

# CONSUMER LOANS ACT

*In force from 12.05.2010*

*Prom. SG. 18/5 Mar 2010, amend. SG. 58/30 Jul 2010, amend. SG. 91/20 Nov 2012, amend. SG. 30/26 Mar 2013, amend. SG. 35/22 Apr 2014, amend. SG. 61/25 Jul 2014, amend. SG. 14/20 Feb 2015, amend. SG. 57/28 Jul 2015, amend. and suppl. SG. 59/29 Jul 2016, amend. SG. 20/6 Mar 2018, suppl. SG. 51/19 Jun 2018*

## **Chapter one. GENERAL PROVISIONS**

Art. 1. This Act shall provide:

1. the requirements of the consumer loans agreements, including where it has been signed by a mediator, as well as of the advertisement of this kind of agreement;
2. the requirements of the pre-agreement information and the way of calculation of the annual percentage of the costs of a agreement under p. 1;
3. the consumer right to refusal of the signed consumer loans agreement, as well as to preliminary payment of the obligations;
4. the right to access to out-of-court procedures for solving disputes in relation to consumer loans agreement.

Art. 2. The purpose of the Act is to provide protection of the consumers through creating equal conditions for receiving consumer loan, as well as through encouragement of responsible behaviour on behalf of the creditors while granting consumer loan.

Art. 3. (1) The provisions of the Act shall be applied also in the cases, where between the consumer and the creditor several loan agreements have been signed, whose total amount exceeds the maximum amount, indicated in Art. 4, Para. 1, p. 1, or which signing is with a purpose or result going round the requirements of the Act.

(2) The provisions of the Act shall also be applied to loan agreements under the form of over-draft, where the loan must be paid off within a term, longer than 3 months.

(3) The provisions of the shall be also applied for the agreements for rent or leasing, in which an opportunity is envisaged for buying the goods – subject of the agreement.

(4) (New - SG 59/16) The provisions of the Act shall apply to contracts for consumer loans which are not secured by a mortgage or another comparable security over immovable property, and which are provided for renovation of real estate, with total amount of credit more than 147 000 BGN or their equivalent in another currency at the exchange rate of the Bulgarian National Bank on the date of signing the contract.

Art. 4. (1) The provisions of the Act shall not apply to:

1. (amend. – SG 35/14, in force from 23.07.2014) loan agreements with total amount larger than BGN147 000, or their value in other currency in the currency rate of the Bulgarian National Bank on the date of signing the agreement;

2. (amend. - SG 58/10, in force from 31.08.2010; amend. – SG 35/14, in force from 23.07.2014, amend. - SG 59/16) loan agreements or intermediation loan agreements, which are secured by a mortgage or other relevant security on an immovable property;

3. (amend. - SG 58/10, in force from 31.08.2010; amend. – SG 35/14, in force from 23.07.2014, amend. - SG 59/16) loan agreements and/or intermediation agreements for granting loans in view to

acquiring or keeping the right of ownership over land or another immovable property, including a building, which has been built, or is to be built;

4. agreements for rent or leasing, where an obligation for buying goods – subject to the agreement is not envisaged, neither in the agreement, nor in another agreement between the parties; it is considered, that obligation for buying the goods – subject to the agreement exists, if the agreement envisages possibility the creditor to take an one-sided decision for transferring the ownership;

5. loan agreements, on which no interest is calculated or other costs for the consumer;

6. loan agreements with a term of paying off the obligation up to 3 months and on which small costs are owed;

7. loan agreements, granted by the employer to workers and employees, which agreements are outside the subject of its basic activity, on which no interest is calculated or the annual percentage of the costs is smaller than the one on the market and which are not offered to the consumers on general grounds;

8. loan agreements, signed with an investment intermediary in the meaning of the Markets in Financial Instruments Act or with a credit institution in the meaning of the Credit Institutions Act, in view an investor to be able to perform a deal with one or more financial instruments, in the meaning of the Markets in Financial Instruments Act, where the investment intermediary or the credit institution, granting a credit, participate in such a deal;

9. loan agreements, reached as a result of settling the dispute in the court or as a result of an agreement, reached before another authority, established by the Act;

10. loan agreements, which refer to extension payment of an existing debt, about which the consumer does not owe costs;

11. loan agreements, at whose signing the consumer is obliged to grant as a security an item for keeping with the creditor and where the responsibility of the consumer is strictly limited to the granted item;

12. loan agreements, granted to a limited number of persons under legal provisions in public favour, which have interest, lower than the one on the market, which are without interest, with an interest, higher than the one, applied on the market, or under other conditions, which are more favourable for the consumer than the ones, offered on the market;

13. loan agreements, granted from mutual aid funds and cooperations of their members, without interest or with an interest, lower than the one, prevailing on the market;

14. loan agreements under the form of over-draft with one month term for payment off, unless in the cases under Art. 8, Para.7.

(2) (amend. – SG 35/14, in force from 23.07.2014) The provisions of the Act, with exception of the provisions of Para. 1, p. 14 and of Art. 1, 2, 3, 7, 8, Art. 9, Para. 1, Art. 10, Art. 11, Para. 4, Art. 12, Art. 15 - 24, Art. 25, Para. 1, p. 1 - 3, Para. 2, 3, 5 and 6, Art. 26 - 28, Art. 36 - 48, 50, 52 - 55 and § 1, p. 1 – 11 of the Additional provisions, shall not apply to loan agreements in the form of over-draft, where the credit must be paid off upon request or within the term of 3 months.

(3) The provisions of the Act, apart from the provisions of Art. 1, 2, Art. 3, Para. 2, Art. 9, 13, 20 - 24, 37 - 44, 46, 52 - 55 and § 1, p. 1 - 11 of the Additional provisions, shall not apply to agreements for opening an account on the credit, where there is a possibility for the consumer to exceed the availability of the account or of the agreed amount of over-draft.

## **Chapter two.**

### **GIVING PRE-AGREEMENTUAL INFORMATION**

#### **Section I.**

#### **General Provisions**

Art. 5. (1) before the consumer is bound to offer of by a agreement for granting consumer agreement, the creditor or the credit intermediary gives timely to the consumer according to his expressed

preferences and on the basis of the offered by the creditor agreement conditions the needed information for comparing the various offers and for taking an informed decision for signing a consumer loan agreement .

(2) The information under Para. 1 shall be given in the form of a standard European form for giving information for consumer loans, according to Annex N 2.

(3) (revoked - SG 59/16)

(4) (amend. and suppl. – SG 35/14, in force from 23.07.2014, amend. - SG 59/16) The information under Para. 1, 2, 9 and 13, and also the general terms and conditions shall be provided to the consumer free, on paper or other permanent media, in a clear and understandable way, where all elements of the information and of general terms and conditions shall be presented in an identical kind and font size, not smaller than 12.

(5) (amend. - SG 59/16) The forms, containing pre-agreement information under Para. 2 shall be filled in completely by the creditor.

(6) The creditor shall give the pre-agreement information into the Bulgarian language.

(7) (amend. - SG 20/18, in force from 06.03.2018) Under a variable rate interest credit contract, which uses the benchmark interest rate, the creditor or, where applicable, the credit intermediary shall provide the consumer with information on the benchmark name and on its administrator and the benchmark's consequences for the consumer in a separate document, which shall be attached to the standard European form under Para. 2, for giving information on consumer loans. Any additional information that the creditor or the credit intermediary provides to the consumer shall be presented in a separate document, which shall be attached to the form under para. 2.

(8) The creditor shall be obliged to place in an evident place in the premises for servicing clients at disposal of persons interested an accessible information in writing on the general conditions, tariffs and procedure, in which he grants consumer agreements.

(9) While granting consumer loan from a distance, the creditor shall give to the consumer the standard European form according to Annex N 2.

(10) While using a telephone as a means of communication or another means for voice communication from a distance, the creditor shall give to the consumer apart from the information under Art. 9 of the Providing Financial Services from a Distance Act and Information about:

1. the total amount of the loan and the conditions for its payment;
2. the term of the loan agreement;
3. the goods or service and its price in cash – where the loan is in the form of extended payment for specific goods or service and under related agreements;
4. the interest percentage on the credit, conditions for its application and every index or reference interest percentage, related to the initial interest percentage, as well as the periods, conditions and procedures for change of the interest percentage; in cases, where depending of the circumstances different interest percentages are applied, this information shall be given for all the applicable interest percentages;
5. the amount, number and periods of the payments, owed by the consumer, and where needed, the succession, according to which the payments will be distributed for payment various non-paid sums, owed in different interest percentages in view payment of the credit;
6. the annual percentage of the costs, explained by a representative example;
7. the total amount, owed by the consumer.

(11) Upon request by the consumer, the creditor shall give him a preliminary free copy of the draft loan agreement. If at the moment of the request the creditor does not wish to proceed to signing the loan agreement, he may refuse to give such a copy.

(12) A loan agreement, according to which the payments, made by the consumer do not lead immediately to corresponding payment of the total amount of the credit, and is used for forming means at the creditor, in periods and under conditions, provided in the loan agreement or in an additional agreement, in the pre-agreement information clearly and understandably shall be indicated, that for this kind of loan agreements guaranty for third person is not envisaged as a guaranty for payment of the total amount of the

credit, drawdown on the loan agreement, unless where such a guaranty has been provided.

(13) Where the consumer loan agreement has been signed upon an initiative of the consumer through using a means of communication from a distance, in the meaning of the Providing Financial Services from a Distance Act, which does not allow giving pre-agreemental information on paper or other permanent media, as well as in the cases under Para. 10, the creditor, respectively the credit intermediary shall give the pre-agreement information through the form under Para. 2, immediately after signing the consumer loan agreement.

(14) (new – SG 61/14, in force from 25.07.2014) The creditor or, where applicable, the credit intermediary, shall have got also the liabilities under Art. 8, par. 2 – 5 before the consumer gets bound by a proposal or by a consumer credit agreement, providing deferred repayment or any other way of repayment of the debts, arising out of an initial consumer credit agreement, under which there is already a default, if this way a settlement can be reached without involving court proceedings and the terms and conditions proposed to the consumer are not less favourable than those provided in the initial consumer credit agreement.

Art. 6. The creditor, respectively, the credit intermediary, through appropriate explanations of the consumers, allowing them to estimate how the offered loan agreement corresponds to their needs and financial state, and explains the pre-agreement information under Art. 5, which has to be given, the major characteristics of the offered products and the influence, which they might have on the consumers, including the results in case of delayed payments on behalf of the consumer.

Art. 7. (1) The provisions of Art. 5, 6 and 8 shall not be offered in relation to suppliers of goods and services, acting as credit intermediaries, where their activity as credit intermediaries is not a major subject of their commercial or professional activity.

(2) In the cases under Para. 1, the creditor shall give to the consumer the complete pre-agreement information.

