

CONSUMER CREDIT ACT

(Official Gazette, 75/2009, 112/2012, 143/2013, 147/2013, 9/2015, 78/2015, 102/2015 and 52/2016 — unofficial consolidated version)

I GENERAL PROVISIONS

Subject matter

Article 1

This Act governs consumer credit agreements, information and rights concerning credit agreements, access to databases, supervision and protection of the rights of consumers, whereby the consumer assumes the role of a credit user who uses the credit under the terms and for the purposes laid down in this Act.

Article 1a

This Act contains the provisions which are in conformity with Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC (OJ L 133, 22.5.2008).

Definitions

Article 2 (Official Gazette 143/2013)

(1) For the purposes of this Act, the following terms shall have the following meaning:

1. 'consumer' means a natural person who, in transactions covered by this Act, is acting for purposes outside his trade, business or profession;
2. 'creditor' means a natural or legal person who within the territory of the Republic of Croatia grants or promises to grant credits in the course of his trade, business or profession, in particular this includes:
 - a legal person who operates according to the laws governing the operation of credit institutions or credit unions, a legal person who operates according to the laws governing the operation of electronic money institutions, a payment institution providing payment services

in accordance with a special law, a legal person who operates according to the laws governing the operation of entrepreneurs;

– a natural person who operates according to the laws governing the operation of tradesmen or professions;

3. ‘credit agreement’, for the purposes of this Act, means an agreement whereby a creditor grants or promises to grant to a consumer credit in the form of a deferred payment, loan or other similar financial accommodation, except for agreements for the provision on a continuing basis of services or for the supply of goods of the same kind, where the consumer pays for such services or goods for the duration of their provision by means of instalments;

4. ‘overdraft facility’ means an amount of funds made available by a creditor to a consumer on the basis of the agreement to open a current account concluded in writing;

5. ‘tacitly accepted overdraft (overrunning)’ means an overdraft whereby a creditor makes available to a consumer funds which exceed the current balance in the consumer's current account or the agreed overdraft facility;

6. ‘credit intermediary’ means a natural or legal person who is not acting as a creditor and who, in the course of his trade, business or profession and based on a creditor's power of attorney, for a fee, which may take a pecuniary form or any other agreed form of financial consideration:

– presents or offers credit agreements to consumers;

– undertakes other preparatory work for consumers in respect of credit agreements; or

– concludes credit agreements with consumers on behalf of the creditor;

7. ‘total cost of the credit to the consumer’ means all the costs, including interest, commissions, taxes and any other kind of fees which the consumer is required to pay in connection with the credit agreement and which are known to the creditor, except for notarial costs. Fees for credits granted shall be tied to the actual cost of granting a credit. After entering into a credit agreement, no new fees shall be charged. Costs in respect of ancillary services relating to the credit agreement, in particular insurance premiums, are also included if, in addition, the conclusion of a service contract is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed.

8. ‘total amount payable by the consumer’ means the sum of the total amount of the credit and the total cost of the credit to the consumer;

9. 'effective interest rate' (hereinafter referred to as 'EIR') means the total cost of the credit to the consumer, expressed as an annual percentage of the total amount of credit, including the costs referred to in Article 20, paragraph (2) of this Act. It is determined by the methodology set out in the Croatian National Bank's act governing the EIR;

10. 'interest rate' means the interest rate expressed as a fixed or variable percentage applied on an annual basis to the amount of credit drawn down;

11. 'fixed interest rate' means that the creditor and the consumer agree in the credit agreement on one interest rate for the entire duration of the credit agreement or on several interest rates for partial periods using exclusively a fixed specific percentage. If not all interest rates are determined in the credit agreement, the interest rate shall be deemed to be fixed only for the partial periods for which the interest rates are determined exclusively by a fixed specific percentage agreed on the conclusion of the credit agreement;

12. 'total amount of credit' means the ceiling or the total sums made available to the consumer under a credit agreement;

13. 'durable medium' means any instrument, prescribed in the Ordinance, which enables the consumer to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored;

14. 'linked credit agreement' means a credit agreement where:

– the credit in question serves exclusively to finance an agreement for the supply of specific goods or the provision of a specific service, and

– those two agreements form a commercial unit. A commercial unit shall be deemed to exist where the supplier or service provider himself finances the credit for the consumer or, if it is financed by a third party, where the creditor uses the services of the supplier or service provider in connection with the conclusion or preparation of the credit agreement, or where the specific goods or the provision of a specific service are explicitly specified in the credit agreement;

15. 'consumer credit' means a legal business whereby one contracting party obliges to make available to the other contracting party a certain amount of funds, for a determined or undetermined period of time, for a purpose or without a defined purpose, and the other contracting party obliges to pay the contracted interest or the contracted fees and to return the used amount of funds within the period and in a manner agreed, and any other legal business which is equal to this legal business in its economic essence;

16. 'national reference rate of the average cost of financing the Croatian banking sector' ('NRR') means the average cost of funding of the Croatian banking sector (banks and savings banks) with regard to a certain past period, type of funding and the relevant currency, i.e. NRR shall be the average interest rate paid by the banking sector to raise the funds necessary for lending business.

