

FINANCIAL REGULATION ADVISORY

CONSUMER CREDIT DIRECTIVE 2 (CCD2)

What consumer lenders in Ireland
need to know

May 2026



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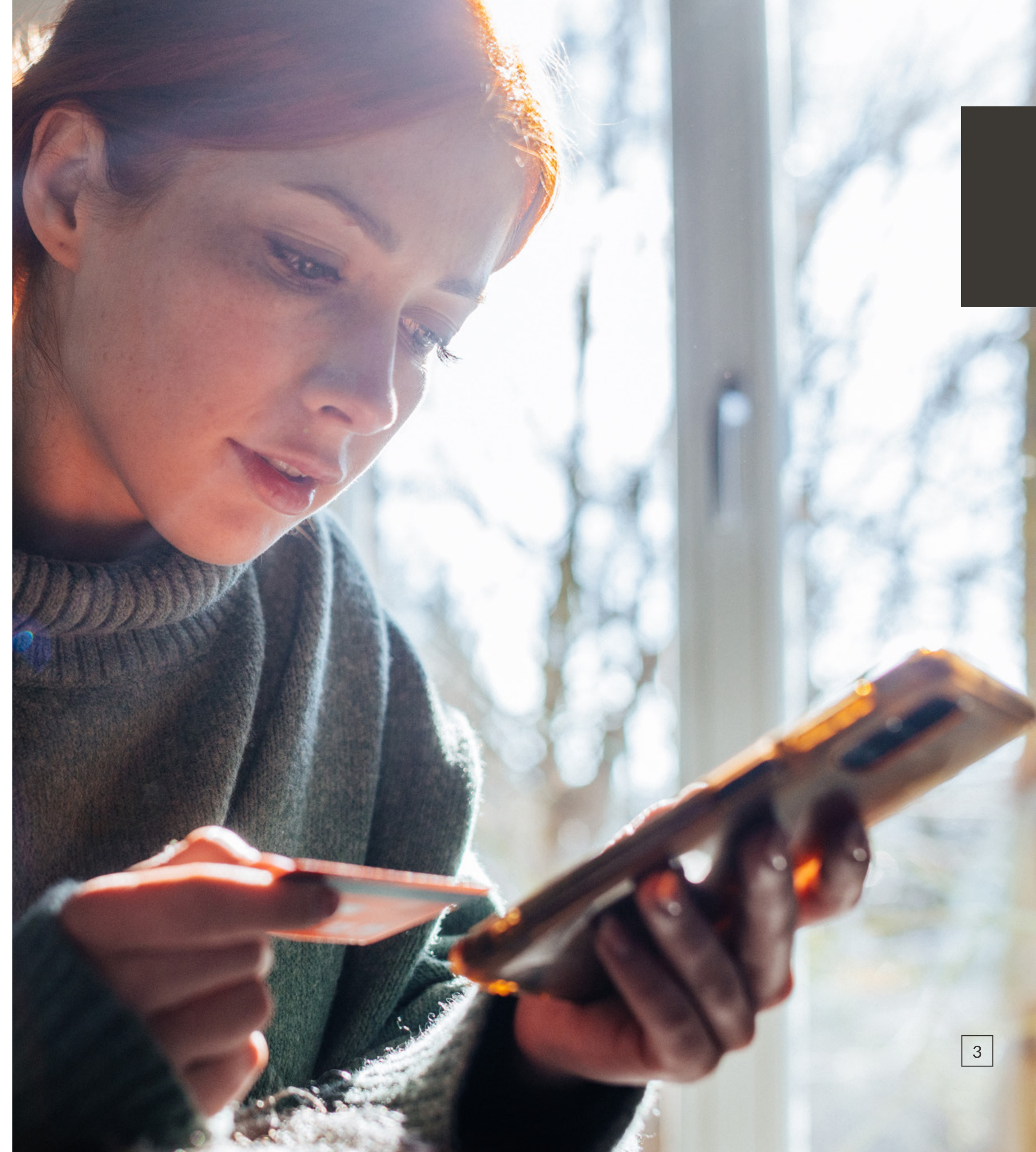


01 / AT A GLANCE

The introduction of the new Consumer Credit Directive (Directive EU 2023/2225) (CCD2) marks the most significant overhaul of EU consumer credit law in almost two decades.

Designed to replace the existing framework introduced in 2008 under Directive 2008/48/EC (CCD1), CCD2 will expand the regulatory perimeter to capture digital-first products that have dominated the retail landscape. For certain buy now pay later (BNPL) providers, motor finance lenders and retail credit firms (together with other in-scope lenders “**credit providers**”), the transition from CCD1 to CCD2 is not merely an incremental update, but a ‘coming of age’ moment that necessitates a complete redesign of the consumer journey.

CCD2 is set to introduce some key requirements for the consumer credit sector. By removing the previous €200 *de minimis* threshold and ending exemptions for short-term credit and interest free credit, CCD2 brings certain deferred credit and BNPL products and micro-loans within the scope of the EU’s consumer credit regime. For the motor finance sector, the inclusion of hire-purchase agreements and leasing agreements with an option to purchase will necessitate significant compliance changes. New creditworthiness assessment requirements will also now require credit providers to look beyond simple credit checks toward more holistic, data-driven affordability models. As we move towards the 20 November 2026 deadline, firms must navigate a complex transposing window where the cost of non-compliance is matched only by the operational challenge of integrating these consumer protections into the new digital environments.



02 / KEY IMPACT AND TAKEAWAYS

CCD2 represents the most significant overhaul of the EU consumer credit framework in over a decade, and consumer credit providers should expect implementation to require coordinated input from across their businesses. As the reforms under CCD2 are wide-ranging, a prescriptive compliance project will be required to ensure the impacts of the reforms are fully identified and appropriately addressed.

The compliance project plan will need clear internal milestones and accountability for delivery. It should begin with a comprehensive scope-mapping exercise to ensure all products newly brought within the revised framework are captured, including:

- micro-loans
- hire-purchase agreements and leasing agreements
- interest-free credit
- certain short-term / deferred credit
- deferred debit cards
- all authorised overdrafts
- crowdfunding credit services

As outlined in more detail here, the compliance project plan should also incorporate updates in several areas such as customer information and documentation, policies and procedures, systems and controls and matters pertaining to staff.

