condition has not been subject to individual negotiation, the condition must be interpreted to the benefit of the consumer. See section 38b of the Danish Contracts Act.*

*The fact that general legislation, including the Credit Agreements Act and the Consumer Contracts Act, defines a number of public disclosure obligations for lenders does not change the general contract law principle that a contracting party may only rely on the agreement terms that can be deemed to be adopted by the consumer.*

*Where information required under e.g. the Credit Agreements Act has not been disclosed, such non-compliance with the disclosure obligations may be punishable under the circumstances. Furthermore, any front-end fees, for example, not disclosed in the agreement will entail that the condition relating to payment of the fee cannot be deemed to be adopted and hence to form part of the agreement.*

*The party claiming that an agreement has been concluded carries the burden of proof to that effect. If the consumer claims that he has not concluded any agreement or has not been made familiar with one or more agreement terms, the lender must prove that an agreement has been concluded and the terms on which it was entered.*

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*The lender must therefore ensure, and be able to document, that, prior to concluding the agreement, the consumer has received information about the agreement terms that will govern the contractual relationship, and that the consumer has accepted such terms.*

## Section 6

# Contractual information

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The lender must provide a number of details about the loan agreement, the scope of which depends on whether it is subject to the Credit Agreements Act, among other factors.

If a loan agreement covered by these guidelines is extended on financially more burdensome terms for the consumer, as a result of which the agreement will be subject to the Credit Agreements Act, the lender must observe the rules and procedures for entering into a credit agreement set out in these guidelines.

### 6.1 Comments

*Pursuant to*

- » section 8 of the Credit Agreements Act and
- » section 14 of the Consumer Contracts Act,

*the lender must provide the consumer with a number of details about the agreement.*

*The above-mentioned provisions are set out in Annex 3.*

*The information must be provided on a durable medium. An e-mail or a text message (SMS) may be considered a durable medium if it meets the definition of section 4 (xiii) of the Credit Agreements Act.<sup>9</sup> An example of the definition of a durable medium is found in Article 2(10) of*

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<sup>9</sup> With respect to the use of websites, Danish Bill L 39, tabled on 9 October 2013, which forms the background to the new Consumer Contracts Act (Act. no. 1457 of 17 December 2013), provides: "With respect to websites, the working group notes that a website will generally not be deemed to be a durable medium within the meaning of the Directive. The reason is that a website is typically updated and changed in an ongoing process, which means that there can be no assurance that the consumer can reproduce the information received.

In a judgment of 5 July 2012, Content Services (case C-49/11), the Court of Justice of the EU addressed specific delimitations of the concept of durable media relative to websites. The case concerned a reference to a hyperlink on the trader's website and whether such a link should be deemed to provide the consumer with access to a number of pre-contractual details which the consumer, pursuant to the general Distance Selling Directive, is entitled to receive on a durable medium. The Court of Justice ruled that a website on which the information is accessible for the consumer via a link shown by the seller cannot be deemed to be a durable medium within the meaning of the general Distance Selling Directive. In that connection, the Court emphasised that the consumer must receive the relevant information in writing or on another



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*Directive 2011/83/EU of 25 October 2011 of the European Parliament and of the Council on consumer rights, according to which durable medium means any instrument which enables the consumer or the trader to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.*

*If the lender offers an extension of an already concluded contract, the creditor must, pursuant to section 3(1)(iii) of the Credit Agreements Act, provide new information about the credit costs involved unless it is a case of credit in the form of deferred payment with no costs to the consumer. This will ensure that the consumer receives the information required to make an informed decision about a potential extension of the loan agreement.*

*The above also applies to loan agreements containing an option for the consumer to extend the loan agreement against a fixed additional fee.*

*This means that if a contract extension involves higher costs for the consumer, e.g. in the form of a new administrative fee, higher interest rates than those originally agreed etc., the lender must comply with the requirements defined in the guidelines – i.e. pre-contractual disclosure requirements, requirements for the contents of the credit agreement and procedures for entering agreements. This will allow the consumer to compare the offer with other credit offers and consult with guidelines and the like before extending the contract.*

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durable medium and that these two alternative solutions are deemed to be functionally equivalent. A substitute for paper as a medium may therefore (only) be deemed to be capable of meeting the requirements so long as it fulfils the same functions as the paper medium. Against this background, the Court found that it is decisive whether the "alternative" medium allows the consumer to store the information which has been addressed to him personally so that its content is not altered. Only where this is the case and the information is accessible for an adequate period and gives consumers the possibility to reproduce it unchanged, that medium may be deemed to be durable within the meaning of the directive. [...] "The Danish Ministry of Justice concurs with the working group's assessment, and the bill has been prepared accordingly." (items 4.1.3.2.9.2. and 4.1.3.2.9.3).

