

Consumer credits

Published: 12.03.2021.

Before you commit to anything, you need to contact several credit organizations and compare the different rates and deals on offer. You don't have to sign the offer the day it has been made. Take your time to think about it because your signature represents your acceptance of the offer and is legally binding in most circumstances.

If your bank or a credit organization has made you a credit offer, you need to check the details before you commit and sign up to the offer as, in some cases, once the offer is signed there is no going back.

There are a number of golden rules to follow before entering a credit agreement. Before you commit to anything, you need to consider issues such as:

- Compare several credit offers
- Check that all the essential terms are included in the agreement
- Never sign a blank document or a document which does not show the APR
- Clarify how the repayments are to be made
- Check the date is shown on the offer of credit
- Never sign a pre-dated document as you will lose your cooling-off period
- Always request a copy of all documents that you sign

There are a number of obligations that a creditor must comply with, such as:

- Credit agreements made in writing

Credit agreements must be made in writing and include the detailed terms and conditions of the credit. This is referred to as the credit offer. The borrower must receive a copy of the written agreement.

- Certain terms must be included in the offer

The contract must include:

- the Annual Percentage Rate
- the conditions under which the APR may be amended
- the number, the amount and due date of installments,
- the price payable under the credit agreement.

Also, the contract should include other essential terms such as:

- a description of the goods and services covered by the agreement
- the amount of deposit, if any
- an indication that the consumer will be entitled to a reduction if you repay early
- the credit limit, if any
- the cooling-off period, if any

Consumer credit is regulated by a number of key Directives:

Directive 87/102/CEE of 22nd December 1986 - the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit. The Directive aims to harmonize national credit laws whilst guaranteeing a high level of consumer protection. It gives many guidelines on credit offers, and their content and credit sale.

Directive 90/88/CEE of 22nd February 1990 - this modified the directive above and includes an APR calculation method.

Directive 98/7/CE of 16th February 1998 - this brought more modifications to the 1986 Directive.

Directive 2008/48/EC of 23 April 2008 - this repeals Directive 87/102/EEC and covers a number of credit agreements for consumers. As new credit instruments have appeared and their use continues to develop, it has been necessary to amend existing provisions.

<https://www.ptac.gov.lv/en/consumer-credits>