(2) The Minister of Finance shall specify the fees and other related issues referred to in paragraph (1), item (7) of this Article by means of an ordinance.

Exemptions

Article 3

(1) This Act shall not apply to the following:

- a) credit agreements involving a total amount of credit of more than HRK 1,000,000.00;
- b) operating leasing agreements where an obligation to purchase the object of the agreement is not laid down either by the agreement itself or by any separate agreement. Such an obligation shall be deemed to exist if it is so decided unilaterally by the creditor;
- c) credit agreements in the form of an overdraft facility on the current account where the credit has to be repaid within one month;
- d) credit agreements where the credit is granted free of interest and without any other charges and credit agreements under the terms of which the credit has to be repaid within three months and only charges in the amount of up to HRK 30 are payable;
- e) credit agreements where the credit is granted by an employer to employees as a secondary activity or by a trade union to the trade union members, free of interest or at an EIR lower than those rates prevailing on the market and which are not offered to the public generally;
- f) credit agreements which are concluded with investment firms as defined in the law governing the capital market or with credit institutions as defined in the law governing credit institutions, for the purposes of allowing an investor to carry out a transaction relating to one or more of the financial instruments according to the law governing the capital market, where the investment firm or credit institution granting the credit is involved as one of the contracting parties;
- g) credit agreements which are the outcome of a settlement reached in court or before another statutory authority;

h) credit agreements which relate to the deferred payment, free of charge, of an existing debt.

(2) In the case of credit agreements in the form of an overdraft facility and where the credit has to be repaid on demand or within three months, only Articles 1 to 3, Article 4, paragraph (1), Article 4, paragraph (2), items (a) to (c), Articles 6 to 9, Article 10, paragraph (1), Article 10, paragraphs (4) and (5), Articles 12, 15, 17 and 20 to 28 of this Act shall apply.

(3) In the case of credit agreements in the form of a tacitly accepted overdraft (overrunning), only Articles 1 to 3, 18, 20 and 24 to 28 of this Act shall apply.

(4) In the case of credit agreements which provide for arrangements to be agreed by the creditor and the consumer in respect of deferred payment or repayment methods, where the consumer is already in default on the initial credit agreement and where:

a) such arrangements would be likely to avert the possibility of legal proceedings concerning such default; and

b) the consumer would not thereby be subject to terms less favourable than those laid down in the initial credit agreement, Articles 1 to 4, 6, 7, 9, Article 10, paragraph (1), Article 10, paragraph (2), items (a) to (i), (l) and (r), Article 10, paragraph (4), Articles 11, 13, 16 and 18 to 28 of this Act shall apply.

However, if the credit agreement falls within the scope of paragraph (2) of this Article, only the provisions of that paragraph shall apply.

II INFORMATION CONCERNING CREDIT AGREEMENTS

Standard information to be included in advertising

Article 4

(1) Any advertising concerning credit agreements shall include information in accordance with this Article.

(2) The information shall specify in clear, concise and prominent way by means of a representative example:

a) the interest rate, together with particulars of any charges included in the total cost of the credit to the consumer;

b) the amount of credit;

c) the effective interest rate;

d) the duration of the credit agreement;

e) in the case of a credit in the form of deferred payment for a specific good or service of the creditor, the cash price and the amount of any advance payment;

f) the total amount payable by the consumer and the amount of the instalments.

(3) Where the conclusion of a contract regarding an ancillary service relating to the credit agreement, in particular insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the EIR.

(4) The example according to the conditions of which, or even better ones, at least two thirds of consumers are in a position to conclude a credit agreement shall be deemed to be a representative example.