## **Section II.**

### **Giving Pre-agreement Information in Agreements for Over-draft**

Art. 8. (1) Before the consumer is bound to an offer or a agreement for over-draft, the creditor – where applicable – the credit intermediary, shall give in time to the consumer, on the basis of the preferences, expressed by him and the agreement conditions, offered by the creditor, the needed information, allowing comparison of the different offers for signing an over-draft agreement, for taking an informed decision.

(2) The information under Para. 1 shall be given in the form of a standard European form for giving information for over-draft agreement, according to Annex N 3.

(3) The information under Para. 1, 2, 6 and 10 shall be given to the consumer free, on a paper or other permanent media, in a clear and understandable way, where all the elements of the information shall be given in an equal size, type and format of style.

(4) The form, containing pre-agreement information under Para. 2 shall be completely filled in by the creditor.

(5) The creditor shall give the pre-agreement information into the Bulgarian language.

(6) at granting over-draft in the form of a financial service from a distance, the creditor shall give the standard European form under Para. 2

(7) While using a telephone as a means of communication or another means for voice communication from a distance, where the consumer requests to receive immediately over-draft, the supplier shall give to the consumer apart from the information under Art. 9 of the Providing Financial Services from

a Distance Act, also information about:

1. the total size of the credit;
2. the interest rate of the credit, the conditions for its application, every index or reference interest rate, related to the initial interest rate, the relevant costs for signing the agreement for over-draft, and where applicable – the conditions, in which the costs may be changed;
3. the annual percentage of the costs, described through examples, which shall indicate all the cases, used for the calculations of the annual percentage of the costs;
4. the possibility the consumer to be requested at any time to pay off the whole credit;
5. the term of the agreement for over-draft.

(8) Upon the consumer's request, the creditor shall give him free apart from the information under Para. 1, 6 and 7, also a copy of the draft agreement for over-draft, containing the information under Art. 12.

(9) The provision of Para. 8 shall not be applied in the cases, where at the moment of the request, the creditor does not wish to proceed to signing an over-draft agreement.

(10) Where the over-draft agreement is signed upon the consumer's initiative by using a distant means of communication, in the meaning of the Providing Financial Services from a Distance Act, which does not allow giving pre-agreemental information under Para. 1 and 2, as well as in the cases under Para. 7, the creditor, respectively, the credit intermediary, shall give him the information under Para. 1 and 2 immediately after signing the over-draft agreement.

### **Chapter three.**

#### **CONSUMER LOAN AGREEMENT. FORM AND CONTENTS**

Art. 9. (1) The consumer loan agreement, on the basis of which the creditor grants or is obliged to grant a loan to the consumer under the form of a loan, extension payment and any other similar form of facility of payment, with the exception of the service provision agreements or for provision of goods of one kind for long term of time, where the consumer pays the value of the services, correspondingly – the goods, by periodical payments during the whole period of their provision.

(2) Parties on the consumer loan agreement shall be the consumer and the creditor.

(3) The consumer shall be any natural person, who at signing a consumer loan agreement shall act outside the frames of his professional or commercial activity.

(4) Creditor shall be any natural or legal person, who grants or promises to grant a consumer loan within the frames of their professional or commercial activity.

Art. 10. (1) (amend. – SG 35/14, in force from 23.07.2014) The consumer loan agreement shall be signed in writing on a paper or another permanent media, in a clear and understandable way, whereby all components of the contract shall be presented identically in terms of type, format and a font size not smaller than 12, in two copies – one for each of the agreement parties.

(2) The creditor shall not request and collect from the consumer any payment, including interests, charges, commission or other costs, related to the loan agreement, which have not been envisaged in the signed consumer loan agreement.

(3) Para. 1 shall be applied to all amendments and supplements to the signed agreement, which shall be signed by the two agreement parties, with the exception of the cases, where the agreement explicitly provides possibility for change of the interest percentage only on behalf of the creditor.

(4) (new - SG 35/14, in force from 23.07.2014) Unilateral changes to the total cost of consumer loan shall be allowed when the following circumstances are concurrently present:

1. the loan agreement explicitly provides for an opportunity to increase and reduce the total cost of credit;
2. the circumstances applicable to the change in the total cost of the loan are described in the

agreement, are objectively justified and do not depend on the creditor's will.

(5) (new - SG 35/14, in force from 23.07.2014) Each provision which is at variance to the conditions referred to in par. 4 or is bypassing them shall be null and void.

Art. 10a. (new - SG 35/14, in force from 23.07.2014) (1) The creditor can collect from the consumer charges and commissions for additional services related to the consumer loan agreement.

(2) The creditor may not require payment of charges and commissions for activities related to absorption and management of the credit.

(3) The creditor may not collect more than once a charge and/or commission for the same action.

(4) The type, amount and action for which charges and/or commissions are collected must be clearly and accurately stated in the consumer loan agreement.

Art. 11. (1) The consumer loan agreement shall be drawn out in an understandable language and shall contain:

1. the date and place of its signing;
2. the type of the granted loan;
3. the name, identity number (personal number or foreigner's personal number), the permanent and present consumer's address;
4. the name, the legal-organizational form, code of BULSTAT or Single Identification Code and the address/company address of the creditor;
5. the information under p. 3 for natural persons and under p.4 for one-man traders and legal persons – in cases, where a credit intermediary participates in the agreements;
6. the term of the loan agreement;
7. the total amount of the loan and the conditions for its payment;
8. the goods or service and their price in cash – where the loan is under the form of extended payment for goods or service or in connected loan agreements;
9. the loan interest rate, the conditions for its application and index or referent interest percentage, which is connected with the initial interest percentage, as well as the periods, conditions and procedures for change of the interest rate; if in case of different circumstances different interest rates are applied, this information shall be given about all the applicable interest rates;
- 9a. (new - SG 35/14, in force from 23.07.2014) the methodology for calculation of the reference interest rate according to Art. 33a;
10. the annual percentage of the loan costs and the total sum, owed by the consumer, calculated by the moment of signing the loan agreement, indicating the envisaged admittances, used in calculation of the annual percentage of costs, in the way, determined in Annex 1;
11. the conditions for payment of the loan by the consumer, including a payment plan, containing information about the amount, number, periods and dates of payment of the installments, the successiveness of the distribution of the installments between the different non-paid sums, owed in different interest rates for the purposes of payment;
12. information about the consumer's right in payment of the principal on a term loan agreement to receive at request and free at any moment of the fulfillment of the agreement, an information on the account in the form of a payment plan for the already made and future plans; the payment plan shall indicate the owed payments and the terms and conditions for these payments; the plan shall contain a break of every payment installment, showing the payment of the installment, the interest, calculated on the basis of the interest rate, and where applicable, the additional costs, where the interest rate has not been fixed or where the additional costs may be changed according to the loan agreement, the payment plan shall have clearly indicated, that the information, contained in the plan is valid only by the following change of the interest rate or of the additional costs, according to the loan agreement;

13. statement, showing the periods and payment conditions of the connected, repeated or single costs and the interest, where they must be paid, without payment off of the principal;

14. all the costs for opening and servicing of one or more bank accounts, intended for service (drawdown and payment) of the credit, unless the opening of a bank account is voluntary, the costs for using a payment instrument, allowing the granting of the loan and its payment, as well as all the other costs, comprising from the loan agreement and the conditions, under which they may be changed;

15. the interest rate, applied in delayed payment, calculated by the moment of signing the loan agreement, the ways of its change, as well as the value of all the costs, owed in case of non-fulfillment of the agreement;

16. warning about the consequences for the consumer in case of delay of the installments;

17. the notary and other charges, related to the loan agreement, if there are such;

18. the guaranties, which the consumer is obliged to present, if there are such;

19. requested insurances, if there are such;

20. the availability or lack of the right of the consumer's refusal of the agreement, the term, in which this right may be exercised, and the other conditions for its exercising, including information about the consumer's obligation to pay off the draw down principal and the interest, in compliance with Art. 29, Para. 4 and 6, as well as the amount of the interest rate per day;

21. information about the consumer's rights, comprising from Art. 27 and 28, as well as the conditions for exercising these rights;

22. the right to early payment of the credit, its procedure and where needed, information about the creditor's right to compensation in the cases under Art. 32, as well as the way of its calculation;

23. the procedure for termination of the loan agreement;

24. the availability of out-of-court ways for solving disputes and for compensation of the consumers in relation to granting consumer's loan, as well as the conditions for their usage;

25. the other agreement clauses and conditions;

26. the address of the Commission for Consumer Protection as a control body on the observation of the requirements of this Act;

27. the parties' signatures.

(2) (new SG 35/14, in force from 23.07.2014) The general terms and conditions shall be an integral part of the consumer loan agreement and each page thereof shall be signed by the parties to the agreement.

(3) (prev. par. 3 – SG 35/14, in force from 23.07.2014) In cases, where Para. 1, p 12 is applied, the creditor shall give to the consumer upon request and free, at any moment of the agreement procedure, a statement on the account, under the form of payment plan for the already made and future payments.

(4) (prev. par. 4 – SG 35/14, in force from 23.07.2014) At loan agreement, according to which the payments, made by the consumer do not lead immediately to corresponding payment of the total amount of the credit, and are used for recovery of the means (the capital) under conditions and in terms, envisaged in the agreement or in an additional agreement, it shall be clearly indicated, that this type of agreements do not envisage guaranty for payment of the total amount of the credit, assumed under the loan agreement, with the exception of the cases, where such a guaranty has been given.

(5) (new – SG 35/14, in force from 23.07.2014, revoked - SG 59/16)

Art. 12. (1) The consumer loan agreement, under which the credit is granted under the form of over-draft, where the loan has to be paid off upon request or within the term of 3 months, it shall be drafted in an understandable language and shall contain:

1. date and place of its signing;

2. the type of the granted credit;

3. the name, identity number (personal number or personal number of a foreigner), the permanent and the present address of the consumer;

4. the name, legal-organizational form, the code of BULSTAT or the Single identification code, the

creditor's address of registration;

5. the data under p. 3 for natural persons, and under p. 4 for one-man traders and legal persons – where a credit intermediary participated in the agreements;

6. the term of the loan agreement;

7. the total loan amount and the conditions for its absorption;

8. the loan interest rate, the conditions, applicable in relation to the interest rate, and where needed, an index or reference interest rate, which is related to the initial interest rate, as well as the periods, condition and procedures for change of the interest rate, if in different circumstances, different interest rates are applied, the information on sentence one shall be given for all the applicable interest rates;

9. the annual percentage of the costs on the loan and the total amount, owed by the consumer, calculated by the moment of signing the loan agreement, as the taken into consideration presumptions shall be indicated, used in calculation of the annual percentage of the costs in the way, determined in Annex 1;

10. indication, that the creditor may request from the consumer at any time to pay off the total credit;

11. the conditions for exercising the right of the consumer to a refusal of the signed loan agreement;

12. information about the costs, arising from the moment of signing the loan agreement and the conditions, in which they may be changed.

(2) The consumer may terminate the consumer loan agreement under the form of over-draft, signed for an indefinite period of time, at any moment, without owing costs, unless the agreement has an agreed term for notification for termination of the agreement. The notification term shall not be longer than one month.