## Section 7

# Procedures for secure identification

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Pursuant to the Credit Agreements Act, the name and physical address of the contracting parties must appear from the credit agreement.

In order to limit the possibilities of raising loans in another person's name, the Money Laundering Act<sup>10</sup> stipulates requirements that the lender must define procedures for safeguarding the consumer's identity and for obtaining the necessary identification details and that such information is verified.

### 7.1 Comments

*Businesses and persons offering loans are subject to the Money Laundering Act and they must register with the Danish Financial Supervisory Authority, which supervises corporate compliance with the Act and the rules issued thereunder.*

*When the lender enters into a loan agreement with a customer, a regular customer relationship as defined by the Money Laundering Act is established, and the customer must therefore provide proof of identity in the form of name, address, civil registration number (CPR) or similar documentation if the person in question does not have a CPR number. With respect to the type of approved identification documents, reference is made to the Financial Supervisory Authority's guidelines in the area.<sup>11</sup>*

*Since the loan is offered as a distance contract, the consumer is not physically present and is therefore unable to provide proof of identity. This means that the lender must take additional measures to obtain proof of the customer's identity. One way of doing so could be to require supplementary documentation, by controlling or verifying the documents submitted or demand an affirmative certification from a financial business subject to section 1(1)(i-xi) of the Money Laundering Act or require that disbursement of the loan is made into a bank account opened in the customer's name.*

*NemID may be used to obtain proof of identity in order to comply with the requirements of the Money Laundering Act, but NemID cannot stand alone.*

*If the customer relationship is considered to involve a low risk of money laundering and financing of terrorism, the proof of identity requirement of the Money Laundering Act may be satisfied by using NemID as confirmation of the name (identity) of the borrower and by*

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<sup>10</sup> Consolidating Act no. 1022 of 13 August 2013 on Measures to Prevent Money Laundering and Financing of Terrorism.

<sup>11</sup> Guidance no. 9184 of 24 April 2013 on Measures to Prevent Money Laundering and Financing of Terrorism (Money Laundering Act).

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*comparing the borrower's information with the information of the CPR register to confirm the borrower's address and CPR number.*<sup>12</sup>

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<sup>12</sup> The FSA decision of 13 March 2013 on section 12(1)-(3) and section 19(2) of the Act on Measures to Prevent Money Laundering and Financing of Terrorism (Money Laundering Act) – use of NemID as proof of identity.

## Section 8

# Credit assessment

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Before concluding the loan agreement, the lender must assess the consumer's creditworthiness on the basis of adequate information. See section 7c of the Credit Agreements Act.

Before concluding a loan agreement with a consumer, the lender is under an obligation to ensure that the loan agreement can be entered on a prudent and informed basis.

Among other things, this means that the trader must perform an appropriate credit assessment and procure adequate documentation for the consumer's financial position.

A lender should not contribute to the raising of debt which can be deemed to be clearly imprudent based on information obtained or already available about the consumer's financial position.

The lender must be able to document that a loan has been granted on a prudent and informed basis.

### 8.1 Comments

*The Marketing Practices Act complements the Credit Agreements Act, and to comply with good marketing practice the lender must, prior to concluding an agreement, ensure that the agreement will be concluded on a prudent and informed basis. This will help ensure, among other things, that the consumer's possibilities of repaying the loan have been assessed.*

*In other words, contributing to the raising of debt will not be deemed to be consistent with good marketing practice if, at the time when the agreement is concluded, there are no realistic possibilities of repayment in accordance with the repayment terms of the loan.*

*The lender must subsequently be able to document that the loan has been granted on a prudent and informed basis, for example by disclosing information obtained about or from the consumer and substantiating that an appropriate credit assessment was carried out at the time when the agreement was concluded.*

*Businesses subject to the Financial Business Act are under an obligation to advise their customers if so requested by the customers or dictated by circumstances, pursuant to the rules of sections 7 and 8 of the Executive Order on Good Business Practice for Financial Undertakings. Such advice must be based on information about the customer's financial affairs and must safeguard the customer's interests.*

## Section 9

# Guidance

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At the request of the consumer or where circumstances dictate that special needs exist, the lender must guide the consumer about own products, terms and prices.