COMPLIANCE PROJECT PLAN

Updates to customer information

Credit providers will need to ensure that general information on credit agreements is made available to consumers at all times and includes the newly prescribed information points.

Enhancements to advertising

Advertisements and marketing materials will need to be reviewed (and potentially updated) to ensure they are fair, clear and not misleading and reflect the new prohibition on creating false expectations for consumers. Advertising content will also need to take account of the medium used and include the new prescribed warning statement.

Enhancements to customer documentation

Credit providers will need to update the Standard European Consumer Credit Information form to reflect the new requirements on layout, content and legibility, taking into account the medium(s) on which it is displayed.

Updates to policies and procedures

Credit providers will need to review and update policies and procedures relating to e.g., pre and post-contractual information and documentation, bundling and prohibited tying practices, advertising, creditworthiness assessments, forbearance, right of withdrawal and post-sale processes. Credit providers should pay particular attention to the enhanced requirements on creditworthiness assessments and forbearance measures.

Updates to systems and controls

Credit providers will need to review and update their systems and controls to ensure compliance with the new customer notification and information requirements on overdraft facilities and overrunning, where applicable. Credit providers will also need to ensure that their systems and controls can provide for an extended withdrawal period in circumstances where a consumer does not receive their terms and conditions as required.

Staff competence and remuneration

Credit providers should assess if staff knowledge and competence should be uplifted through specific training, particularly in relation to product design, the offering and granting of credit agreements, credit intermediation activities, provision of advisory services and consumer rights. Credit providers will also need to review (and potentially update) staff and broker remuneration arrangements to ensure that they align with the new requirements, particularly where advisory services are offered.

03 / DEVELOPMENT OF CCD2

CCD2 forms part of the European Commission's Consumer Agenda 2020-2025. In its [review of CCD1](#), the Commission found the following:

- CCD1 did not keep pace with new consumer credit products, consumer behaviour and technological developments
- imprecise wording of CCD1 led to Member States adopting diverging approaches, resulting in inconsistent EU regulatory framework
- inconsistencies in approach impeded development of cross-border consumer credit market

The CCD2 text was published in the Official Journal of the European Union on 30 October 2023. Member States had until 20 November 2025 to transpose CCD2 into their domestic legal framework, and they are required to apply their national transposing measures from 20 November 2026. As of the date of this publication, Ireland has not yet published its transposing legislation ("**Irish transposing legislation**").

Ireland's Department of Finance held a public consultation on the implementation of CCD2, including the 23 national discretions in the Directive, of which seven the Department has decided to exercise. The CCD2 Public Consultation Outcome Statement was published in August 2025, and can be viewed [here](#). See also section 6 below for further details on the decisions taken on the national discretions in CCD2.

04 / SCOPE OF CCD2

Key definitions in CCD2 include:

- '**credit agreement**' means an agreement whereby a creditor grants or promises to grant to a consumer credit in the form of a deferred payment, loan or other similar financial accommodation, except for agreements for the provision on a continuing basis of services or for the supply of goods of the same kind, where the consumer pays for such services or goods for the duration of their provision by means of instalments
- '**consumer**' means a natural person who acts for purposes which are outside his or her trade, business or profession
- '**creditor**' means a natural or legal person who grants or promises to grant credit in the course of that person's trade, business or profession

These definitions remain materially unchanged from those in CCD1.



05 / CHANGES TO THE SCOPE OF THE EU'S CONSUMER CREDIT REGIME

- **Loan value:** The minimum loan amount of €200 has been removed and the maximum loan amount has been increased from €75,000 to €100,000, with the effect that loans of a value of up to and including €100,000 fall within the scope of CCD2.
- **Hire-Purchase and Leasing Agreements:** One of the most significant expansions of CCD2's scope for the Irish market is the inclusion of hire-purchase agreements and leasing agreements where the consumer has an option to purchase the goods. Under CCD1, these products were generally excluded from the EU consumer credit framework and were instead regulated domestically under the Consumer Credit Act 1995.

CCD2 removes this exclusion, bringing such agreements within the scope of CCD2 where the total amount of credit does not exceed €100,000. This change has particular implications for the motor finance sector in Ireland, where hire-purchase and personal contract purchase (PCP) arrangements are widely used to finance consumer vehicle acquisitions. Credit providers offering these products will now be required to comply with the full suite of CCD2 obligations, including the provision of pre-contractual information using the revised Standard European Consumer Credit Information (SECCI) form, the enhanced creditworthiness assessment requirements, the advertising and marketing standards applicable to credit agreements, and the conduct of business obligations introduced by CCD2.

In practical terms, motor finance lenders and retail credit firms offering hire-purchase or lease-to-own products will need to review and, in many

cases, redesign their consumer journeys to ensure compliance. This includes ensuring that the total cost of credit (including any balloon or residual value payments, option-to-purchase fees and ancillary charges) is accurately reflected in the APR calculation and disclosed to consumers in accordance with the SECCI requirements. The enhanced creditworthiness assessment obligations will also require credit providers to undertake a thorough, data-driven affordability analysis before entering into a hire-purchase or leasing agreement, taking appropriate account of factors relevant to the consumer's ability to meet his or her obligations under the agreement. Credit providers should also note that, as hire-purchase and leasing agreements with an option to purchase will constitute "credit agreements" for the purposes of CCD2, the provisions on the right of withdrawal, early repayment, forbearance and arrears management will apply to these products in the same manner as they apply to conventional consumer loans.

Given the scale of the Irish motor finance market, the transition from the existing domestic regime to the CCD2 framework is expected to require significant operational and systems changes, and credit providers are encouraged to begin their implementation programmes well in advance of the 20 November 2026 application date.