Art. 13. (1) In cases, where the agreement for opening an account envisages a possibility for the consumer to exceed the cash in the account or of the agreed amount of over-draft, the agreement shall indicate also the interest rate on the credit, the conditions for its application, and if applicable, the conditions, under which these costs may be changed.

(2) The creditor shall give information under Para. 1, on paper or other permanent media regularly, in certain periods of time.

(3) In case of a substantial exceeding the cash in the account or of the agreed amount of the over-draft, which lasts more than a month, the creditor shall notify immediately the consumer in writing or in another permanent media about:

1. the exceeding;

2. the amount of the exceeding;

3. the interest rate;

4. the applicable sanctions, charges and all the costs and interests over the delayed payments.

Art. 14. (1) The creditor shall notify the consumer on paper or other permanent media for every change of the interest rate before the change comes into force, as well as for:

1. the amount of the installments after enforcing the new interest rate;

2. the number or periods of the installments, if they are changed.

(2) The consumer shall be considered for notified, where the notification has been sent to the address, indicated by him.

(3) (amend. - SG 20/18, in force from 06.03.2018) Where the change of the interest rate comprises from a change of a certain reference interest rate and its reference interest rate has become public, through using appropriate means and information for the new reference interest rate and its components may be found in the commercial creditor's premises, the loan agreement parties may agree, that the information under Para. 1 is given to the consumer periodically.



Art. 15. (1) In a loan agreement, granted under the form of over-draft, the creditor shall give regularly to the consumer, on paper or another permanent media a statement of the account, containing information about:

1. the exact period, about which the statement refers;
2. the amount of the drawdown sums and the date of absorption of every sum;
3. the remainder of a previous statement and its date;
4. the new remainder;
5. the dates and mount of the payments, made by the consumer;
6. the applied interest rate;
7. all the charged costs;
8. the minimal sum of payment on behalf of the consumer, if such is determined.

(2) The creditor shall inform the consumer on paper or other permanent media about any increasing of the interest rate or about the owed by the consumer costs before their enforcement. The consumer shall be considered notified, when the notification has been sent to the last address, indicated by him.

(3) In cases, where the change of the interest rate comprises from a change in a certain reference interest rate and the new reference interest rate has been made public through using appropriate means and the information about the new reference interest rate may be found in the commercial creditor's premises, the agreement parties may be agreed in the loan agreement, that the information under Para. 1 shall be given to the consumer in an account statement.

#### **Chapter four.**

### **EVALUATION OF THE CONSUMER'S CREDIT ABILITY**

Art. 16. (1) Before signing the loan agreement, the creditor shall evaluate the consumer's credit ability on the basis of sufficient information, including information, received by the consumer, and if needed, shall make reference in the Central Credit Register or in another data-base, used in the Republic of Bulgaria for evaluation of the consumers' credit ability.

(2) Before taking the decision on granting the consumer loans, the creditor may use the Central Credit Register or another data base, used in the Republic of Bulgaria for evaluation of the consumers' credit ability and take in consideration the information, contained in the register, while managing the risk, related with granting the credit.

(3) Where after signing the consumer loan agreement, the parties reach an agreement to change the total amount of the credit, the creditor shall be obliged to update the availability of the financial information for the consumer, and to evaluate his credit ability before every increasing of the total amount of the credit, which exceeds with 25% the agreed amount of the credit.

Art. 17. In the cases of trans-border granting of a credit, the creditors from other Member States of the European Union shall receive access to, and shall use the information, contained in the Central Credit Register, or in another data base, used in the Republic of Bulgaria, for evaluation of the consumers' credit ability, under conditions and procedure, in which the data are given and used by persons, granting consumer loan on the territory of the Republic of Bulgaria.

Art. 18. (1) Where on the basis of a check up, made in the Central Credit Register, or in another data base, used in the Republic of Bulgaria, for evaluation of the consumers' credit ability, the creditor refuses to grant a credit, he shall be obliged to notify immediately and free the consumer about the result of the check up and about the information about the consumer, contained in the register.

(2) Para, 1 shall not apply in the cases, where giving the relevant information is prohibited, or contradicts the legislation in force, to the EU law or the public order and security.

(3) While working over the personal data of the consumers and providing access to this data in relation to giving information for evaluation of their credit ability, the provisions of the Personal Data Protection Act shall be applied.

## **Chapter five.**

### **ANNUAL PERCENTAGE OF LOAN COSTS**

Art. 19. (1) The annual percentage of the loan costs shall express the total costs on the loan for the consumer, present and future (interests, other direct or indirect costs, commissions, remunerations of any type, including those, owed to the intermediaries for signing the agreement), expressed as an annual percentage of the total amount of the granted credit.

(2) The annual percentage of the loan costs shall be calculated according to a formula in Annex 1, taking into consideration the indicated in it general provisions and additional presumptions.

(3) While calculating the annual percentage of the loan costs shall not include the costs:

1. which the consumer pays at non-fulfillment of his obligations on the consumer loan agreement;
2. different from the purchase price of the goods or service, which the consumer owes for buying goods or services, notwithstanding whether the payment is made in cash or by credit;
3. for maintaining an account in relation to the consumer loan agreement, the costs for using payment instrument, allowing the payments, related with the absorption or payment of the credit, as well as other costs, related to the payments, if the opening of an account is not obligatory and the costs, related to the account have been clearly and separately indicated in the loan agreement, or in another agreement, signed with the consumer.

(4) (new - SG 35/14, in force from 23.07.2014) The annual percentage of charges may not be higher than five times the legal interest on outstanding liabilities in BG levs and foreign currency, determined with a decree of the Council of Ministers of the Republic of Bulgaria.

(5) (new - SG No. 35/14, in force from 23.07.2014) Clauses in an agreement exceeding the amount set out in par. 4 shall be null and void.

(6) (new - SG 35/14, in force from 23.07.2014) In the event of payments under contracts, containing clauses declared to be null and void subject to compliance with par. 5, the funds received in excess of the threshold specified in par. 4 shall be withheld from future payments under the credit.

## **Chapter six.**

### **INVALIDITY OF THE CONSUMER LOAN AGREEMENT. CLAUSES OF UNEQUAL RIGHTS**

Art. 20. (1) The rights, granted to the consumers under this Act may not be restricted. Every agreement, which preliminary exclude or restrict the consumers' rights shall be invalid.

(2) The refusal of rights, granted to the consumers under this Act shall be invalid.

(3) Where the consumer loan agreement is directly related with the territory of the Republic of Bulgaria or with the territory of another EU Member State, or with the territory of more EU Member States, the consumer shall not be deprived of the protection, granted to him under this Act or of the protection, granted to him by the legislation of another EU Member State.

Art. 21. (1) Any clause in a consumer loan agreement, which has as its purpose or result deviation of the requirements of this Act, shall be void.

(2) Any clause in a consumer loan agreement with a fixed interest rate, which determines compensation for the creditor, larger than the one, pointed out in Art. 32, Para. 4, shall be worthless.

Art. 22. (suppl. – SG 35/14, in force from 23.07.2014) Where the requirements under Art. 10, Para. 1, Art. 11, Para. 1, p. 7 - 12 and 20 and par. 2 and Art. 12, Para. 1, p. 7 - 9, the consumer loan agreement shall be void.

Art. 23. Where the consumer loan agreement has been declared as a void one, the consumer shall return only the clear value of the credit, but shall not owe an interest or other loan costs.

Art. 24. To the consumer loan agreement, Art. 143 – 148 of the Consumer Protection Act shall also apply.

### **Chapter seven.**

#### **ADVERTISEMENT OF CONSUMER LOAN**

Art. 25. (1) Any advertisement of a consumer loan, which points out an interest rate or another figure, related to the loan costs, shall obligatorily contain information about:

1. The interest rate, fixed and/or changeable, applicable to the credit, together with detail information for all the costs, included in the total loan costs for the consumer;
2. the total amount of the credit;
3. the annual percentage of the costs, with the exception of the over-draft credits;
4. the term of the credit;
5. the price of the goods or services, in cases, where it is paid in cash, as well as the amount of the advance payment, where the loan is granted in the form payment in installments of the goods or services;
6. total sum, owed by the consumer and the amount of the installments.

(2) The information under Para. 1 shall be clear, understandable, easy to be seen and shall be accompanied by a representative example.

(3) Any written advertisement, notwithstanding the used media for advertisement, the information about the interest rate, about the annual percentage of the costs, about the total amount of the credit, owed by the consumer, and about whether the loan is with a fixed, or changeable interest rate, shall be presented obligatorily with equal size, type and format of letters.

(4) In cases, where the advertisement about a consumer loan does not show the interest rate or another figure, related with the loan costs, the requirements under Para. 1 shall not apply.

(5) In cases, where the creditor sets as a condition for granting the loan signing a agreement for an additional service, for example an insurance, the value of which cannot be determined preliminary, or when signing such a agreement comprises from applying clauses and commercial conditions, the advertisement shall indicate in a clear and understandable way, easy to be determined, the need of signing a agreement for giving this additional service and the annual amount of the loan costs.

(6) (amend. - SG 57/15) To the advertisement under Para. 1, Art. 68b – 68l of the Consumer Protection Act shall apply.

### **Chapter eight.**

#### **TRANSFER OF RECEIPTS ON CONSUMER LOAN AGREEMENT**

Art. 26. (1) The creditor may transfer his receipt on a consumer loan agreement to a thirds person, only if the consumer loan agreement envisages such a possibility.

(2) When the creditor transfers his receipts on the consumer loan agreement to a thirds person, the consumer shall have the right to make towards this third person all objections, which he has towards the initial creditor, including the objections for deduction.

(3) Any clause of the consumer loan agreement shall be invalid, which excludes or restricts the consumer's right under Para. 2.

(4) The creditor shall inform the consumer for transfer of the receipt under Para. 1, unless where the initial creditor upon agreement with the new creditor continues to administer the loan in relation to the consumer.

## **Chapter nine.** **RELATED LOAN AGREEMENTS**

Art. 27. (1) The agreement for selling goods or supplying services, funded by a consumer agreement, shall obligatorily indicate, that the price of the goods or service will be paid thoroughly or partially by a credit, granted by the creditor.

(2) While granting loan for acquiring goods or services, the consumer's obligations occur from the moment of supplying the goods or the service. At sale of goods or supplying services with a long performance, the obligation of the consumer shall occur with the first supply of the goods or service and shall be terminated with finishing the supply.

(3) The seller of the goods or the supplier of the service shall be obliged to keep a copy of the loan agreement, granted to the consumer and to produce it upon request by the control bodies under this Act.

(4) The seller of the goods or supplier of the service shall not be obliged to supply the goods or the service to the consumer before he is informed by the creditor about the granting of the loan and before expiry of 14day term, in which the consumer may withdraw the loan agreement. Any supply of goods or services before expiry of the term, during which the consumer may withdraw the loan agreement, shall be on the account of the seller of the goods or the service provider.