With respect to information and advice on alternative products in the market, the lender should, at the request of the consumer, use his general market knowledge to guide the consumer or, alternatively refer the consumer to other guidance.

### 9.1 Comments

*The Credit Agreements Act does not prescribe any individual duty to provide guidance before entering an agreement, but it appears from section 7a(8) that, prior to concluding the agreement, the lender, when deemed relevant, must provide the consumer with adequate explanations that enable the consumer to assess whether the proposed credit agreement suits the consumer's needs and financial situation.*

*It follows from the legislative material to the provision<sup>13</sup> that the lender is obliged to answer the consumer's questions about the proposed credit agreement and provide any supplementary information that will allow the consumer to assess the credit agreement relative to his individual situation.*

*Pursuant to section 7 of the Marketing Practices Act, the lender is also obliged to guide the consumer about own products, terms and prices if the consumer requests such guidance or circumstances should indicate a need for such guidance. This might be the case if it appears from the consumer's contact with the lender that the consumer has misunderstood one or more of the terms of the agreement.*

*In light of the above, there is no basis for establishing that section 1 of the Marketing Practices Act entails a duty to offer individual advice in connection with the raising of the loan.*

*If a lender has a banking license, reference is made to the rules on good practice<sup>14</sup> applicable to banks, including, in particular, Part 3 on advisory services.*

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<sup>13</sup> Bill L 91, tabled on 16 December 2009, Folketingstidende (official report of parliamentary proceedings) 2009-2010, Appendix A, page 50, column 2.

<sup>14</sup> Executive Order no. 928 of 28 June 2013 on Good Business Practice for Financial Undertakings.

## Section 10

# Specific information about loan disbursement

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Pursuant to sections 7a and 8 of the Credit Agreements Act,<sup>15</sup> the lender must, prior to concluding the agreement and in the credit agreement, de-fine the conditions for drawing on the credit. Such conditions include information about how and when the consumer may dispose of the amount.

### 10.1 Comments

*Short-term loans are often marketed as a quick way of borrowing money.*

*To avoid misleading the consumer, in its marketing material and in the agreement, the lender must clearly and unambiguously disclose when the consumer may dispose of the loan amount.*

*Under the circumstances, it may be considered misleading and contrary to section 3 of the Marketing Practices Act if a lender in his marketing material gives the impression that the consumer, immediately after the agreement is concluded, will be able to dispose of the loan amount if this is not the case.*

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<sup>15</sup> Annex 2 to the Credit Agreements Act, Standardised European consumer information.

## Section 11

# Specific information about right of withdrawal

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The lender must provide the consumer with information about the right of withdrawal pursuant to the rules of the Credit Agreements Act. Loans not subject to the Credit Agreements Act are subject to the rules on right of withdrawal in the Consumer Contracts Act.

### 11.1 Comments

*Sections 19 and 8(2)(xvi) of the Credit Agreements Act describe the specific procedure for using the right of withdrawal and set out which costs the consumer may be ordered to pay in connection with exercising his right of withdrawal.*

*Pursuant to section 19(3) of the Act, the consumer must notify the trader before expiry of the withdrawal period that the agreement is withdrawn. There are no rules on the form to be used by the consumer for such notification. Where no specific instructions are provided pursuant to section 8(2)(xvi) of the Act, withdrawal may be notified orally, by telephone, letter, email, text message or fax. However, the consumer must be able to prove that notification has been given.*

*Pursuant to section 19(3) of the Act, the withdrawal deadline will be considered met if the notification, if prepared on paper or another durable medium that the creditor has at his disposal or has access to, has been sent before expiry of the withdrawal period. The consumer may use the addresses, including electronic addresses, provided by the lender.*

*The lender may define specific requirements with respect to selecting a non-durable medium, for example stipulating that notification may not be given by telephone or only within specific phone hours.*