- **Residential property renovation:** CCD2 applies to loans for more than €100,000 where they relate to the renovation of residential immovable property, subject to the loan not being secured either by a mortgage or by another comparable security used on immovable property.
- **Interest-free credit and short-term / deferred credit products:** The current exemption for credit agreements where the credit is granted free of interest and without any other charges and for credit agreements under which the credit must be repaid within three months and only insignificant charges are payable has been removed, resulting in interest-free loans and certain deferred credit and BNPL products falling within the scope of CCD2. However, in relation to certain types of deferred credit and BNPL products, a narrow exemption from the scope of CCD2 is available for suppliers of goods or providers of services that offer such products directly to consumers (without the involvement of a third-party BNPL lender or scheme). Deferred payment of medical bills owed to a hospital is given as an example in recital 17 of CCD2. To fall within the new restricted exemption, the deferred payment must be interest-free, without any other charges (except for limited charges for late payments in accordance with national law) and made within 50 days of the delivery of the good or service. (Or within 14 days for suppliers and providers which are not micro, small or medium-sized enterprises (MSMEs) (as defined in Recommendation 2003/361/EC) and which sell through online stores/platforms or otherwise by electronic means via the conclusion of a distance contract (as defined in Directive 2011/83/EU)). The more limited exemption for MSMEs is aimed at large online retail platforms that have a large customer base and the ability to drive consumers towards impulsive buying (see recital 17).

- **Deferred debit cards:** The current blanket exemption for deferred debit cards requiring repayment within three months and allow only insignificant charges to be incurred has been removed. Member States may avail of a national discretion to exempt deferred debit cards requiring repayment within 40 days on an interest-free basis and with only limited charges. Ireland has decided not to exercise this discretion. As a result, all deferred debit cards issued to consumers will fall within the scope of the Irish transposition of CCD2.
- **Overdrafts:** The blanket exemption for overdraft facilities under which credit must be repaid within one month has been removed in CCD2. The 'lighter touch' regime for overdraft facilities under which credit must be repaid on demand or within three months has also been removed. This means that all authorised overdraft facilities fall within the scope of CCD2, with more enhanced requirements applying. The 'lighter touch' regime for overrunning has been carried over to CCD2.
- **Crowdfunding credit services:** Services provided by crowdfunding platforms to facilitate the granting of credit to consumers ('crowdfunding credit services') fall within the scope of CCD2 (these services are not covered by CCD1). Providers of crowdfunding credit services will be required to comply with the requirements in CCD2 applicable to credit intermediaries (see recital 22).

06 / NATIONAL DISCRETIONS IN CCD2

There are 23 national discretions in CCD2 for Member States to consider. As per the Department of Finance's Public Consultation Outcome Statement, the Irish transposing legislation will exercise seven national discretions. Aside from these discretions, we expect the Irish transposing legislation to closely mirror the wording of EU CCD2 text and there to be no gold-plating.

Discretions that will be exercised in Irish legislation

Article 14(2) on tying practices (accounts)

Article 14(2) contains a derogation from the general prohibition on tying practices. The prohibition on such practices is intended to prevent inducing consumers into credit agreements that are not in their best interests, and which are contingent on the purchase of another financial service or product. Under the derogation, Member States may allow creditors to request consumers to open or maintain a payment or savings account where the sole purpose of the account is to accumulate capital to repay the credit, to service the credit, to pool resources to obtain the credit or to provide additional security for the creditor in the event of default. In the Irish credit union sector, to obtain a loan from a credit union, a borrower must first become a member by holding a share account with at least one fully paid share, as currently required by the Credit Union Act 1997. This membership requirement is separate from the credit agreement but is a legal requirement. In order to accommodate the legal position in respect of credit unions, the Minister for Finance has decided that this discretion will be exercised insofar as necessary.

Article 16(6) on the extension of permitted advisory services

Article 16(6) provides that only creditors and, where applicable, credit intermediaries can provide 'advisory services' to consumers. By way of derogation from the restriction, Member States may allow other persons to provide advisory services on condition that the advisory services are provided under a regulated professional framework, regulated insolvency practitioners by non-commercial public or voluntary debt advisory services or by persons authorised and supervised by a competent authority. In Ireland, credit advisory services can be provided to consumers by solicitors and accountants, as well as by personal insolvency practitioners and 'MABS'. The Minister has decided that this discretion should be exercised in a manner that facilitates these professional individuals and organisations that provide advisory services to debtors to continue to do so.

Article 18(11) on consultation with databases for creditworthiness assessments

As part of the creditworthiness assessment, Member States may require creditors to assess the creditworthiness of consumers on the basis of a consultation with a relevant database. In Ireland, the Credit Reporting Act 2013 requires creditors to request access to credit and borrower information held on the Central Credit Register to be used as part of the creditworthiness assessment for a loan of €2,000 or more. Lenders have a discretion to request a report for loans of less than €2,000. The Minister has decided to exercise this discretion to continue to apply this requirement.

Articles 24(3) and (5) on additional rules for overdraft facilities

Article 24(3) requires Member States to oblige creditors to notify consumers of any reduction or cancellation of overdraft facilities "at least 30 days" before the reduction or cancellation takes effect. Article 24(5) allows Member States to maintain or adopt stricter provisions relating to consumer overdraft facilities than set out in Article 24. Ireland already has stringent rules on the provision of overdraft facilities in the Consumer Credit Act 1995. However, given the experience of the recent withdrawals of banks from the Irish market and the difficulties encountered by consumers seeking alternative overdraft facilities, the Minister has decided to exercise the discretion to set a higher minimum notification period for withdrawal or alteration of overdraft facilities of 60 days.

Article 25(6) on additional rules for overrunning

Article 25(4) requires Member States to oblige creditors to notify consumers when an overrunning facility is no longer allowed or where the limit of the overrunning is to be reduced "at least 30 days" before the cancellation or reduction takes effect. Article 25(6) allows Member States to maintain or adopt stricter provisions relating to overrunning than set out in Article 25. Ireland already has stringent rules on the provision of overrunning in the Consumer Credit Act 1995. In the interest of consumers facing difficulty from alterations to overrunning facilities, the Minister has decided to exercise the discretion to set a higher minimum notification period for withdrawal or alteration of overrunning facilities of 60 days.

