

Council and Parliament reach provisional political agreement on financial services contracts concluded at a distance

The Council and the Parliament have reached today a provisional political agreement on the directive concerning financial services contracts concluded at a distance. The agreed text simplifies existing legislation, increases consumer protection, and creates a level playing field for financial services concluded online, via telephone or through other forms of remote marketing.



[Redacted]

Once the directive comes into force, consumers in the single market will be assured a higher level of protection when accessing new financial products and services from their phones and computers.

[Redacted]

Gunnar Strömmer, Swedish Minister for Justice

Digital market, digital protection

With the development of IT technologies, an increasing number of financial services such as credit, insurance, investments or pension plans are promoted online, and the contracts for these services are concluded at a distance.

This can facilitate access to classical or innovative financial products, but consumers are often more vulnerable to practices such as the use of interfaces designed to trick users and divert their attention towards products or services they did not wish to sign up for (dark patterns) or unclear, long or deceptive contracts that, once signed, are difficult to withdraw from.

The growing number of distance financial services, in particular during the COVID-19 pandemic, required updating the existing EU legislation in this field, i.e. the 2002 directive on distance marketing of consumer financial services.

The Commission proposal, presented on 11 May 2022, repeals the 2002 directive, and introduces new provisions for financial services contracts concluded at a distance as an additional chapter of the consumer rights directive (CRD) which protect consumers in all kinds of commercial practices. It simplifies the legislative framework and **certain articles of the CRD will also apply to financial services sold at a distance**.

Main elements of the agreement

The political agreement clarifies **the scope of application and the safety net-feature** in the directive, in particular for financial services that are excluded from other sectoral legislation or only partially covered by it.

The agreement improves the rules on information disclosure and **aims to modernise pre-contractual information obligations** and keeps the possibility for member states to impose stricter national rules in this area, thus avoiding any risk of lowering the level of protection for consumers.

Where the trader uses online tools, such as robo-advice or chatbots, **the consumer will have the right to request human intervention**, in order to better understand the effects of the contract on his or her financial situation.

The agreement facilitates exercise of the right of withdrawal from contracts concluded at distance through the inclusion in the service provider's interface of a **'withdrawal function'** which is easy to find. The objective of this withdrawal function is to raise consumers' awareness of their rights of withdrawal and ensure that to withdraw from a contract is not more burdensome than to

enter it. Since this is important for all kinds of distance selling the withdrawal function is applied to all contracts concluded at a distance, not only financial services contracts.

The new text introduces additional protection for consumers from dark patterns. Once the agreed text is in force, member states will have to take measures **to limit the use of dark pattern marketing techniques to influence consumer's choices**.

The political agreement also adds further provisions from the CRD to financial services contracts concluded at a distance. These include provisions on inertia selling (the sending of unsolicited goods or services to potential customers to make a sale).

Next steps

The provisional agreement reached today with the European Parliament now needs to be endorsed and formally adopted by both institutions.

Background

The review of the 2002 directive on distance marketing of consumer financial services is part of the Commission's new consumer agenda, which was supported by the Council in its related conclusions on 21 February 2021.

- [Proposal for a financial services contracts concluded at a distance - General approach](#)
- [Commission proposal](#)

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