*It follows from section 19(4) of the Credit Agreements Act that, on exercising the right of withdrawal, the consumer must repay the borrowed amount and ordinary interest for the period from the date of disbursement until the amount has been repaid. If any fees have been paid when the loan was established, such fees must be repaid to the consumer. However, this does not apply to charges paid by the trader to public authorities, and which are not refundable, such as a registration fee. In case of refundable charges, the trader must arrange for the reimbursement.*

*The Consumer Ombudsman finds that the vast majority of loans covered by these guidelines are subject to the Credit Agreements Act.*

*However, the withdrawal rules of the Consumer Contracts Act will still apply to loans that fall outside the scope of the Credit Agreements Act, and if the lender wishes to collect an amount in connection with the consumer's exercise of his right of withdrawal, the lender must inform the consumer about the size of the amount prior to entering the agreement. The amount must be commensurate with the loan that has been disbursed and reasonable relative to full compliance with the distance contract.*

*When a loan type is highly standardised with respect to terms and conditions, the negotiating parties find that, pursuant to the Consumer Contracts Act, a maximum of DKK 50 may be*

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*charged as compensation for front-end fees, charges, etc. for loans up to and including DKK 1,500 and DKK 100 for loans of more than DKK 1,500 and up to and including DKK 5,000.*



## Section 12

# Commencement

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These guidelines will enter into force on 1 April 2014.

At the same time, the guidelines on short-term or minor loans concluded as distance contracts of February 2009 are repealed.

## Section 13

# Evaluation of the guidelines

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The guidelines will be evaluated when considered necessary, however not later than three years after they were issued.

# Annex 1

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## **Extracts of Consolidating Act no. 1216 of 25 September 2013 on Marketing Practices**

"12a.-(1) In the case of an invitation to purchase directed at the consumer, the trader shall provide the following information, if not already apparent from the context:

- (i) the main characteristics of the product or service,
- (ii) the address and the identity of the trader,
- (iii) the arrangements for payment, delivery and performance of the contract, to the extent these arrangements depart from normal industry practice,
- (iv) the trader's method of handling complaints, to the extent it departs from normal industry practice,
- (v) the right of withdrawal, cancellation or return, if the consumer has such a right, and
- (vi) the price inclusive of taxes.

(2) Where the nature of the product or service means that the price cannot reasonably be calculated in advance, the manner in which the price is calculated shall be provided. Where appropriate, all additional freight, delivery or postal charges shall be provided or, where these charges cannot reasonably be calculated in advance, it shall be made clear that such additional charges may be payable.

(3) For the purposes of this Executive Order "invitation to purchase" means a commercial communication which indicates characteristics of the product and the price in a way appropriate to the means of the commercial communication used and thereby enables the consumer to make a purchase."

"14a.-(1) Any advertising concerning credit agreements which indicates an interest rate or any figures relating to the cost of the credit to the consumer shall include standard information in accordance with subsection (2).

(2) The standard information referred to in subsection (1) shall specify in a clear, concise and prominent way by means of a representative example:

- (i) The borrowing rate, fixed or variable or both, together with particulars of any charges included in the total cost of the credit to the consumer.
- (ii) The total amount of credit.
- (iii) The annual percentage rate of charge, calculated in accordance with the Credit Agreements Act.

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(iv) The duration of the credit agreement.

(v) In the case of a credit in the form of deferred payment for a specific product or service, the cash price and the amount of any advance payment.

(vi) The total amount payable by the consumer and the amount of instalments.

(3) Where the conclusion of a contract regarding an ancillary service relating to the credit agreement, in particular insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the annual percentage rate of charge.

(4) A credit intermediary must indicate in advertising and documentation intended for consumers the extent of his powers, in particular whether he works exclusively with one or more creditors or as an independent broker."

## Annex 2

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### **Extracts of Consolidating Act no. 761 of 11 June 2011 on Credit Agreements as amended by Act no. 1243 of 18 December 2012**

"7a.-(1) In good time before the consumer is bound by any credit agreement or offer, the creditor and, where applicable, the credit intermediary shall, on the basis of the credit terms and conditions offered by the creditor and, if applicable, the preferences expressed and information supplied by the consumer, provide the consumer with the information needed to compare different offers in order to take an informed decision on whether to conclude a credit agreement. Such information, on paper or on another durable medium, shall be provided by means of the form set out in Annex 2 to the Act.