Article 29(4) on compensation for costs associated with early repayment

The provisions in Article 29 of CCD2 on early repayment and compensation for costs associated with early repayment, including the derogation in Article 29(4), are materially unchanged from the equivalent provisions in CCD1. In Ireland, the European Communities (Consumer Credit Agreements) Regulations 2010 currently implement the equivalent derogation in CCD1 to provide that creditors are entitled to compensation only if the amount of early repayment exceeds €10,000 within any period of 12 months and that compensation cannot exceed the amount of interest the consumer would have paid during the period between the early repayment and the agreed date of termination of the credit agreement. The Minister has decided that the discretion in Article 29(4) of CCD2 will be exercised to continue to apply the relevant provisions in the 2010 Regulations.

Article 31(2) on setting of rate caps on credit

Article 31(1) requires Member States to introduce measures (such as caps) to ensure that consumers cannot be charged excessively high interest rates or charges. Article 31(2) allows Member States to adopt prohibitions or limitations regarding specific charges or fees applied by creditors in their territory. In Ireland, the Consumer Credit (Amendment) Act 2022 amended the Consumer Credit Act 1995 to introduce specific interest rate caps on 'high-cost' credit agreements. In addition, credit unions are subject to an interest rate cap under the Credit Union Act 1997. The Minister has decided to exercise this discretion to maintain these existing caps.

Discretions which will not be exercised

Article 2(5) on deferred debit cards

As mentioned above, the current blanket exemption for deferred debit cards requiring repayment within three months and allow only insignificant charges to be incurred is not retained in CCD2. Member States may avail of a national discretion in Article 2(5) to exempt deferred debit cards the terms of which require repayment within 40 days on an interest-free basis with only limited charge from the scope of CCD2. The Minister has decided not to exercise this discretion on the basis that deferred debit cards are not widely available in Ireland.

Article 2(6) on the exemption for certain social lenders

Member States may provide that credit agreements concluded between certain types of member organisations that fulfil specific criteria need only apply a limited number of provisions of CCD2 (including the obligation to perform a creditworthiness assessment). A similar national discretion in CCD1 was transposed in Ireland via the European Communities (Consumer Credit Agreements) Regulations 2010, which provided for an exemption for three Irish credit unions. As these credit unions have since merged with larger credit unions, the Minister has decided that the exercise of the discretion is not required and will not be exercised.

Article 2(7) on the exemption for borrowers in default

Member States may decide to apply only a defined and limited number of provisions of CCD2 to credit

agreements that provide for deferred payment arrangements where the borrower is already in default or is likely to default on the initial credit agreement provided specific conditions are met. The discretion can exempt creditors from the obligation to perform a creditworthiness assessment in respect of such credit agreements. The Minister indicated that while there might be some merit in aiding speedy resolution of borrower arrears, the principle of effective creditworthiness assessments is a fundamental part of consumer protection, and granting new credit to vulnerable borrowers without such steps is not a desirable outcome. Therefore, the Minister has decided that this discretion will not be exercised.

Article 2(8) on the exemption for loans less than €200

For loans with a value less than €200, or which are granted free of interest and other charges, or which must be repaid within three months and only insignificant charges are payable, Member States have a discretion to exclude the application of a defined and limited number of provisions in CCD2 relating to advertising, pre-contractual information and contractual information, in order to avoid unnecessary burdens on creditor providers. The Minister has decided not to exercise this discretion.

Article 8(8) on the prohibition of 'high risk' advertising

Member States may prohibit advertising for credit products that highlights the ease or speed which the credit can be obtained, that states that a discount is conditional on accepting credit, or which offers payment breaks longer than three months. On the basis that such

advertising may assist consumers in making informed credit decisions, as well as fostering competition in the consumer lending market, the Minister has decided to not exercise this discretion.

Article 12(2) on the adaptation of requirement for adequate explanations

Article 12 provides that creditors and, where applicable, credit intermediaries are required to provide adequate explanations to the consumer on specific information regarding proposed credit agreements and ancillary services to assist the consumer with assessing if the proposed credit agreement and ancillary services are adapted to their needs and financial situation. This information should be provided free of charge before conclusion of the credit agreement. However, in justified cases, Member States may adapt the requirement with regard to the manner and extent to which the explanations are to be given to the following: (a) the circumstances of the situation in which the credit is offered; (b) the person to whom the credit is offered; (c) the type of the credit offered.

On the basis that there are extensive mandatory requirements for creditors to provide explanations on the details of credit agreements in the revised Consumer Protection Code, the Minister has decided that this discretion will not be exercised.

Article 14(3) on tying practices - insurance policies

Article 14(3) contains a derogation from the general prohibition on tying practices. The derogation permits Member States to allow creditors to require a consumer

to have a relevant insurance policy related to the credit agreement (e.g. in order to guarantee repayment of the credit or to insure the value of the security). While such insurance policies are mandatory in mortgage credit agreements, they are not normally tied to consumer credit agreements of less than €100,000. On the basis that any such decision should be at the discretion of the consumer rather than a requirement of the credit agreement, the Minister decided that this discretion should not be exercised.

Article 16(4) on safeguards on 'advice' and 'advisors'

Providing 'advisory services' is an activity that may be combined with other aspects of granting or intermediating credit and Article 16 sets out requirements relating to the provision of advisory services. Article 16(4) permits Member States to prohibit the use of the terms 'advice' and 'advisor', or similar terms, when advisory services are being marketed and provided to consumers by creditors or credit intermediaries. On the basis that there are already domestic requirement governing the provision of independent advice by firms regulated by the Central Bank of Ireland (CBI) and the Competition and Consumer Protection Commission, the Minister decided that this discretion should not be exercised.

As the discretion will not be exercised, subparagraph 2 of Article 16(4) requires Ireland to impose specific conditions on the use of the term 'independent advice' or 'independent advisor' by creditors and credit intermediaries providing advisory services, including that credit intermediaries cannot be remunerated for advisory services by a creditor.

Article 20(2) on additional rules on concluding credit agreements

Member States may introduce or maintain national rules regarding the validity of the conclusion of credit agreements which are in conformity with EU law. As there are no additional rules in Ireland governing the conclusion of credit agreements, the Minister has decided that this discretion will not be exercised.