(5) The agreement for sale of goods or supply of services, funded by a consumer agreement, shall be terminated in the cases, where:

1. within the term of 7 working days, starting from signing the loan agreement, the creditor fails to inform the seller of the goods or the supplier of service for the granting of the credit;
2. the consumer exercises his right to refusal of the loan agreement.

(6) The agreement for selling goods or for supplying services shall not be terminated, where the consumer pays the single purchase price of the goods or the service before expiry of the term of Para. 5, p. 1.

(7) At termination of the agreement for selling goods or supply of services according to Para. 5, the seller of the goods or the supplier of the service shall be obliged to return to the consumer the sums, paid in advance by him.

Art. 28. (1) Where at granting credit for acquiring goods or services the consumer does not receive satisfaction of his rights from the seller or supplier, he shall have the right to claim his pretensions against the creditor on the related loan agreement.

(2) In the cases under Para. 1 the consumer shall have the right to request from the creditor compensation for the difference between the agreed and really supplied, where the following conditions are available:

1. the consumer has received a credit for acquiring goods or services from a person, different from the seller or supplier;
2. between the creditor or the seller of the goods or supplier of the service has been signed a preliminary agreement, according to which credits for acquiring of the offered by the seller or supplier goods and services will be granted only by this creditor;
3. the consumer has received a credit within the frames of the agreement under p. 2;
4. the goods and services for which the credit has been received, have not been supplied to the consumer, have been supplied partially or do not comply with the agreement for sale or supply, and

5. the consumer has claimed his right to compensation towards the supplier, but has not been satisfied.

(3) In cases, where the consumer exercises his right to withdraw the signed agreement for supply of goods or services, he shall not be bound to the clauses of the related with him consumer loan agreement.

### **Chapter ten.**

#### **RIGHT TO WITHDRAW THE CONSUMER LOAN AGREEMENT**

Art. 29. (1) The consumer has the right, without owing compensation or damages and without pointing out a reason, to withdraw the signed consumer loan agreement within the term of 14 days, starting from:

1. the date of signing the loan agreement, or
2. the date, on which the consumer receives the agreement conditions and the information on Art. 11 and 12 – in the cases, where this date is after the date according to p. 1.

(2) The right to withdrawing the signed consumer loan agreement shall be considered as exercised, under the condition, that the consumer sends notification to the creditor before expiry of the term according to Para. 1.

(3) The notification under Para. 2 shall be made on a paper or other permanent media, to which the creditor has access, in a way, which may be proved according to the legislation in force.

(4) In cases, where the consumer exercises his right to withdrawing the loan agreement, he shall return to the creditor the principal, and shall pay interest, charged for the period from the date of drawdown the credit till the date of returning the principal, without unreasonable delay and not later than 30 calendar days, starting from sending the notification to the creditor for exercising the right to a withdrawal. The interest shall be calculated on the bases of the interest rate, agreed in the agreement.

(5) The withdrawal of the signed loan agreement by the consumer shall come into force and the agreement is terminated, if the notification has been made within the term, and the provisions of Para. 2 and 3 and the condition of Para. 4 have been completed.

(6) At exercising the right to withdrawal of the signed loan agreement, the creditor shall not have the right to request and collect from the consumer compensation, with the exception of the compensation for the costs, made by him to public administrative bodies, which are not subject to reimbursement.

(7) While exercising his right to withdrawal of the loan agreement, the consumer shall not be bound to additional services, related to the loan agreement, which are provided by the creditor or by a third person, on the basis of an agreement between the third person and the creditor.

Art. 29a. (new – SG 35/14, in force from 23.07.2014) The provision of Art. 29 shall not apply to loan agreement for a total amount less than BGN400.00.

Art. 30. The provisions of Art. 12 and 13 of the Providing Financial Services from a Distance Act for the right to withdrawal of the agreement from a distance shall not apply in relation to the consumer loan agreement, signed from a distance, in cases, where the consumer has the right to withdraw the agreement, as provided by Art. 29

Art. 31. (amend. – SG 61/14, in force from 25.07.2014) The provisions of Art. 50 of the Law on the Consumer Protection on the right to withdraw the agreement, signed outside the commercial site, shall apply in relation to a consumer credit agreement, signed outside the commercial site, when the consumer has the right to withdraw the agreement, as provided by Art. 29.

**Chapter eleven.**  
**PRELIMINARY PAYMENT OF THE CREDIT**

Art. 32. (1) The consumer has the right at any time to pay off totally or partially his obligations on the loan agreement. In these cases he shall have the right to diminishing the total costs on the credit, where this diminishing refers to the interest and the costs for the remaining part of the agreement term.

(2) The creditor shall not refuse to accept preliminary fulfillment of the loan agreement.

(3) The creditor shall not have the right to compensation or defection, in cases, where at preliminary payment by the consumer:

1. the payment of the loan is made in a period, during which the interest rate of the loan agreement has not been fixed;

2. the payment is made on the basis of payment of an insurance agreement, whose purpose has been to guaranty the payment of the credit, or

3. the loan agreement is under the form of over-draft.

(4) In preliminary payment of the loan on behalf of the consumer, apart from the cases under Para. 3, the creditor shall have the right to fair and objectively reasoned compensation for the eventual costs, directly related with the preliminary payment of the credit, where it is made during a period, in which the interest rate has been fixed. The compensation of the creditor shall not be larger than 1% of the preliminary paid sum of the credit, where the remaining period of the loan agreement is longer than a year. In cases, where the remaining period of the loan agreement is smaller than a year, the compensation of the creditor shall not be larger than 0,5% of the sum of the preliminary paid credit.

(5) (suppl. – SG 35/14, in force from 23.07.2014) The creditor may, upon exception, to seek a larger compensation, if he proves, that he has suffered a loss from the preliminary payment of the credit, exceeding the sum under Para. 4, respectively under par. 8.

(6) In cases, where the sought compensation by the creditor under Para. 5 exceeds the real suffered loss, the consumer may pretend for corresponding diminishing. In this case the loss shall be determined as a difference between the initially agreed interest and the interest rate, in which the creditor may offer to the market again as a credit the preliminary paid off sum, taking account of the influence of the preliminary payment over the administrative costs on the credit.

(7) (amend.. – SG 35/14, in force from 23.07.2014) In the cases under Para. 4, 5 and 8 the compensation of the creditor in preliminary payment of the loan shall not exceed the amount of the interest, which the consumer would pay for the period, comprising the preliminary payment of the loan and the agreed date for termination of the loan agreement.

(8) (new – SG 35/14, in force from 23.07.2014, revoked - SG 59/16)

**Chapter twelve.**  
**OTHER OBLIGATIONS OF THE CREDITOR**

Art. 33. (1) In case of delay of the consumer, the creditor shall have the right only to an interest over the unpaid in term sum for the time of the delay.

(2) In cases, where the consumer delay the owed by him payments on the credit, the compensation for delay shall not exceed the legal interest.

(3) The creditor shall not refuse to accept partial payment on the consumer loan.

Art. 33a. (new - SG No. 58/10, in force from 31.08.2010, amend. - SG 35/14, in force from 23.07.2014) (1) The creditor shall apply a reference interest rate in accordance with a methodology set by them.

(2) The methodology referred to in par. 1 shall contain clear and written calculation procedure (formula) indicating the type, quantity expressions and relative weight of the individual components (market

indices and/or indicators).

(3) The methodology referred to in par. 1 shall be described in the consumer loan agreement and may not be changed unilaterally by the creditor after the conclusion of the loan agreement.

(4) The creditor shall publish on its web site the methodology and the amount of the reference interest rate referred to in par. 1.

(5) (new - SG 51/18, in force from 01.07.2018) When an interest rate benchmark, used by a creditor for a reference interest rate under credit agreements, has changed substantially or has ceased, the creditor shall implement an action plan prepared in accordance with Art. 28 (2) of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OB, L 171/1 of 29 June 2016).

(6) (new - SG 51/18, in force from 01.07.2018) The creditor shall notify the consumer in accordance with Art. 14 for changes to the credit agreement resulting from the application of the plan under para. 5. At the moment of application of the plan under para. 5 the new interest rate under the credit agreement may not be higher than the amount of the interest rate under the contract before that date.

Art. 34. (1) The creditor shall not oblige the consumer to guaranty the consumer loan by issuing an order or bill of exchange

(2) In cases, where the obligation of the consumer on the consumer loan agreement is guaranteed through issuing an order or a bill, after every payment the creditor shall immediately bring them into compliance with the remaining of the obligation.

(3) In payment of the consumer's obligation, the creditor shall be obliged immediately to return the issued order or bill.

(4) The creditor shall be responsible for all damages, caused to the consumer in case of failure to fulfill the obligation under Para. 1, 2 and 3.

(5) The creditor shall not have the right to change officially the currency, in which the loan is negotiated, respectively – the remaining of the credit.

### **Chapter thirteen.**

#### **CONSUMER LOAN AGREEMENTS WITH INDEFINITE TERM**

Art. 35. (1) The consumer shall have the right at any time to terminate the consumer loan agreement, signed for indefinite period of time, without owing compensation or damages, unless where the parties have agreed a term of notification for termination of the agreement. This term shall not be longer than one month.

(2) If the agreement provides, the creditor may terminate the loan agreement for an indefinite term in a general procedure, by sending to the consumer a notification on paper or another permanent media, at least 2 months before that.

(3) If provided by the loan agreement and if objective reasons are available, the creditor may terminate the payment of sums on the loan agreement by the consumer, signed for indefinite period of time.

(4) In the cases under Para. 3, the creditor shall be obliged to inform preliminary the consumer of paper or another permanent media, by pointing out the reasons for termination of payment of sums on the loan agreement, and where this is not possible – immediately after that , unless giving this information is prohibited or contradicts to the legislation in force, to the EU law or of the public order and security.

### **Chapter fourteen.**

#### **INTERMEDIATION FOR GRANTING CONSUMER LOAN**

Art. 36. (1) The provisions of the law shall apply also to the agreement for intermediation for granting consumer loan.

(2) The agreement for intermediation for granting consumer loan shall be a agreement, on the basis of which a natural or legal person, who acts within the frames of his professional or commercial activity, offers or is obliged to assist for signing a consumer loan agreement or to show a possibility for its signing.

(3) The agreement under Para. 1 shall be signed in writing.

(4) Any advertisement and any document, intended for the consumer, prepared or disseminated by or on the account of the credit intermediary, shall contain clearly the scope of its competences, more-precisely, whether it works only with one creditor, with more creditors or performs activity as an independent broker.

(5) before signing the consumer loan agreement, the credit intermediary and the consumer shall agree in writing or on another permanent media the amount of the eventual costs, related to the services, provided by the credit intermediary, including his remuneration, owed by the consumer.

(6) the credit intermediary shall notify the creditor about the owed by the consumer costs, related to the services, provided by him, including the owed by the consumer remuneration, for calculating the annual percentage of the costs.