(2) The information pursuant to subsection (1) should comprise:

(i) The type of credit.

(ii) The name and the geographical address of the creditor as well as, if applicable, the name and geographical address of the credit intermediary involved.

(iii) The total amount of credit and the conditions governing the draw-down.

(iv) The duration of the credit agreement.

(v) In the case of a credit in the form of deferred payment for a specific good or service and linked credit agreements, that good or service and its cash price.

(vi) The borrowing rate, the conditions governing the application of the borrowing rate and, where available, any index or reference rate applicable to the initial borrowing rate, as well as the periods, conditions and procedures for changing the borrowing rate. If different borrowing rates apply in different circumstances, the above-mentioned information on all the applicable rates.

(vii) The annual percentage rate and the total amount payable by the consumer, illustrated by means of a representative example mentioning all the assumptions used in order to calculate that rate. Where the consumer has informed the creditor of one or more components of his

preferred credit, such as the duration of the credit agreement and the total amount of credit, the creditor shall take those components into account. If a credit agreement provides different ways of drawdown with different charges or borrowing rates and the creditor therefore uses the credit cap set out in the assumption in Annex I of the Act, the creditor shall indicate that other drawdown mechanisms for this type of credit agreement may result in higher annual percentage rates.

(viii) The amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments will be allocated to different outstanding balances charged at different borrowing rates for the purposes of reimbursement.

(ix) Where applicable, the charges for maintaining one or several accounts recording both payment transactions and drawdowns, unless the opening of an account is optional, together

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with the charges for using a means of payment for both payment transactions and drawdowns, any other charges deriving from the credit agreement and the conditions under which those charges may be changed.

(x) Where applicable, the existence of costs payable by the consumer to a notary on conclusion of the credit agreement.

(xi) The obligation, if any, to enter into an ancillary service contract relating to the credit agreement, in particular an insurance policy, where the conclusion of such an ancillary service contract is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed.

(xii) The interest rate applicable in the case of late payments and the arrangements for its adjustment, and, where applicable, any charges payable for default.

(xiii) A warning regarding the consequences of missing payments.

(xiv) Where applicable, the sureties required.

(xv) The existence or absence of a right of withdrawal.

(xvi) The right of early repayment, and, where applicable, information concerning the creditor's right to compensation and the way in which that compensation will be determined in accordance with section 26.

(xvii) The consumer's right to be informed immediately and free of charge, pursuant to section 7c(3), of the result of a database consultation carried out for the purposes of assessing his creditworthiness.

(xviii) The consumer's right to be supplied, on request and free of charge, with a copy of the draft credit agreement. This provision shall not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer.

(xix) If applicable, the period of time during which the creditor is bound by the pre-contractual information.

(3) Any additional information which the creditor may provide to the consumer shall be given in a separate document which may be annexed to the form provided in Annex 2 of the Act.

(4) In the case of voice telephony communications, the description of the financial service shall, with the consumer's consent, include only the character and principal properties, and at least the information set out in subsection (2) (iii)-(vi) and (viii) together with the annual percentage rate illustrated by means of a representative example and the total amount payable by the consumer.

(5) If the agreement has been concluded at the consumer's request using a means of distance communication which does not enable the information to be provided in accordance with subsections (1) and (2), in the case referred to in subsection (4), the creditor shall specifically provide the consumer with the full information using the form in Annex 2 to the Act immediately after the conclusion of the credit agreement.

(6) Upon request, the consumer shall, in addition to receiving the form in Annex 2 to the Act, be supplied free of charge with a copy of the draft credit agreement. This provision shall not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer.

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(7) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute capital during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the pre-contractual information required under subsections (1) and (2) shall include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given.

(8) Creditors and, where applicable, credit intermediaries must provide adequate explanations to the consumer, in order to place the consumer in a position enabling him to assess whether the proposed credit agreement is adapted to his needs and to his financial situation, where appropriate, by explaining the pre-contractual information to be provided in accordance with subsections (1) and (2), the essential characteristics of the products proposed and the specific effects they may have on the consumer, including the consequences of default in payment by the consumer.

(9) Subsections (1)-(8) above shall not apply to suppliers of goods or services acting as credit intermediaries in an ancillary capacity. In such situations, the creditor must ensure that the consumer receives the pre-contractual information referred to in subsections (1)-(8).