Article 26(4) on grandfathering for linked credit agreements

This discretion is explicitly linked to those Member States that have national legislation in force on 19 November 2023 that provides that funds borrowed under a credit agreement cannot be made available to the consumer before the expiry of a specific period. Ireland does not have such national legislation in place, and the Minister has decided that this discretion should not be exercised.

Article 26(8) on notary services

Consumer credit agreements are not required to be concluded through the services of a notary in Ireland and therefore the Minister has decided that this discretion should not be exercised.

Article 32(4) on prohibition on intermediary commissions for the provision of advisory services

Article 32(4) permits Member States to ban commissions paid by creditors to credit intermediaries in the context of the provision of advisory services. On the basis that such a ban could result in a reduction of choice for consumers, the Minister decided that this discretion should not be exercised.

Article 32(5) on prohibition on other payments to creditors

Member States may prohibit or impose restrictions on the payments from a consumer to a creditor or a credit intermediary prior to the conclusion of a credit agreement. Such payments are not currently prohibited in Ireland. The Minister has decided to not exercise this discretion.

Article 35(3) and (4) on charges in the event of default

As forbearance proceedings in Ireland are primarily the prerogative of the court which can decide on the level of costs and interest on judgment debts, should the credit provider wish to pursue this course of action, the Minister has decided to not exercise this discretion.

Article 37(3) on registration exemption for 'micro' lenders

Article 37(1) requires Member States to ensure that creditors and credit intermediaries are subject to registration and supervision arrangements by a competent authority. Article 37(3) permits Member States to exempt suppliers of goods or providers of services from the registration and supervision requirements who are MSMEs acting as credit intermediaries in an ancillary capacity or creditors acting in an ancillary capacity that grant credit in the form of deferred payment for the purchase of goods and services offered by them, if the credit is provided free of interest and late payment charges. As the provision of consumer credit and related services in Ireland is subject to a domestic authorisation and supervisory regime designed to protect the interests of consumers, the Minister has decided to not exercise this discretion.

Article 41(9) on product intervention powers for CBI

Article 41(9) permits Member States to apply national legislation to grant product intervention powers to national competent authorities to withdraw credit products in justified cases. The Minister has decided to not exercise this discretion.



07 / KEY CONCEPTS IN CCD2 – WHAT’S NEW?

Non-discrimination (Article 6)

The conditions for granting credit to consumers must not discriminate against applicants based on their nationality, their place of residence or any protected characteristics including, for example, sex, race, religious belief or political opinion.

This does not prevent possibility of offering different conditions of access to credit where objectively justified (e.g. where the credit provider has not passported into a particular jurisdiction, it cannot provide services in that jurisdiction).

Advertising and marketing of credit agreements (Article 7)

Advertising and marketing communications concerning credit agreements must be fair, clear and not misleading.

Advertising and marketing must not create a false expectation for a consumer regarding:

- availability of credit
- cost of credit
- total amount payable

Standard information to be included in advertisements (Article 8)

While the list of standard information required to be included in advertisements is unchanged (see the list below), CCD2 now requires the information to be easily legible or clearly audible (as appropriate) and adapted

to the technical constraints of the medium used for advertising (in addition to being clear, concise and prominent, as already required under CCD1):

- a. the borrowing rate, fixed or variable or both, any charges included in the total cost of the credit to the consumer
- b. total amount of credit
- c. the annual percentage rate of charge (APR)
- d. where applicable, the duration of the credit agreement
- e. in the case of credit in the form of deferred payment for specific goods or services, the cash price and the amount of any advance payment
- f. where applicable, the total amount payable by the consumer and the amount of the instalments

A new requirement to include a clear warning in advertising that uses the wording ‘Caution! Borrowing money costs money’ (or equivalent wording) has been introduced.

Where a digital channel is used to communicate the standard information in an advertisement but does not allow that information to be visually displayed in a prominent and clear manner, the information listed at points (e) and (f) above must be accessible by means of clicking, scrolling or swiping.

The new prohibition on certain advertisements is set out in the following table, along with the types of ‘high risk’ advertising that will continue to be permitted in Ireland.

ADVERTISING FOR CREDIT PRODUCTS	
Advertising that is strictly prohibited	<ul style="list-style-type: none"> ■ Encouraging consumers to seek credit by suggesting that credit would improve the financial situation of those consumers. ■ Specifying that outstanding credit agreements or registered credit in databases (i.e. the Central Credit Register in Ireland) have little or no influence on the credit application assessment. ■ Falsely suggesting that credit leads to an increase in financial resources, constitutes a substitute for savings or can raise a consumer’s living standards.
‘High risk’ advertising that is allowed	<ul style="list-style-type: none"> ■ Highlighting the ease or speed with which credit can be obtained. ■ Stating that a discount is conditional upon taking up credit. ■ Offering ‘grace periods’ of more than three months for repayment of credit instalments.

General information on credit agreements (Article 9)

A new requirement is introduced for creditors or, where applicable, credit intermediaries, to ensure that clear and comprehensible general information about credit agreements is made available to consumers at all times on paper or another durable medium.

Such general information must include at least the following:

- the identity, geographical address, telephone number and email address of the issuer of the information
- the purposes for which the credit may be used
- the possible duration of the credit agreement
- types of available borrowing rate, indicating whether fixed or variable or both, with a short description of the characteristics of a fixed and variable rate, including related implications for the consumer
- a representative example of the total amount of credit, the total cost of the credit to the consumer, the total amount payable by the consumer and the APR
- an indication of possible further costs, not included in the total cost of the credit to the consumer, to be paid in connection with a credit agreement
- the range of different options available for reimbursing the credit to the creditor, including the number, frequency and amount of the regular repayment instalments
- a description of the conditions directly relating to early repayment
- a description of the right of withdrawal

- indication of ancillary services the consumer is obliged to acquire to obtain the credit or to obtain it on the terms and conditions marketed and, where applicable, a clarification that the ancillary services may be purchased from a provider that is not the creditor
- a general warning of possible consequences of non-compliance with terms of the credit agreement

Pre-contractual information (Article 10)

Similarly to CCD1, a credit provider (or if applicable, credit intermediary) must provide a consumer with clear and comprehensible pre-contractual information needed to compare different offers to enable them to make an informed decision on whether to enter into a credit agreement. The pre-contractual must be provided in good time before the consumer is bound by the credit agreement or offer.