## **Chapter fifteen.**

### **WAYS OF SOLVING CONSUMER DISPUTES**

#### **Section I.**

#### **Complaints of Consumers. Collective Applications for Consumer Protection**

Art. 37. (1) The consumers shall have the right to file complaints, related to consumer loan agreements or to agreements for intermediation for granting consumer loan, to the Commission for Consumer Protection.

(2) The Commission for Consumer Protection and the consumer associations shall explain the rights and obligations of the consumers, related to the consumer loan agreements, give them advice and information for their rights while using consumer loan and shall assist for solving consumer disputes and complaints.

Art. 38. The Commission for Consumer Protection and the consumer associations may claim for termination or prohibition of acts or commercial practices under this Act, which violate the collective interests of the consumers, and applications for compensation under the conditions and procedure if Art. 186 – 190a of the Consumer Protection Act.

Art. 39. (1) The persons, providing consumer loan in the meaning of this Act shall be obliged within the frames of internal rules for performing their activity to envisage procedure for filing objections, solving disputes and determining compensations related to complaints of consumers, related with granting consumer loans and to give information to the consumers about this.

(2) The creditor shall be obliged to pronounce and notify in writing the consumer about his decision on every filed objection, related to a consumer loan, within 30 days after its receiving.

(3) Filing an objection or a complaint by the consumers, related to a consumer loan agreement shall not be an obligatory premise for formation of conciliating procedure under Art. 40, Para. 1.

#### **Section II.**

#### **Solving Disputes out-of-Court**



Art. 40. (1) (amend. - SG 57/15, amend. - SG 59/16) Consumers shall have the right to approach a sectoral conciliation committee examining disputes in the financial services area and established under Chapter Nine, Section III of the Consumer Protection Act, in cases where their rights and legal interests have been breached.

(2) (amend. and suppl. - SG 59/16) Where the creditor fails to pronounce in the envisaged term in Art. 39, Para. 2, and where the creditor's decision does not satisfy the consumer, the dispute may be referred for consideration to an authority of alternative dispute resolution under Para. 1. The creditor, respectively the credit intermediary, shall inform the consumer about the existence of such option.

(3) (amend. - SG 59/16) While examining trans-border disputes related to granting consumer loans, the sectoral conciliation committee examining disputes in the financial services area shall cooperate with the relevant competent authorities for an alternative dispute resolution for the EU Member States by exchanging information and opinions with them.

## **Chapter sixteen.**

### **CONTROL**

Art. 41. (1) (amend. – SG 61/14, in force from 25.07.2014; amend. - SG 14/15) The control on this law shall be performed by the Commission for Consumer Protection under the Minister of Economy.

(2) For performing the control on the implementation of the Act, the chairperson of the Commission for Consumer Protection shall authorize by an order officials of its administration.

(3) While fulfilling their official duties the officials under Para. 2 shall have the right:

1. to access to all documents, related directly or indirectly with violation of this Act;
2. to order to any official person to present information about violations of this Act, about which he is aware of;
3. to perform check-ups on site.
4. to attract experts;
5. to draw up acts for establishing violations.

(4) While fulfilling their official duties, the officials under Para. 2 shall observe the official, bank, professional or trade confidentiality and shall not disclose information of the check-ups before their finalization, as well as not to use the information, received during the check-ups outside its purpose and function.

(5) The chairperson of the Commission for Consumer Protection shall have the right to:

1. order in writing the violator to interrupt the violation of this Act;
2. request from the violator to declare, that he shall interrupt the violation
3. order interruption or prohibition of any violation of this Act and if it is needed, to make the order publicly known.

Art. 42. The creditors – subject to check up for observing the requirements of this Act shall be obliged to provide for the officials under Art. 41, Para. 2:

1. access to the official premises;
2. the needed documents, information and assistance, requested for the purposes of the check-up under Art. 41, Para. 3, as well as to restrain from acts, which would hinder its conducting.

Art. 43. (1) In cases, where the Commission for Consumer Protection establishes, that the credit advertisement is in violation of Art. 25, Para. 2 or 3, the chairperson of the Commission shall issue an order, which would stop the dissemination of the advertisement.

(2) The chairperson of the Commission for Consumer Protection may oblige the advertiser to prove the truth of the contained in the advertisement statements, as well as to order the producing proofs to be

within a term, determined by him.

Art. 44. (1) The order of the chairperson of the Commission for Consumer Protection shall obligatory contain the reason and motives for stopping the dissemination of the advertisement.

(2) The order shall be subject to appeal, as provided by the Administrative-procedure Code.

(3) The appeal of the order shall not stop its fulfillment, unless the Court orders something else.

### **Chapter seventeen.**

#### **ADMINISTRATIVE-PENAL PROVISIONS**

Art. 45. (1) (amend. - SG 35/14, in force from 23.07.2014, amend. - SG 59/16) For violation of Art. 5, 6, Art. 7, Para. 2, Art. 10, Art. 10a, Art. 11, Art. 18, Para. 1 and 2, Art. 19, Para. 2, Art. 25, Para. 1 - 5, Art. 26, Para. 1, Art. 29, Para. 1, Art. 34, Para. 1, 3 and 5, Art. 36, Para. 3, 4 and 5 and Art. 41, Para. 4, the guilty persons shall be fined by BGN 700 to 2000, for the natural person and the sole traders and legal persons – property sanctions in the amount of BGN 3000 to 8000.

(2) In case of a repeated violation under Para. 1, the fine shall be BGN 1500 to 4000, and the property sanctions from BGN 5000 to 15000.

Art. 46. (1) For violation of Art. 8, 12, 13, Art. 14, Para. 1 and Art. 15, Para. 1 and 2 the guilty persons shall be fined by BGN 700 to 2000 - for natural persons, and a property sanction in the amount of BGN 3000 to 8000 – for sole traders and legal persons.

(2) In repeated violation under Para. 1, the fine shall be in the amount of BGN 1500 to 4000, and the property sanction from BGN 5000 to 15 000.

Art. 47. (1) For violation of Art. 16, Para. 1 and 3 the guilty persons shall be fined from BGN 700 to 2000 – for natural persons and a property sanction in the amount of BGN 3000 to 8000 - for sole traders and legal persons.

(2) In repeated violation under Para. 1, the fine shall be in the amount of BGN 1500 to 4000, and the property sanction from BGN 5000 to 15 000.

Art. 48. For violation of Art. 27, Para. 6 and 7, the guilty persons shall be fined by BGN 1500 to 4000 - for natural persons and a property sanction in the amount of BGN 3000 to 5000 - for sole traders and legal persons

Art. 49. (1) Anyone, who in violation of Art. 29, Para. 6 requests, collects or admits to be collected compensation or damage for withdrawal of the consumer of the signed agreement, shall be punished by a fine in the amount of BGN 700 to 2000 – for natural persons and a property sanction in the amount of BGN 3000 to 8000 - for sole traders and legal persons

(2) In repeated violation under Para. 1, the fine shall be in the amount of BGN 1500 to 4000, and the property sanction from BGN 5000 to 15 000.

Art. 50. (1) For violation of Art. 32, Para. 2, 3 and 4, the guilty persons shall be fined by BGN 2000 to 5000 - for natural persons and a property sanction in the amount of BGN 5000 to 10000 - for sole traders and legal persons

(2) In repeated violation under Para. 1, the fine shall be in the amount of BGN 4000 to 10000, and the property sanction from BGN 8000 to 15 000.

Art. 50a. (new - SG 58/10, in force from 31.08.2010) For infringement of Art. 33a the guilty persons shall be imposed a fine between BGN 700 and 2000 – in respect of natural persons, and property sanction between BGN 3000 and 8000 – in respect of sole entrepreneurs and legal persons.

Art. 51. For violation of Art. 36, Para. 6, the guilty persons shall be fined by BGN 2000 to 5000 - for natural persons and a property sanction in the amount of BGN 5000 to 10000 - for sole traders and legal persons

Art. 52. For violation of Art. 39, Para. 1 and 2, the guilty persons shall be fined by BGN 1000 to 2000 - for natural persons and a property sanction in the amount of BGN 1500 to 3000 - for sole traders and legal persons

Art. 53. (1) For failure to fulfill an order under Art. 41, Para. 3, p. 2 and Para. 5 the guilty persons shall be fined by BGN 1000 to 2000 – for natural persons and a property sanction in the amount of BGN 1500 to 3000 - for sole traders and legal persons

(2) In repeated violation under Para. 1, the fine and the property sanction shall be doubled

Art. 54. (1) For failure to fulfill the obligation under Art. 42 the guilty persons shall be fined by BGN 2000 to 5000 – for natural persons and a property sanction in the amount of BGN 5000 to 10000 - for sole traders and legal persons

(2) In repeated violation under Para. 1, the fine shall be in the amount of BGN 4000 to 10000, and the property sanction from BGN 8000 to 15 000.

Art. 55. (1) The acts for establishing violations shall be drawn up by officials, authorized by the chairperson of the Commission for the Consumer Protection.

(2) The penal orders shall be issued by the chairperson of the Commission for the Consumer Protection or by persons, authorized by him.

(3) Drawing up acts, issuing, appealing and implementation of the penal orders shall be done as provided by the Administrative Violations and Penalties Act.

### **Additional provisions**

§ 1. In the meaning of this Act:

1. "Total cost on the consumer loan" shall be all the costs on the credit, including interests, commissions, charges, remuneration for the credit intermediaries and all other types of costs, directly or indirectly related to the consumer loan agreement, known to the creditor and which the consumer must pay, including the costs for the additional services, related to the loan agreement, and more specifically, the insurance premiums in the cases, where the signing of the agreement for service is an obligatory condition for using the credit, or in the cases, where the granting of the loan is as a result of applying commercial clauses and conditions. The total cost on the loan for the consumer shall not include the notary charges.

2. "Total sum, owed by the consumer" is the total sum of the total amount of the loan and the total costs on the consumer loan.

3. "Total amount of the loan" is the maximum amount (limit) or the total sum, granted on the loan agreement.

4. "Interest rate on the credit" is the interest rate, expressed as a fixed or variable percentage, applied on annual base to the sum of the drawdown credit.

5. "Fixed interest percentage on the loan" is the interest percentage, envisaged in a clause of the loan agreement, according to which the creditor and the consumer agree upon one permanent interest percentage for the whole term of the loan agreement or agree upon several interest percentages for certain periods of the loan agreement, during which only the determined fixed interest percentage is applied. Where not all interest rates on the credit for the separate periods have been determined in the loan agreement, it is accepted, that the interest rate on the loan is fixed only for certain periods, during which the interest percentage has been determined exclusively by the help of certain fixed percentage, agreed upon the signing of the loan agreement.

5a. (new - SG 35/14, in force from 23.07.2014) "Variable borrowing interest rate" shall mean the interest rate provided for in a clause of the loan agreement, by virtue of which the creditor and the consumer agree that the interest rate applicable to the consumer loan agreement shall comprise a variable component (reference interest rate) and a fixed surplus. The fixed surplus may not be changed unilaterally throughout the duration of the loan agreement.