(10) With respect to loans secured by real property granted on the basis of bond issuance, the creditor may, instead of the form in Annex 2 to the Act, use another disclosure table approved by the Minister for Justice."

**Extracts of Act no. 451 of 9 June 2004 on Certain Consumer Con-tracts, as most recently amended by Act no. 102 of 15 February 2011**

"13. Before a distance contract concerning a financial service is concluded, the trader must provide the consumer with the information stated in section 11(1). In addition, information must be provided on:

(i) the CVR number, if the trader is registered in the Central Business Register, and otherwise the relevant ID number in a commercial register or similar public register in which the trader may be registered, plus, if the trader is affiliated to any approval schemes, information on the relevant supervisory authority,

(ii) whether there is a right of complaint and, if applicable, the complaint procedure, including information on a physical address to which the consumer can communicate any complaints,

(iii) the start and duration of the cooling-off period and the conditions for and procedure in connection with the exercise of the right of withdrawal, including the address to which any notification of withdrawal must be sent,

(iv) any special risks in connection with the service as a consequence of the special nature of the service or as a consequence of the operations that must be implemented; the consumer must also be informed if the price of the service depends on fluctuations on financial markets and if historical yield cannot be used to predict future yield,

(v) the amount that may be charged to the consumer under Section 22(1),

(vi) any governing law or legal venue clause in the contract,

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(vii) the language in which the contract terms and prior information are made available and the language in which the supplier undertakes to communicate during the term of the contract, and

(viii) whether there is a guarantee fund or other guarantee scheme."

**Extracts of Act no. 227 of 22 April 2002 on information society services, in particular electronic commerce**

"10.-(1) Before an order is placed, a service provider shall clearly, comprehensibly and unambiguously give the recipient of the service information about

(i) The different technical steps to follow to conclude the contract;

(ii) Whether or not the concluded contract will be stored by the service provider and whether it will be accessible;

(iii) The technical means for identifying and correcting input errors; and

(iv) The languages offered for the conclusion of the contract.

(2) A service provider shall indicate any relevant codes of conduct to which he subscribes and how those codes can be consulted electronically.

11.-(1) Before an order is placed, a service provider shall make appropriate, efficient and accessible technical means available to the recipient of the service to enable him to identify and correct input errors.

(2) Contract terms and general conditions provided to the recipient must be made available in a way that allows him to store and reproduce them."

**Extracts of Executive Order no. 1203 of 28 September 2010 on Information to Consumers about Prices on Loan and Credit Offers and Exchange Rates**

"2. The information set out in sections 3-4 must be given at the place where the loan is offered with the possibility of ordering, by signage or in another similar clear fashion. The information must be freely accessible to the consumers.

3.-(1) A trader must disclose the following about the loan and credit offers that are most commonly used at the trader in question:

(i) The borrowing rate. See section 4(x) of the Credit Agreements Act.

(ii) The highest and lowest borrowing rate when the relevant loan or credit offer is made quoting different interest rates.

(iii) Special terms attaching to the loan or credit offer.

(iv) Whether the interest rate is fixed or floating.

(v) The annual percentage rate (APR).



(vi) Other costs associated with the establishment of the loan/credit, including fees, not covered by the annual percentage rate (APR). See sub-section (2).

(vii) For account cards (i.e. credit with variable loan amounts), the annual percentage rate (APR) is stated at exercise rates of 100%, 50% and 25%.

(2) For the calculation of the annual percentage rate (APR), see subsection (1)(v), sections 4(ix) and 16 of the Credit Agreements Act apply.

(3) A trader must disclose the assumptions applied in calculating the annual percentage rate (APR). The assumptions must be in accordance with the lending practice of the trader in question.

(4) If a trader discloses information about loan and credit offers other than those most commonly used, see subsection (1), subsections (1)-(3) also apply.

4.-(1) Where a trader offers account cards (i.e. credit with variable loan amounts), car loans, home loans or consumer loans, the trader must, for each of these loan types, in addition to the information under section 3(1), apply the standard assumptions of Annex 1, but see subsection (3). This applies regardless of whether or not the loan types are offered under another description than those set out in the annex.

(2) The information about the loan types mentioned in subsection (1) must meet the following requirements:

(i) The loan types must be marked with the letters (a)-(e) to match the lettering in Annex 1 for the loan type in question. This applies regardless of whether or not the loan types are offered under another description than those set out in the annex.