However, the prescribed form of pre-contractual information in CCD2, as set out in the Standard European Consumer Credit Information (SECCI) form, differs to that in the SECCI form under CCD1. While the information required in the SECCI form under CCD2 is very similar to that in the SECCI form under CCD1, the layout/order of the required information has changed. For example, certain information is required to be set out on only one page in part 1 of the SECCI form but, where this is not possible, the information should be set out on two pages, subject to specified information having to be included on the first page.

The pre-contractual information to be included on one page (where possible) in the first part of the SECCI form must specify the following elements in a prominent way:

- the identity of the creditor as well as, where applicable, of the credit intermediary involved
- the total amount of credit
- the duration of the credit agreement
- the borrowing rate, or all borrowing rates if different borrowing rates apply in different circumstances
- the APR and the total amount payable by the consumer
- in the case of a credit in the form of deferred payment for specific goods or services and in the case of linked credit agreements, the specific goods or services and their cash price
- the costs in the case of late payments, i.e. the interest rate applicable in the case of late payments and the arrangements for its adjustment and, where applicable, any charges payable for default
- 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
- warning regarding the consequences of missing or late payments
- the existence or absence of a right of withdrawal and, where applicable, the withdrawal period
- the existence of a right of early repayment, and, where applicable, information concerning the creditor's right to compensation
- the geographical address, telephone number and email address of the creditor as well as, where applicable, the geographical address, telephone number and email address of the credit intermediary involved

The information displayed on the SECCI form must be consistent and clearly legible and consider the technical constraints of the medium on which it is displayed. The information must also be displayed in an adequate and suitable way on the credit provider's different channels, taking into account interoperability. Any additional information which the credit provider may provide to the consumer must be clearly legible and given in a separate document, which may be annexed to the SECCI form.

The following information should be provided in addition, but separately to the elements distinct from above:

- the type of credit offered
- the conditions governing drawdown
- the conditions for applying different borrowing rates, including any reference/index rate and how/when each rate may change
- an indication that other drawdown methods may result in higher APRs where different drawdown mechanisms exist
- charges for compulsory accounts, payment instruments, any other charges under the agreement, and the conditions under which those charges may change
- a representative example of the APR and total amount payable, using any preferences the consumer has given (such as duration or credit amount)
- any notary costs payable when concluding the agreement
- any obligation to enter into a compulsory ancillary service contract to obtain the credit or the advertised terms

- any required sureties
- how the creditor's compensation will be determined in the event of early repayment
- the consumer's right to be informed immediately and free of charge of the result of any creditworthiness database check
- the consumer's right to receive a free copy of the draft credit agreement on request, provided the creditor is willing to proceed
- an indication if the price was personalised using automated processing or profiling
- the period during which the creditor is bound by the pre-contractual information
- access to any out-of-court complaint and redress mechanisms, and how to use them
- a warning and explanation of the legal and financial consequences of failing to comply with commitments under the credit agreement
- a repayment schedule showing all payments over the duration, including for ancillary services sold simultaneously, based on reasonable upward changes in the borrowing rate where applicable

In the event that the pre-contractual information is provided less than one day before the credit agreement is entered into, there is an obligation requiring the credit provider to remind the consumer of their right to withdraw from the credit agreement and inform them of the withdrawal procedure set out in Article 26 (see section 10 below for details on the right of withdrawal). The reminder must be provided to the consumer, on paper or another durable medium, between one and

seven days after the conclusion of the credit agreement or the submission of the binding credit offer (where applicable).

Personalised offers by automated processing (Article 13)

The credit provider (and, if applicable, credit intermediaries) must inform the consumer in a clear and comprehensible manner if they are given a personalised offer based on automated processing of personal data.

Exploitative practices (Article 14)

'Bundling practice' means the offering or selling of a credit agreement in a package with other distinct financial products or services where the credit agreement is also made available to the consumer separately but not necessarily on the same terms or conditions as when offered bundled with those other products or services.

'Tying practice' means the offering or selling of a credit agreement in a package with other distinct financial products or services where the credit agreement is not made available to the consumer separately.

Under CCD2, bundling practices are permitted but tying practices are prohibited. However, as noted above in section 6 tying will not be prohibited in the Irish credit union sector in circumstances where, in order to obtain credit from a credit union, a consumer must first become a member by holding a share account with at least one fully paid share, as currently required by the Credit Union Act 1997.

In relation to borrower consent, under CCD2, credit providers (and if applicable, credit intermediaries) must not imply a consumer's consent to enter into a credit agreement or purchase ancillary services through use of default options, such as pre-ticked boxes. Any consent to enter into such agreement must be informed and given clearly and unambiguously.

Advisory services (Article 16)

CCD2 contains new requirements on the provision of 'advisory services', which are personal recommendations to consumers in respect of one or more transactions relating to credit agreements and that constitute a separate activity from the granting of credit and from credit intermediation activities.

Before the provision of advisory services or the conclusion of a contract for the provision of advisory services, a credit provider (and if applicable, credit intermediaries) must clearly tell consumers:

- whether advisory services are being offered
- whether recommendations will be based on only their own products or on a wide range of products across the market
- any associated fees payable or, where the fee amount cannot be established at the time, the method used for its calculation

A credit provider must gather and assess up to date details on the consumer's financial situation, preferences and objectives. Following consideration of a sufficiently large number of credit agreements in its

product range, a credit provider may recommend one or more credit agreements from that product range which are suitable to the consumer's needs, financial situation and personal circumstances. A credit provider must also act in the consumer's best interests and provide the recommendation to the consumer in writing.

A credit provider must also comply with requirements on using terms such as "advice" or "independent advice", warn consumers when a credit agreement poses specific risks, and ensure that advisory services are provided only by credit providers, credit intermediaries or professional individuals and organisations that are permitted to provide advisory services to debtors (see section 6 above for further details).

Ban on unsolicited granting of credit (Article 17)

CCD2 contains a specific ban on unsolicited granting of credit to consumers without their prior request and explicit agreement.