6. (amend. - SG 35/14, in force from 23.07.2014, amend. - SG 20/18, in force from 06.03.2018) "Reference interest rate" shall mean the interest rate used as a basis for the calculation of the variable interest rate applicable to the loan agreement. It is an interest rate benchmark under the Regulation (EU) № 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as benchmarks for purposes of financial instruments and financial contracts or on the measurement of the performance of investment funds, and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) № 596/2014 (OJ, L 171/1 of 29 June 2016) or an index and/or indicators published by the Bulgarian National Bank and/or the National Statistics Institute or a combination thereof.

7. "Over-draft" is the credit, which the creditor explicitly gives to the consumer opportunity to use means, exceeding the available amount in his payment account.

8. "Agreement for opening account on the credit, in which there is a possibility the consumer to be granted the right to exceed the availability or the negotiated amount of over-draft" is the credit, in which the creditor silently gives to the consumer possibility to use money , exceeding the available amount in his payment account or the negotiated amount of the over-draft.

9. "Credit intermediary" is a natural person, who does not act as a creditor and who, while performing his commercial or professional activity for payment in money or another form of economic remuneration, negotiated in the agreement:

a) gives or offers loan agreements for the consumers;

b) assists the consumer, performing the preparatory work for loan agreements, different from those in letter "a", or

c) signs loan agreements with consumers on behalf and on the account of the creditor.

10. "Permanent media" is any media, giving opportunity to the consumer to keep information, addressed to him in a way, which allows its easy usage for a period of time, corresponding to the purposes, to which the information is intended, and which allows unchangeable reproduction of the kept information.

11. "Related loan agreement" is the consumer loan agreement, in which:

a) the loan is used explicitly for financing a agreement for supply of goods or provision of services, and

b) from commercial point of view the two agreements represent one whole, which means, that the seller of the goods, or the supplier of the service finances the granting of the credit, or in case that the credit is financed by a third party, the creditor uses the services of the seller of the goods or of the service provider for signing or preparation of the loan agreement, or that the loan agreement indicates concrete goods or services, the supply of which will be funded by the consumer loan.

12. "Repeated" is the violation, perpetrated within one year term after the enforcement of the penal order, with which a penalty is imposed for the same in kind violation.

§ 2. (suppl. - SG 91/12, in force from 01.01.2013) This Act shall introduce the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on loan agreements for consumers and repealing Council Directive 87/102/EEC (OJ, L 133/66 of 22 May 2008) and of Commission Directive 2011/90/EU of 14 November 2011 amending Part II of Annex I to Directive 2008/48/EC of the European Parliament and of the Council providing additional assumptions for the calculation of the annual percentage rate of charge (OJ, L 296/35 of 15 November 2011).

### **Transitional and concluding provisions**

§ 3. The Consumer Loans Act (prom., SG, 53/2006; amen. 105 /2006, 110 of 2008 and 82/2009) shall be repealed.

§ 4. The pending procedures status quo on the repealed Consumer Loans Act before the Commission for Consumer Protection shall be finalized in the previous order.

§ 5. The provisions of the Act shall not apply to agreements for consumer loan, signed before the date of its enforcement, with the exception of Art. 14, 15, 26 and 35, which shall apply to permanent loan agreements, signed before this date.

§ 6. In the Consumer Protection Act (prom., SG, 99/ 2005.; amen., 30, 51, 53, 59, 105 and 108/ 2006, 31, 41, 59 and 64/2007, 36 and 102/2008 and. 23, 42 and 82/2009) in Art. 186, Para. 2, p. 9 letter "c" shall be amended as follows:

"c) Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on loan agreements for consumers and repealing Council Directive 87/102/EEC (OJ, L 133 /66 of 22 May 2008);".

§ 7. The Rules of Procedure of the Commission for Consumer Protection shall be brought into compliance with the requirements of the Act within one month after its enforcement.

§ 8. (amend. – SG 61/14, in force from 25.07.2014; amend. - SG 14/15) The implementation of the law shall be assigned to the Minister of Economy.

§ 9. The Act shall come into force from 12 May 2010.

-----  
The Act has been adopted by the 41st National Assembly on 18 February 2010, and has been sealed by the official stamp of the National Assembly.

### **Concluding provisions**

## **TO THE ACT ON AMENDMENT AND SUPPLEMENTATION OF THE CONSUMER LOAN**

(PROM. - SG 58/10, IN FORCE FROM 31.08.2010)

§ 4. This Act shall enter into force one month after its promulgation in the State Gazette.

**Concluding provisions  
TO THE ACT ON AMENDMENT AND SUPPLEMENTATION OF THE CONSUMER LOANS  
ACT**

(PROM. - SG 91/12, IN FORCE FROM 01.01.2013)

§ 4. (amend. - SG 30/13, in force from 26.03.2013) The provisions of this Act on calculating APR of the credit taking into account the additional assumptions as referred to in Item 3 of Annex 1 to Art. 19, Para 2 shall not apply to consumer loan agreements signed before its entry into force.

§ 5. This Act shall enter into force from 1 January 2013.

**Transitional and concluding provisions  
TO THE TOURISM ACT**

(PROM. - SG 30/13, IN FORCE FROM 26.03.2013)

§ 20. This Act shall enter into force from the day of its promulgation in the State Gazette except the provisions of Chapters Nine, Ten and Twelve, which shall enter into force 6 months following the promulgation of the Act.

**Transitional and concluding provisions  
TO THE CONSUMER LOAN ACT**

(PROM. - SG 35/14, IN FORCE FROM 23.07.2014)

§ 13. The provisions of this act shall not apply to loan agreements concluded prior to the date of its entering into force, except for with regard to charges, compensations or penalties referred to in § 9, item 3 of this act.

**Transitional and concluding provisions  
TO THE ACT AMENDING AND SUPPLEMENTING THE CONSUMER PROTECTION ACT**

(PROM. - SG 61/14, IN FORCE FROM 25.07.2014)

§ 86. In the Law on the consumer credit (prom. SG 18/10, amend. SG 58/10, SG 91/12, SG 30/13 and SG 35/14) the following amendments and supplementation are made:

.....

6. Everywhere in the act the words "Minister of Economy, Energy and Tourism" shall be replaced with "Minister of Economy and Energy".

.....

§ 91. The act shall enter into force from the day of its promulgation in State Gazette.

**Transitional and concluding provisions**  
**TO THE ACT AMENDING AND SUPPLEMENTING THE PAYMENT SERVICES AND**  
**PAYMENT SYSTEMS ACT**

(PROM. - SG 20/18, in force from 06.03.2018)

§ 28. The Act shall enter into force on the day of its promulgation in the State Gazette with the exception of:

1. Article 47, which comes into force once the European Commission has published the electronic brochure on consumer rights under Art. 106 (2) of Directive (EU) 2015/2366 and Art. 71, para. 2, item 3, Art. 72, para. 3, item 4, para. 4, Item 1, Art. 73, para. 2, item 3, para. 3, item 1 and Art. 100, which shall enter into force 18 months after the entry into force of the regulatory technical standards, which the European Commission accepts under Art. 98 (4) of Directive (EU) 2015/2366; until the entry into force of Art. 100, para. 1 - 6 payment service providers comply with the requirements of Final Guidelines on the Security of Internet Payments of 19 December 2014 of the European Banking Authority;

2. Article 102, which shall enter into force on 30 April 2018, and Art. 103 to 109, which shall enter into force on 31 October 2018;

3. paragraph 16, point 2, letter "c" of the Transitional and Concluding Provisions concerning para. 8, which shall enter into force on 1 January 2019;

4. Paragraphs 25 and 26, paragraphs 1 to 5 of the Transitional and Concluding Provisions, which shall enter into force on 1 July 2018.

**Transitional and concluding provisions**  
**TO THE ACT AMENDING AND SUPPLEMENTING THE CREDIT INSTITUTIONS ACT**

(PROM. - SG 51/18, IN FORCE FROM 01.07.2018)

§ 6. The provisions of Art. 33a, para. 5 and 6 of the Consumer Loans Act shall also apply to the consumer loans contracts, concluded until 1 July 2018 for which a market index such as LIBOR, EURIBOR or SOFIBOR is used for a reference interest rate.

§ 7. The Act shall enter into force on 1 July 2018.

**Annex 1 to Art. 19, Para. 2**

(amend. - SG 91/12, in force from 01.01.2013)

Annual rate percentage of the loan costs

1. Calculation of the annual percentage rate of the charge

The annual percentage rate of the charge on the consumer loan shall be calculated according to the following formula:

where:

X is the APR, which may be calculated in algebra way or by succession, where the other parameters in the equation are known;

m - is the number of the last drawdown;

k - is the number of a drawdown, thus  $1 \leq k \leq m$ ;

C<sub>k</sub> - is the amount of drawdown k;

t<sub>k</sub> - is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each subsequent drawdown, thus  $t_1 = 0$ ,

m' - is the number of the last repayment or payment of charges;

l - is the number of a repayment or payment of charges;

Dl - is the amount of a repayment or payment of charges;

Sl - is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each repayment or payment of charges.

2. The calculation of APR is made by accounting the following:

(a) The amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals.

(b) The starting date shall be that of the first drawdown.

(c) Intervals between dates used in the calculations shall be expressed in years or in fractions of a year. A year is presumed to have 365 days (or 366 days for leap years), 52 weeks or 12 equal months. An equal month is presumed to have 30,41666 days (i.e. 365/12) regardless of whether or not it is a leap year.

(d) The result of the calculation shall be expressed with an accuracy of at least one decimal place. If the figure at the following decimal place is greater than or equal to 5, the figure at that particular decimal place shall be increased by one.

(e) The equation can be rewritten using a single sum and the concept of flows ( $A_k$ ), which will be positive or negative, in other words either paid or received during periods 1 to k, expressed in years, i.e.:

S being the present balance of flows. If the aim is to maintain the equivalence of flows, the value will be zero.

3. (amend. - SG 91/12, in force from 01.01.2013) The calculation of APR on the credit is done in the following additional assumptions

(a) the consumer loan agreement shall be valid for the term, for which it has been signed and the creditor and the consumer shall fulfil their obligations in compliance with the agreement terms and conditions;

(b) a consumer loan agreement, which contains clauses, allowing changes of the interest rate and of the value and size of the charges, included in APR on the credit, which cannot receive concrete value expression at the moment of its calculation, APR on the credit shall be calculated, by accepting that the interest and the other charges are unalterable to their first amount and shall be applied till the end of the agreement term.