(ii) The loan types must include information about the annual percentage rate (APR).

(3) If a trader only offers the loan types mentioned in subsection (1) under other standard assumptions than those referred to in Annex 1, the trader's generally applied standard assumptions should form the basis of the calculation of the annual percentage rate (APR).

(4) The trader must disclose the assumptions applied in calculating the annual percentage rate (APR)."

[...]

## "Annex 1

### Standard assumptions

Loan type	Total credit amount (DKK)	Maturity (years)	Repayment profile	APR
(d) consumer loan	40,000	5	Annuity loan	APR

Collateral

(d) None"

## Annex 3

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### **Extracts of Consolidating Act no. 761 of 11 June 2011 on Certain Consumer Contracts, as most recently amended by Act no. 1243 of 18 December 2012**

"8.-(1) Credit agreements shall be drawn up on paper or on another durable medium. All the contracting parties shall receive a copy of the credit agreement.

(2) The credit agreement shall specify in a clear and concise manner:

(i) The type of credit.

(ii) The name and the geographical address of the contracting parties as well as, if applicable, the credit intermediary involved.

(iii) The duration of the credit agreement.

(iv) The total amount of credit and the conditions governing the drawdown.

(v) In the case of a credit in the form of deferred payment for a specific good or service or linked credit agreements, that good or service and its cash price.

(vi) The borrowing rate, the conditions governing the application of the borrowing rate and, where available, any index or reference rate applicable to the initial borrowing rate, as well as the periods, conditions and procedures for changing the borrowing rate. If different borrowing rates apply in different circumstances, the above-mentioned information on all the applicable rates.

(vii) The annual percentage rate and the total amount payable by the consumer, calculated at the time when the credit agreement was concluded. All the assumptions used in order to calculate the rate must be mentioned.

(viii) The amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments will be allocated to different outstanding balances charged at different borrowing rates for the purposes of reimbursement.

(ix) Where capital amortisation of a credit agreement with a fixed duration is involved, the right of the consumer to receive, on request and free of charge, at any time throughout the duration of the credit agreement, a statement of account in the form of an amortisation table. The amortisation table shall indicate the payments owing and the periods and conditions relating to the payment of such amounts; the table shall contain a breakdown of each repayment showing capital amortisation, the interest calculated on the basis of the borrowing rate and, where applicable, any additional costs. Where the interest rate is not fixed or the additional charges may be changed during the term of the credit agreement, the amortisation table shall indicate, clearly and concisely, that the data contained in the table will remain valid only until such time as the borrowing rate or the additional costs are changed in accordance with the credit agreement.

(x) If charges and interest are to be paid without capital amortisation, a statement showing the periods and conditions for the payment of the interest and of any associated recurrent and non-recurrent charges.

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(xi) Where applicable, the charges for maintaining one or several accounts recording both payment transactions and drawdowns, unless the opening of an account is optional, together with the charges for using a means of payment for both payment transactions and drawdowns, any other charges deriving from the credit agreement and the conditions under which those charges may be changed.

(xii) The interest rate applicable in the case of late payments as applicable at the time of the conclusion of the credit agreement and the arrangements for its adjustment and, where applicable, any charges payable for default.

(xiii) A warning regarding the consequences of missing payments.

(xiv) Where applicable, a statement that notarial fees will be payable.

(xv) The sureties and insurance required, if any.

(xvi) The existence or absence of a right of withdrawal, the period during which that right may be exercised and other conditions governing the exercise thereof, including information concerning the obligation of the consumer to pay the capital drawn down and the interest in accordance with section 19(4) and the amount of interest payable per day.

(xvii) Information concerning the consumer rights resulting from section 20 as well as the conditions for the exercise of those rights.

(xviii) The right of early repayment, the procedure for early repayment, as well as, where applicable, information concerning the creditor's right to compensation and the way in which that compensation will be determined.

(xix) The procedure to be followed in exercising the right of termination of the credit agreement.

(xx) Whether or not there is an out-of-court complaint and redress mechanism for the consumer and, if so, the methods for having access to it.

(xxi) Where applicable, other contractual terms and conditions.

(xxii) The name and address of the competent supervisory authority.