Creditworthiness assessment (Article 18)

Under CCD2, the creditworthiness assessment is far more comprehensive. Credit providers must carry out a thorough assessment of consumer creditworthiness before entering into the credit agreement. The assessment must be undertaken in the interest of the consumer and to prevent irresponsible lending practices and over-indebtedness occurring. It must also take appropriate account of factors relevant to verifying the prospect of the consumer meeting his or her obligations under the credit agreement. The assessment must be

based on relevant and accurate information on the consumer's income and expenses and other financial and economic circumstances which is necessary and proportionate to the nature, duration, value and risks of the credit for the consumer. This may include evidence of income or other source of repayment, information on financial assets and liabilities and information on other financial commitments. Internal and external sources can be taken into consideration, but the use of social networks as an external source is prohibited. Information should be verified where necessary through reference to independently verifiable documentation.

Unlike CCD1, which did not provide guidance on the approach to be taken based on the outcome of the assessment, credit can now only be made available to the consumer if the result of the assessment indicates that the repayment obligations under the credit agreement are likely to be met, taking into account relevant factors. Where a credit application is rejected, the credit provider must inform the consumer of the rejection without delay and where relevant, refer them to a debt advisory service.

CCD2 now specifically requires credit providers to establish procedures for creditworthiness assessments and to document and maintain such procedures.

When the assessment uses automated processing of personal data, the consumer has the right to request and obtain human intervention, consisting of the right to:

- request and obtain a clear and comprehensible explanation of the assessment, including the logic and risks involved in the automation process as well as its significance and effects on the decision
- express their own point of view to the creditor
- request a review of the assessment of creditworthiness and credit decision

A credit provider must also inform the consumer of the fact that the assessment of creditworthiness is based on automated processing of data and about the consumer's right to human assessment and the procedure for contesting the decision.

Credit providers are strictly prohibited from using health data (e.g. medical history) or information from social networks for credit worthiness assessments.

Where the parties agree to change the total amount of credit after the conclusion of the credit agreement, the credit provider is required to reassess the consumer's creditworthiness on the basis of updated information before any significant increase in the total amount of credit is granted.



08 / MODIFICATIONS OF THE CREDIT AGREEMENT AND CHANGES IN THE BORROWING RATE

Information regarding the modification of the credit agreement (Article 22)

The information required to be given to a consumer prior to amendments to the terms and conditions of a credit agreement is materially unchanged from CCD1.

The credit provider must, before changing any terms and conditions of a credit agreement:

- provide the consumer, on paper or another agreed durable medium, with specific information, including a clear description of the proposed changes
- explain whether the consumer's consent is required or if the changes arise by operation of law
- indicate when the changes will take effect
- outline how and where the consumer may lodge a complaint
- specify the deadline for lodging a complaint
- provide the name and address of the authority competent to receive such complaints

Changes in the borrowing rate (Article 23)

The information required to be given to a consumer prior a change to the borrowing rate taking effect is materially unchanged from CCD1.

The credit provider must notify the consumer, on paper or another agreed durable medium and in good time before it takes effect, of any change to the borrowing rate, including the revised payment amount and any change to the number or frequency of payments. This information may instead be provided periodically only if the credit agreement permits it, the change results from a variation in a publicly available reference rate, and the updated reference rate is accessible in a timely manner at the credit provider's premises, on its website and through its mobile application (if any).

09 / OVERDRAFT FACILITIES AND OVERRUNNING

Overdraft facilities and overrunning (Articles 24 and 25)

The credit provider must provide monthly statements for overdraft facilities, showing the period covered, all drawdowns and payments with dates, previous and current balances, the applied borrowing rate, any charges, and any minimum payment due. The credit provider must notify the consumer in advance, on paper or another agreed durable medium, of any increases in borrowing rates or charges, unless periodic disclosure is permitted because the change results from a publicly available reference rate and the agreement allows such periodic notices. In addition, the credit provider must give at least 30 days' notice before reducing or cancelling the overdraft facility and, in such cases, must offer the consumer, at no extra cost, the option to repay the outstanding amount in 12 equal monthly instalments at the applicable borrowing rate, unless the consumer chooses earlier repayment.

The credit provider must inform consumers opening a current account of any possibility of overrunning, including the borrowing rate, conditions for its application, any relevant reference rate, and applicable charges, and must provide this information regularly on a durable medium chosen by the consumer. If a significant overrun lasts more than one month, the credit provider must promptly notify the consumer of the overrun, the amount, the borrowing rate, any penalties or charges, and the repayment date, and, in cases of regular overruns, offer or direct the consumer to advisory or debt-advice services at no cost. The credit provider must also give at least 30 days' notice before cancelling or reducing the overrunning facility and, if such reduction or cancellation occurs, must offer the consumer, at no additional cost, the option to repay the overdrawn amount in 12 equal monthly instalments, unless repaid earlier, at the applicable borrowing rate.

10 / RIGHT OF WITHDRAWAL

Right of withdrawal (Article 26)

As is the case under CCD1, a consumer may withdraw from a credit agreement, without giving a reason, within a period of 14 calendar days from the day of conclusion of the agreement or from the date the contract is received by the consumer if later than the day of conclusion of the agreement.

Additionally, under CCD2, if the consumer does not receive the terms and conditions of the credit agreement as required, the withdrawal period is extended to 12 months and 14 days after the conclusion of the agreement. Exercising the right of withdrawal requires the consumer to notify the creditor on the agreed durable medium within the appropriate withdrawal period and repay the capital and the accrued interest without undue delay and at least within 30 days of the notice being sent. Withdrawal from the credit agreement also automatically ends any ancillary service contract linked to the credit agreement.

The application of the right of withdrawal to hire-purchase agreements raises significant issues for credit providers in the motor finance sector. In the context of hire-purchase agreements used to finance vehicle acquisitions, this gives rise to a notable exposure for credit providers, as the vehicle may have depreciated in value during the withdrawal period. While the credit provider has no entitlement under CCD2 to recover any amount in respect of that depreciation, the consumer's obligation is limited solely to the repayment of capital and interest. We are exploring potential mitigants with clients on this particular issue.