(c) if a loan agreement gives the consumer freedom of drawdown in general, it is admitted that the total amount of the credit is assumed immediately and totally;

(d) if the loan agreement offers to the consumer different ways of repayment by applying different interest rates or different charges, it is accepted, that the credit is assumed at the highest values for interest rate and charges, usually applicable in repayment means of this kind loan agreements;

(e) if the loan agreement gives to the consumer different ways for its repayment, but envisages limits in relation to the sum and term at different ways of repayment, the credit shall be deemed to be assumed at the earliest date in the agreement, in compliance with the envisaged limitations for its repayment

(f) unless otherwise specified, while calculating APR on the credit it is accepted that the credit has been granted for the term of one year and shall be paid in 12 equal monthly installments;

(g) if the loan agreement envisages payment plan, according to which the size of the payment instalments varies, the sum of each instalment shall be accepted as the lowest of the envisaged sums in the agreement;

(h) unless otherwise provided, and the loan agreement contains more than one possible date for



payment of the instalments, while calculating the APR on the credit, it is accepted, that the credit is granted and the repayment instalments shall be made at the earliest date, envisaged by the agreement;

(i) if the loan agreement does not envisage total amount of the credit, it is deemed that it is BGN 3000;

(j) in the cases of granting loan agreement in the form of overdraft on an account, it is deemed, that the total amount of the credit is repaid totally, and the whole term of the agreement, if the term of the loan agreement is known, while calculating APR is deemed, that the agreement term is 3 months;

k) if for a certain period or amount, different interest rates are offered and different charges, it is deemed, that the interest rate and the charges are the highest for the whole term of the loan agreement;

l) in a loan agreement, for which a fixed interest rate is agreed for the initial agreement period, at the end of which a new interest rate is determined, which afterwards periodically is recalculated according to a certain agreement index, while calculating the APR is deemed, that from the end of the period with a fixed interest rate, the interest rate is the same, as at the moment of calculation of APR, depending on the values of the agreed at this moment index.

## **Annex 2 to Art. 5, Para. 2**

(amend. – SG 61/14, in force from 25.07.2014)

### STANDARD EUROPEAN CONSUMER LOAN INFORMATION FORM

The information in this form shall not have the force of an offer for signing an agreement and shall not oblige the creditor to give you the credit product, about which this information is concerned.

#### Part I. Identity and contact details of the creditor/credit intermediary

- |                         |   |
|-------------------------|---|
| 1. Creditor             | [Identity]  |
| 2. Address              | [Geographical address to be used by the consumer] |
| 3. Telephone number (*) |   |
| 4. E-mail address (*)   |   |
| 5. Fax number (*)       |   |
| 6. Web address (*)      |   |
| If applicable           |   |
| 1. Credit intermediary  | [Identity]  |
| 2. Address              | [Geographical address to be used by the consumer] |
| 3. Telephone number (*) |   |
| 4. E-mail address (*)   |   |
| 5. Fax number (*)       |   |
| 6. Web address (*)      |   |

#### Part II. Description of the main features of the credit product

1. The type of credit
2. The total amount of credit (This means the ceiling or the total sums made available under the loan agreement. )
3. The conditions governing the drawdown (This means how and when you will obtain the money).

4. The duration of the loan agreement

5. Instalments and, where appropriate, the order in which instalments will be allocated

You will have to pay the following: [The amount, number and frequency of payments to be made by the consumer] Interest and/or charges will be payable in the following manner:

6. The total amount you will have to pay.

(This means the amount of borrowed (capital) plus interest and possible costs related to your credit.)

[Sum of total amount of credit and total cost of credit]

7. If applicable.

The credit is granted in the form of a deferred payment for a good or service or is linked to the supply of specific goods or the provision of a service

Name of good/service

Cash price

8. If applicable

Securities required

[Kind of securities]

This is a description of the security to be provided by you in

Relation to the loan agreement.

9. If applicable

Repayments do not give rise to immediate amortisation of the capital.

### Part III. Costs of the credit

1. The borrowing rate or, if applicable, different borrowing rates which apply to the loan agreement

[% — — — fixed or, variable (with the index or reference rate applicable to the initial borrowing rate), periods],

2. Annual Percentage Rate of Charge

(APR) This is the total cost expressed as an annual percentage of the total amount of credit. The APR is there to help you compare different offers.

[% A representative example mentioning all the assumptions used for calculating the rate to be set out here]

3. Is it compulsory, in order to obtain the credit or to obtain it on the terms and conditions marketed, to take out — an insurance policy securing the credit, or — another ancillary service contract, If the costs of these services are not known by the creditor they are not included in the APR.

Yes/no [if yes, specify the kind of insurance] Yes/no [if yes, specify the kind of ancillary service]

4. Related costs

4. 1. If applicable Maintaining one or more accounts is required for recording both payment transactions and drawdowns

4. 2. If applicable Amount of costs for using a specific means of payment (e.g. a credit card)

4. 3. If applicable Any other costs deriving from the loan agreement

4. 4. If applicable Conditions under which the abovementioned costs related to the loan agreement can be changed

4.5. If applicable Obligation to pay notarial fees

4.6. Costs in the case of late payments

You will be charged [..... (applicable interest rate and arrangements for

Missing payments could have severe consequences for you (e.g. forced sale) and make obtaining credit more difficult. its adjustment and, where applicable, default charges)] for missing payments.

#### Part IV. Other important legal aspects

- |   |  |
|---|--|
| 1. Right of withdrawal  | Yes/no   |
| You have the right to withdraw from the loan agreement within a period of 14 calendar days. |  |
| 2. Early repayment  | You have the right to repay the credit early at any time in full or partially.   |
| 3. If applicable  | The creditor is entitled to compensation in the case of early repayment  |
|   | [Determination of the compensation (calculation method) in accordance with the provisions implementing Art. 16 of Directive 2008/48/EC]  |
| 4. Consultation of a database   | The creditor must inform you immediately and without charge of the result of a consultation of a database, if a credit application is rejected on the basis of such a consultation. This does not apply if the provision of such information is prohibited by European Community law or is contrary to objectives of public policy or public security. |
| 5. Right to a draft loan agreement  | You have the right, upon request, to obtain a copy of the draft loan agreement free of charge. This provision does not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the loan agreement with you.  |
| 6. If applicable  | The period of time during which the creditor is bound by the pre-contractual information   |
|   | This information is valid from ... until ...   |

If applicable

#### Part V. Additional information in the case of distance marketing of financial services

- |  |   |
|--|---|
| (a)  | concerning the creditor   |
| 1. If applicable   |   |
| Representative of the creditor in your Member State of residence | [Identity]  |
| 2. Address   | [Geographical address to be used by the consumer]   |
| 3. Telephone number (*)  |   |
| 4. E-mail address (*)  |   |
| 5. Fax number (*)  |   |
| 6. Web address (*)   |   |
| 7. If applicable   |   |
| Registration   | [The trade register in which the creditor is entered and his registration number or an equivalent means of identification in that register] |
| 8. If applicable   |   |
| The supervisory authority  |   |
| (b)  | concerning the loan agreement   |
| 1. If applicable   |   |

Exercise of the right of withdrawal	[Practical instructions for exercising the right of with-drawal indicating, inter alia, the period for exercising the right, the address to which notification of exercise of the right of withdrawal should be sent and the consequences of non-exercise of that right]
2. If applicable The law taken by the creditor as a basis for the establishment of relations with you before the conclusion of the credit contract	
3. If applicable Clause stipulating the governing law applicable to the loan agreement and/or the competent court	[Relevant clause to be set out here]
4. If applicable	
Language regime	Information and contractual terms will be supplied in [specific language]. With your consent, we intend to communicate in [specific language/languages] during the duration of the loan agreement.
(c) Existence of and access to out-of-court complaint and redress mechanism	concerning redress [Whether or not there is an out-of-court complaint and redress mechanism for the consumer who is party to the distance contract and, if so, the methods of access to it]
(*)	This information is optional for the creditor.

#### INSTRUCTIONS FOR FILLING IN ANNEX N 2:

1. Where there is a symbol \*, the information to be filled in is not obligatory for the creditor.
2. Where there is a sign "Where applicable for the type of credit", the creditor has to fill in the relevant row in the cases, where the information concerns the loan agreement, or has to delete the information or the row and should add explicitly the following text "not applicable for this type of credit", where the information does not refer to the credit in question.
3. The indications, pointed out in the space between the brackets refer to the information, which should be filled in by the creditor.
4. In Part I, p.1, the creditor should indicate his name or name and legal-organizational form, as well as SIC, given by the Registry Agency, or code of BULSTAT.
5. In Part I, p. 2 the creditor should indicate his head office and address of management.
6. In Part I, p. 7 the credit intermediary should point out his name or legal-organizational form, as well as SIC, given by the Registry Agency, or code of BULSTAT.
7. In Part I, p. 8 the creditor should indicate his head office and address of management.
8. In Part II, p. 5 the creditor should indicate the amount, number and periods of payment of the installments, owed by the consumer, as well as the way of payment of interests and costs. In cases, where the space is not sufficient, the creditor indicates them in a separate sheet, which shall be inseparable part of this form, and in a certain place in the form, explicitly shall be pointed out, that the down-payments are according to the Annex.
9. In Part II, p. 6 the creditor should indicate the sum of the total credit amount and the total credit costs of the consumer.
10. In Part II, p. 8 the creditor should point out the type of the security.
11. In Part II, p. 9 the creditor should indicate, that for such loan agreements guaranty is not envisaged by a third person as a security for payment of the total credit amount (the principal) of the contract, unless where such is given.
12. In Part III, p. 1 the creditor should indicate the interest rate of the credit – fixed or variable (expressed by index or referent interest rate, applicable to the initial interest rate), the periods of the interest,

conditions and procedure for change of the interest rate.

13. In Part III, p. 2 the creditor should indicate the APR, as well as a representative example, taking into account all circumstances, used while calculating the APR. When the type of credit is granted with different interest rates or costs, the creditor indicates, that they may lead to calculation of a higher APR.

14. In Part III, p.3 the creditor should indicate the type of insurance or the additional service, needed to be presented obligatorily for receiving the credit at concrete offered conditions. The creditor shall inform about their availability. If the costs on these services are not known to the creditor, they are not included in the annual amount of the costs.

15. In Part III, p. 4.6 the creditor should indicate the interest rate at delayed payments, the ways of its formation and the other costs, owed for delayed payments for this type of credit.

16. In Part IV, p. 1 the creditor should indicate, that the consumer has the right to withdraw the loan agreement within 14 calendar days, starting from the date of signing the loan agreement or from the date, on which the consumer receives the conditions of the agreement, if this date is after the date of signing the agreement.

17. In Part IV, p. 2 the creditor should indicate, that the consumer has the right at any time to pay off totally or partially his debts on the loan agreement.

18. In Part IV, p. 3 the creditor should indicate the way of determining the compensation, to which he has the right to receive in preliminary payment off the credit, in compliance with the conditions under Art. 27.

19. In Part IV, p. 5 the creditor should indicate, that the consumer has the right upon request to receive preliminary and free a copy of the draft loan agreement.

20. In Part IV, p. 6 the creditor should indicate the period, in which the given pre-agreement information is valid.

21. In Part V, letter "a", p. 1 the creditor should indicate a name of the creditor's representative, established in the country, in which the consumer lives.

22. In Part V, letter "a", p. 2 the creditor should indicate the main office and the address of management of his representative.