(3) Where subsection (2) (ix) applies, the creditor shall make available to the consumer, free of charge and at any time throughout the duration of the credit agreement, a statement of account in the form of an amortisation table.

(4) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute capital during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the information required under subsection (2) shall include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given.

(5) In the case of credit agreements in the form of overdraft facilities as referred to in section 3(2), the following shall be specified in a clear and concise manner:

(i) The type of credit.

(ii) The name and address of the contracting parties as well as, if applicable, the name and address of the credit intermediary involved.

(iii) The duration of the credit agreement.

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(iv) The total amount of credit and the conditions governing the drawdown.

(v) The borrowing rate, the conditions governing the application of the borrowing rate and, where available, any index or reference rate applicable to the initial borrowing rate, as well as the periods, conditions and procedures for changing the borrowing rate. If different borrowing rates apply in different circumstances, the above-mentioned information on all the applicable rates.

(vi) The annual percentage rate and the total charges payable by the consumer, calculated at the time when the credit agreement was concluded. All the assumptions used in order to calculate that rate as referred to in section 16(3) and (4) and section 4(vii) and (ix) shall be mentioned;

(vii) An indication that the consumer may be requested to repay the amount of credit in full on demand at any time.

(viii) Information concerning the charges applicable from the time such credit agreements are concluded and, if applicable, the conditions under which those charges may be changed.

(6) Unless the creditor is an approved bank, mortgage credit institution or credit institution, in the credit agreement it may only be agreed that the interest will fully or partly track the discount rate of Danmarks Nationalbank or similar matters on which the creditor has no influence.

(7) Section 6 above also applies to other credit costs than interest."

**Extracts of Act no. 451 of 9 June 2004 on Certain Consumer Con-tracts, as most recently amended by Act no. 102 of 15 February 2011**

"**14.-(1)** Before a contract on a financial service is concluded, the information stated in section 13(1) must be provided to the consumer on paper or on another durable medium to which the consumer has access. The consumer must also have been informed of the contract terms in the manner stated.

(2) If the contract is concluded at the consumer's request using a means of distance communication that does not allow the information to be provided in the manner stated in subsection (1) before the contract is concluded, this obligation must be met immediately after conclusion of the contract.

(3) If the information stated in section 13(1) was provided to the consumer in connection with a previous contract of the same nature, cf. section 13(4), the trader's duty of disclosure under subsections (1) and (2) is met if the trader has ensured that the consumer still has access to the information and contract terms on paper or another durable medium."

## Annex 4

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### Reporting arrangement

The reporting arrangement comprises businesses that primarily or in all material respects market loans to consumers concluded via remote selling and for which the maturity does not exceed three months.

The lenders undertake – via a commitment to the Consumer Ombudsman – to file quarterly reports with the Consumer Ombudsman.

The purpose of the reports is to provide the Consumer Ombudsman with insight into market developments of each individual lender with a view to assessing whether the lending practice meets the rules of the Marketing Practices Act on good marketing practice and, if not, launching special initiatives towards the lender.

For this purpose, the Consumer Ombudsman draws up an anonymised quarterly report of the combined market.

Lenders undertake to submit quarterly details about.

- The number of loans granted during the past quarter in the form of text (SMS) messages and WEB.
- The number of SMS and WEB loans granted during the past quarter broken down by amount.
- The age of the borrowers (total for SMS and WEB loans granted during the past quarter) broken down by the following age groups: 18-19, 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50-54, 55-59, 60-64, 65-69 and 69-.
- The number of borrowers who have exercised their right of withdrawal during the past quarter for SMS and WEB loans, respectively.
- The number of borrowers of SMS and WEB loans who during the past quarter have defaulted on their loans<sup>16</sup>, broken down by the age groups in item 3 above.
- Information about the past quarter must be submitted to the Consumer Ombudsman at the beginning of the next quarter.

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<sup>16</sup> For reporting purposes, a trial scheme has been set up defining a fixed criterion for when a loan is to be considered in default. Under the reporting arrangement, a loan will be deemed to be in default if repayment of the loan is overdue by more than 90 days or if fees have been charged pursuant to section 9b(1), second sentence (collection fee), or section 9a of the Danish Interest Act and Executive Order no. 601 of 12 July 2002 on extra-judicial collection costs in connection with late payment, as amended (collection costs).