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New decision of the Court of Justice of the European Union on the expression of the annual percentage rate of charge in consumer credit agreements (Case C 290/19)

10 January 2020

Following a request for a preliminary ruling from the Regional Court of Trnava, Slovakia in the context of proceedings between a consumer and a Slovakian bank regarding a consumer credit agreement, the Court of Justice of the European Union (**CJEU**) held, on 19 December 2019, that “*Article 10(2)(g) of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers (...) must be interpreted as precluding, in a consumer credit agreement, the annual percentage rate of charge from being expressed not as a single rate but as a range referring to a minimum and a maximum rate*”.

In the case at hand, the annual percentage rate of charge (**APRC**) was not expressed as a specific percentage but as a range between 21.5% and 22.4% in the consumer credit agreement. The agreement also specified that the exact APRC would depend on the date on which the loan was granted to the consumer and would therefore be communicated to him after that date. The Slovakian bank held that this provision was valid on the grounds that the credit agreement had been concluded by telephone and that the applicant had 35 days to accept or refuse the credit agreement offer, so the bank was not able to determine with precision the date on which the loan would be effectively granted, an element which is necessary to calculate the APRC.

The CJEU held that indicating the APRC in the form of a range of two figures is not in line with the objectives of Directive 2008/48 (notably ensuring a high level of protection to consumer interests) or with several provisions of that Directive, in particular articles 3 and 19 (to be read in conjunction with Part I of Annex I of Directive 2008/48). In order to be specified in a clear and concise manner, as required under article 10(2) of Directive 2008/48, the APRC must therefore be expressed as a percentage, by reference to a precise figure, which ensures that the consumer can accurately assess the total cost of credit. The fact that certain information, in particular the date of drawdown of the credit or the date of conclusion of the credit agreement, is unknown to the bank when it makes its credit agreement offer to the consumer is irrelevant (Part II of Annex I to directive 2008/48 provides for assumptions in order to calculate the APRC in cases where certain information is not known).

To access the full text of the decision, use the [following link](#).

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