23. In Part V, letter "a", p. 7 the creditor should indicate the commercial register, in which he is registered with his identification code, given by the Registry Agency, or code of BULSTAT. If the creditor is from another country, the register is indicated, in which he is registered, with his registration number or a equivalent means for identification in this register.

24. In Part V, letter "b", p. 1 the creditor should give instructions for exercising the right to withdrawal, which should contain the term for exercising this right, the address, at which the notification is to be sent, with which is exercised the right to withdrawal, as well as the consequences of not exercising this right.

25. In Part V, letter "b", p. 3 the creditor should indicate the relevant agreement clause on the applicable law or on the competent court.

26. In Part V, letter "b", p. 4 the creditor should indicate the language, in which the prepared information is given, as well as the information, contained in the agreement.

27. In Part V, letter "c" the creditor should indicate the existence of ways for complaints and for seeking compensation on behalf of the consumer, who is a party on the loan agreement from a distance, and the way of access to them

For the creditor:

Signature and stamp:

Position:

Date:

### **Annex 3 to Art. 5, par. 14 and Art. 8, Para. 2**

(amend. - SG 91/12, in force from 01.01.2013; Prev. Annex No. 3 to Art. 8, par. 2, amend. – SG 61/14, in force from 25.07.2014)

EUROPEAN CONSUMER CREDIT INFORMATION FOR OVERDRAFT AGREEMENTS AND AGREEMENTS UNDER Art. 5, par. 14 (Title amend. – SG 61/14, in force from 25.07.2014)

The information in this form shall not have the force of an offer for signing an agreement and shall not oblige the creditor to give you the credit product, about which this information is concerned.

Part I. Identity and contact details of the creditor/credit intermediary

1. Creditor [Identity]  
2. Address [Geographical address to be used by the consumer]  
3. Telephone number (\*)  
4. E-mail address (\*)  
5. Fax number (\*)  
6. Web address (\*)  
If applicable for the relevant overdraft agreement  
7. Credit intermediary [Identity]  
8. Address [Geographical address to be used by the consumer]  
9. Telephone number (\*)  
10. E-mail address (\*)  
11. Fax number (\*)  
12. Web address (\*)  
(\* This information is optional for the creditor.

Wherever 'if applicable' is indicated, the creditor must fill in the box if the information is relevant to the credit product or delete the respective information or the entire row if the information is not relevant for the type of credit considered. Indications between square brackets provide explanations for the creditor and must be replaced with the corresponding information.

Part II. Description of the main features of the credit product

1. The type of credit  
2. The total amount of credit  
This means the ceiling or the total sums made available under the loan agreement.  
3. The duration of the loan agreement  
4. If applicable You may be requested to repay the amount of credit in full on demand at any time.

Part III. Costs of the credit

1. The borrowing rate or, if applicable, different borrowing rates which apply to the loan agreement [% — fixed or, — variable (with the index or reference rate applicable to the initial borrowing rate)],  
2. If applicable The annual [% A representative example mentioning all the

percentage rate of charge assumptions used for calculating the rate to be set out (APR) . This is the total cost here] of credit expressed as an annual percentage of the total amount of credit. The APR is there to help you compare different offers.

3. If applicable Costs If applicable The conditions [The costs applicable from the time the loan agreement is under which those costs concluded] maybe changed

4. Costs in the case of late payments Delayed payment may lead to unpleasant for you consequences. (including forceful implementation) and to make it difficult to receive the credit. You will be charged [..... (applicable interest rate and arrangements for its adjustment and, where applicable, default charges)] for missing payments.

#### Part IV. Other important legal aspects on the overdraft agreement (amend. – SG 61/14, in force from 25.07.2014)

1. Termination of the loan agreement [The conditions and procedure for terminating the loan agreement]

2. Consultation of a database in the Central credit register or another database, used in the Republic of Bulgaria for evaluation of the credit ability of the consumers. This does not refer to the cases, where giving this information is prohibited by the EU legislation or contradicts the requirement for guarantee of the public order and security.

3. If applicable to the relevant overdraft. The term for which the creditor is bound by the pre-contractual information

This information is valid from ... until...

If applicable for the relevant type of overdraft:

#### Part V. Additional information to be provided under agreements under Art. 5, par. 14 (new – SG 61/14, in force from 25.07.2014)

1. Indication of the amount, number, schedule and due dates of repayment installments and, if applicable to the respective credit, the sequence of their distribution. You have to pay, as follows: (representative example of a repayment plan indicating the amount, the number and the schedule of the repayment installments to be paid by the consumer).

2. Total amount to be paid.

3. Premature repayment of the credit.

You shall be entitled at any time to repay fully or partially your debts under the credit agreement prematurely.

Where applicable to the respective type of credit.

The creditor shall be entitled to compensation in case of premature repayment of the credit. (Determination of the compensation (method of calculation according to Art. 32, par. 4)

Part VI. Additional information to be given in the case of distance marketing of financial services  
(prev. Part V – SG 61/14, in force from 25.07.2014)

(a) concerning the creditor

1. If applicable

Representative of the creditor in your Member State of residence [Identity]

2. Address [Geographical address to be used by the consumer]

3. Telephone number (\*)

4. E-mail address (\*)

5. Fax number (\*)

6. Web address (\*)

7. If applicable

Registration [The trade register in which the creditor is entered and his registration number or an equivalent means of identification in that register]

8. If applicable for the type of overdraft

The supervisory authority

(b) (suppl. – SG 61/14, in force from 25.07.2014) concerning the credit agreement

1. Right of withdrawal You have the right to withdraw from the loan agreement within a period of 14 calendar days. If applicable Exercise of the right of withdrawal Yes/no [Practical instructions for exercising the right of withdrawal indicating, inter alia, the address to which notification of exercise of the right of withdrawal should be sent and the consequences of non-exercise of that right]

2. If applicable for the type of overdraft

The law taken by the creditor as a basis for the

establishment of relations with you before the conclusion

of the credit contract

3. If applicable

Clause stipulating the law applicable to the loan agreement and/or the competent court

[Relevant clause to be set out here]

If applicable

Language regime Information and contractual terms will be supplied in [specific language]. With your consent, we intend to communicate in [specific language/languages] during the duration of the loan agreement.

(c) concerning redress

Existence of and access to out-of-court complaint and redress mechanism

[Whether or not there is an out-of-court complaint and redress mechanism for the consumer who is party to the distance contract and, if so, the methods of access to it]

(\*) This information is optional for the creditor.

INSTRUCTIONS FOR FILLING IN ANNEX N 3:

1. Where there is a symbol \*, the information to be filled in is not obligatory for the creditor.

2. Where there is a sign "Where applicable for the type of credit", the creditor has to fill in the relevant row in the cases, where the information concerns the loan agreement, or has to delete the information or the row and should add explicitly the following text "not applicable for this type of credit", where the information does not refer to the credit in question.



3. The indications in the space between the brackets refers to the information, which is to be filled in by the creditor.

4. In Part I, p.1, the creditor should indicate his name or name and legal-organizational form, as well as SIC, given by the Registry Agency, or code of BULSTAT.

5. In Part I, p. 2 the creditor should indicate his main office and address of management.

6. In Part I, p. 7 the credit intermediary should indicate his name and the legal-organizational form, as well as SIC given by the Registry Agency, or code of BULSTAT.

7. In Part I, p. 8 the creditor should indicate the main office and the address of management of the credit intermediary.

8. In Part III, p. 1 the creditor should indicate the interest rate on the credit – fixed or changeable (expressed by index or reference interest rate, applicable to the initial interest rate)

9. In Part III, p.2 the creditor should indicate the APR, as well as a representative example, taking into account all admittances, used while calculating APR. When the relevant type of credit is granted with different interest rates or costs, the creditor indicates, that they may lead to calculation of a higher APR.

10. In Part III, p. 3 the creditor should indicate all the costs, applicable from the moment of signing the overdraft agreement.

11. In Part III, p. 4 the creditor should indicate the interest rate at delayed payments, the ways of its formation and the other costs, owed for delayed payments for this type of credit.

12. In Part IV, p. 1 the creditor should indicate the conditions and procedure for termination of the overdraft agreement.

13. In Part IV, p. 3 the creditor should indicate the period, for which the given pre-contractual information is valid.

14. (new – SG 61/14, in force from 25.07.2014) In part V, item 1 the creditor shall indicate the amount, the number, the schedule and the due dates of repayment installments, due by the consumer. Where the field allocated for the provision of this information is not sufficient in the form, the creditor shall provide them on a separate sheet of paper, which shall be an integral part of the form, explicitly indicating in the provided field that the repayment installments shall be according to the Annex.

15. (new – SG 61/14, in force from 25.07.2014) In part V, item 3 the creditor shall indicate the amount of the total amount of the credit and total expenses under the credit for the consumer.

16. (new – SG 61/14, in force from 25.07.2014) In part V, item 3 the creditor shall indicate that the consumer shall be entitled at any time to repay fully or partially their debts under the credit agreement. The creditor shall indicate also method of determination of the compensation to which they shall be entitled in case of premature repayment of the credit according to the provisions of Art. 27.

17. (prev. item 14, amend. – SG 61/14, in force from 25.07.2014) In Part VI, letter "a", p. 1 the creditor should indicate a name of the creditor's representative, established in the country, in which the consumer lives.

18. (prev. item 15, amend. – SG 61/14, in force from 25.07.2014) In Part VI, letter "a", p. 2 the creditor should indicate the main office and the address of management of his representative.

19. (prev. item 16, amend. – SG 61/14, in force from 25.07.2014) In Part VI, letter "a", p. 7 the creditor should indicate the commercial register, in which he is registered with his identification code, given by the Registry Agency, or code of BULSTAT. If the creditor is from another country, the register is indicated, in which he is registered, with his registration number or a equivalent means for identification in this register.

20. (prev. item 17, amend. – SG 61/14, in force from 25.07.2014) In Part VI, letter "b", p. 1 the creditor should give instructions for exercising the right to withdrawal within the term of 14 calendar days, as well as to give instructions for exercising this right, which should contain the term of exercising this right, the address, at which the notification is to be sent, with which is exercised the right to withdrawal, as well as the consequences of not exercising this right

21. (prev. item 14, amend. – SG 61/14, in force from 25.07.2014) In Part VI, letter "b", p. 3 the

creditor should indicate the relevant agreement clause.

22. (new – SG 61/14, in force from 25.07.2014) In Part VI, letter "b", p. 4 the creditor should indicate the language in which the pre-agreement information shall be provided, and also the information contained in the agreement.

23. (prev. item 19, amend. – SG 61/14, in force from 25.07.2014) In Part VI, letter "c" the creditor should indicate the existence of ways for complaints and for seeking compensation on behalf of the consumer, who is a party on the credit agreement from a distance, and the way of access to them.

For the creditor:

Signature and stamp:

Position:

Date:

**Annex N 4 to Art. 5, Para. 3**

(revoked - SG 59/16)