

EC: Brokers must provide new standardised information sheet

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Lenders and brokers will be required to issue a European standardised information sheet to allow consumers to easily compare mortgages between different providers under new draft rules announced by the European Commission.

As part of its responsible lending and borrowing directive, published today, the EC will require lenders and intermediaries to provide information to the borrower on mortgage offers, including the mortgage rate plus whether it is fixed, variable or both, the duration of the mortgage, the total size of the loan and the amount payable by the consumer. The Esis will replace the key facts illustration.

It has proposed member ^{States} ensure an agreement cannot be concluded until the borrower has had "sufficient" time to compare offers.

The directive also sets out various disclosure requirements for intermediaries. The directive says advice can only be marketed as advice when the remuneration of an intermediary is transparent to the borrower, including what fees and commission brokers receive. Tied intermediaries must tell the customer they do not have access to the whole market.

All brokers must also make customers aware of any fee they might charge for advice and whole of market brokers must disclose the varying levels of commission paid by different lenders.

Under the proposals, lenders and brokers will both have a role in assessing whether a borrower is "credit worthy", based on the information supplied, by obtaining the "necessary information regarding the consumer's personal and financial situation".

Lenders will also be forced to disclose to customers why their application has been rejected and must make their early repayment charges "fair and objectively justified", but the directive does not give any further specific requirements on ERCs.

The EC estimates the total [one-off and ongoing costs](#) of the measures for lenders, intermediaries and member states are in the range of £336m - £554m and £236m - £290m respectively.

Internal market and services commissioner Michel Barnier says: "The draft set of rules presented today is designed to ensure a high standard of pre-contractual information and improved lending practices across Europe, while promoting a dynamic, competitive and more integrated single market for mortgage credit."