11 / APR CAPS

APR caps (Article 31)

Article 31(1) of CCD2 requires Member States to introduce measures (such as caps) to ensure that consumers cannot be charged excessively high interest rates or charges. Article 31(2) allows Member States to adopt prohibitions or limitations regarding specific charges or fees applied by creditors in their territory. In Ireland, the Consumer Credit (Amendment) Act 2022 amended the Consumer Credit Act 1995 to introduce specific interest rate caps on 'high-cost credit agreements'. In addition, credit unions are subject to an interest rate cap under the Credit Union Act 1997. As mentioned above, the Minister has decided to exercise this discretion to maintain these existing caps.

Similarly to CCD1, the APR must be calculated according to a specific formula, which is now set out in Annex III to CCD2. In addition, the assumptions on which the APR calculation is to be based are materially unchanged from CCD1.

12 / CONDUCT OF BUSINESS

Conduct of business (Article 32)

CCD2 introduces specific requirements on credit providers and credit intermediaries, to act honestly, fairly, transparently and professionally and take account of the rights and interests of the consumers when carrying out any of the following activities:

- manufacturing credit products
- advertising credit products in accordance with Articles 7 and 8
- granting, intermediating or facilitating the granting of credit
- providing advisory services
- providing ancillary services to consumers
- executing a credit agreement

13 / STAFF COMPETENCIES AND REMUNERATION

Staff competencies and remuneration (Article 33)

CCD2 introduces requirements regarding staff competencies and remuneration.

Credit providers (and if applicable, credit intermediaries) are required to ensure that their staff possess and keep up-to-date an appropriate level of knowledge and competence in relation to the manufacturing, offering and granting of credit agreements, the carrying out of credit intermediation activities, the provision of advisory services and consumer rights.

Where the conclusion of a credit agreement includes ancillary services, appropriate knowledge and competence in relation to those ancillary services is also required. It should be noted that Ireland already has a well-established domestic framework governing staff competence in the financial services sector. The CBI's Minimum Competency Code 2017 and the Minimum Competency Regulations 2017 (S.I. No. 164 of 2017) set out detailed requirements regarding the qualifications, experience and continuing professional development obligations applicable to persons providing financial services to consumers, including consumer credit activities. Credit providers operating in Ireland should therefore assess the extent to which the competency requirements introduced by CCD2 impose obligations beyond those already mandated by the existing domestic regime. In particular, credit providers should consider whether any supplementary training or competency standards are required in respect of the new product types brought within scope by CCD2, such as hire-purchase and leasing agreements, BNPL

products and crowdfunding credit services, as well as the new advisory services framework.

Credit providers must ensure that the manner in which they remunerate their staff and credit intermediaries does not impede their ability to act honestly, fairly, transparently and professionally and take account of the rights and interests of consumers. The same requirement applies to the remuneration of staff by credit intermediaries.

A credit provider's remuneration policy for staff responsible for creditworthiness assessments must:

- be consistent with, and promote sound and effective, risk management and not encourage risk-taking that exceeds the level of tolerated risk of the credit provider
- be in line with the business strategy, objectives, values and long-term interests of the credit provider, and incorporate measures to avoid conflicts of interest, in particular by providing that remuneration is not contingent on the number or proportion of accepted applications for credit.

In relation to the provision of advisory services by credit providers and credit intermediaries, staff remuneration schemes must not prejudice the staff's ability to act in consumers' best interests or be contingent on sales targets.

Credit providers should review their staff and broker sales commission structures (if applicable) so that they are in line with the new remuneration requirements as outlined above.

14 / ARREARS AND FOREBEARANCE MEASURES

Arrears and forbearance measures (Article 35 and 36)

CCD2 sets out specific requirements regarding forbearance measures. Credit providers will be required to exercise, where appropriate, reasonable forbearance before enforcement proceedings are initiated. Such forbearance measures must take into account, among other elements, the consumer's individual circumstances. Forbearance measures offered by a credit provider may include, among other possibilities, the total or partial refinancing of the credit agreement. However, forbearance measures must include the modification of the existing terms and conditions of the credit agreement, which may, among other possibilities, include:

- term extensions
- full or partial deferred payments
- reduced interest rate
- payment holidays
- partial repayment
- currency conversions
- change to the type of credit agreement
- partial forgiveness or debt consolidation

Credit providers must have processes and policies in place for the early detection of consumers experiencing financial difficulties and refer consumers experiencing financial difficulties to debt advisory services.

15 / PENALTIES

Penalties

Irish transposing legislation will lay down domestic rules on the penalties applicable to infringements of the national provisions adopted pursuant to the CCD2. The penalties must be effective, proportionate and dissuasive and Ireland must notify the transposing measures to the Commission by 20 November 2026.

16 / HOW CAN ALG HELP?

The implementation of CCD2 presents a complex regulatory challenge for credit providers operating in the Irish market. ALG's specialist consumer credit team is well positioned to assist clients across all stages of the implementation process.

ALG can assist credit providers with a comprehensive gap analysis of their existing consumer credit operations against the requirements of CCD2 and the forthcoming Irish transposing legislation, identifying areas where policies, procedures, documentation and systems require amendment or replacement. Our team can advise on the practical implications of the national discretions exercised by the Minister for Finance and how these will affect your specific business model and product suite.

In particular, ALG can provide guidance on the redesign of consumer-facing documentation, including advertising materials, pre-contractual information and the revised SECCI form, to ensure compliance with CCD2's enhanced disclosure and transparency requirements. We can also advise on the development and documentation of creditworthiness assessment procedures, including the integration of automated processing safeguards and the prohibition on the use of health data and social network data.

For motor finance lenders and retail credit firms, ALG can assist with the integration of hire-purchase and leasing agreements into your CCD2 compliance framework. For BNPL providers, we can advise on the application of the new exemption criteria and the obligations that will apply to in-scope deferred credit products. ALG can also advise on staff competency and remuneration frameworks, forbearance and arrears management policies, and the conduct of business obligations introduced by CCD2.



17 / YOUR ALG CONSUMER CREDIT TEAM



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