Pre-contractual information

Article 5 (Official Gazette 143/2013)

(1) Before accepting any offer or concluding any credit agreement, the creditor and the credit intermediary shall, on the basis of the credit terms and conditions offered by the creditor, on paper or on another durable medium, provide in good time the consumer with all the information referred to in this Article, specifying:

a) the type of credit;

b) the name and surname or the name and address of the creditor, as well as the name and surname or the name and address of the credit intermediary;

c) the total amount of credit, including the currency in which the principal amount is denominated or to which the principal amount is linked, and the type of the exchange rate used for the payment and collection of the credit, and the conditions governing the drawdown;

d) the duration of the credit agreement;

e) in the case of a credit in the form of deferred payment for a specific good or service and linked credit agreements, that good or service and its cash price;

f) the interest rate, the conditions governing the application of the interest rate and, where available, any index or reference rate applicable to the initial interest rate, as well as the periods, conditions and procedures for changing the interest rate. If different interest rates apply in different circumstances, the information referred to in this item on all the applicable rates shall be specified;

g) the EIR and the total amount payable by the consumer, illustrated by means of a representative example mentioning all the assumptions used in order to calculate that rate. Where the consumer has informed the creditor of one or more conditions of his credit, such as the duration of the credit agreement and the total amount of credit, the creditor shall also take those conditions into account. If a credit agreement provides different ways of drawdown with different charges or interest rates and the creditor uses the assumption referred to in paragraph (9) of this Article, he shall indicate that other drawdown mechanisms for this type of credit agreement may result in a higher EIR;

h) the amount, number and frequency of payments to be made by the consumer and the order in which payments will be allocated to different outstanding balances charged at different interest rates for the purposes of reimbursement;

i) the charges for maintaining one or several accounts recording both payment transactions and drawdowns, unless the opening of an account is optional, together with the charges for using a means of payment for both payment transactions and drawdowns, and any other charges deriving from the credit agreement and the conditions under which those charges may be changed;

j) a warning regarding the costs payable by the consumer to a public notary on conclusion of the credit agreement;

k) the obligation, if any, to enter into an ancillary service contract relating to the credit agreement, in particular an insurance policy, where the conclusion of such a contract is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed;

l) the default interest rate applicable in the case of late payments and the arrangements for its adjustments, and any charges payable for default,

m) a warning regarding the consequences of missing payments;

n) the instruments of collateral required;

o) the existence or absence of a right of withdrawal from the credit agreement;

p) the right of early repayment and the creditor's right to compensation, and the way in which that compensation will be determined in accordance with Article 16 of this Act;

r) the consumer's right to be informed in good time and free of charge, pursuant to Article 9, paragraph (2) of this Act, of the result of a database consultation carried out for the purposes of assessing his creditworthiness,

s) the consumer's right to be supplied, on request and free of charge, with a copy of the draft credit agreement. This provision shall not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer;

t) the period of time during which the creditor is bound by the pre-contractual information;

u) a warning regarding the risks associated with exchange rate changes, interest rate changes and the effect of loss of consumer income on credit repayment.

(2) The Minister of Finance shall prescribe the content and the form of information by means of an ordinance.

(3) Any additional information in respect of the information referred to in paragraph (1) of this Article which the creditor may provide to the consumer shall be given in a special document separated from the document which provides the information referred to in paragraph (1) of this Article.

(4) In the case of voice telephony communications, the description of the main characteristics of the financial service to be provided shall include at least the elements referred to in items (c), (d), (e), (f) and (h) of paragraph (1) of this Article, together with the EIR illustrated by means of a representative example and the total amount payable by the consumer.

(5) If the agreement has been concluded at the consumer's request using a means of distance communication, in accordance with the law governing consumer protection, which does not enable the information to be provided in accordance with paragraph (1) of this Article, in particular in the case referred to in paragraph (4), the creditor shall provide the consumer in writing with all the information referred to in paragraph (1) of this Article immediately after the conclusion of the credit agreement.

(6) Upon request, the consumer shall, in addition to receiving information from the Ordinance on the obligation to inform consumers, be supplied with a copy of the draft credit agreement. This provision shall not apply if the creditor is unwilling to proceed to the conclusion of the credit agreement with the consumer.

(7) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding repayment of the total amount of credit, but are used to constitute the principal amount during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the pre-contractual information required under

paragraph (1) of this Article shall include a clear and concise statement that such credit agreement does not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given.

(8) Creditors and credit intermediaries shall provide adequate explanations to the consumer, in order to place the consumer in a position enabling him to assess whether the proposed credit agreement is adapted to his needs and to his financial situation and, where appropriate, by explaining the pre-contractual information to be provided in accordance with paragraph (1) of this Article, the essential characteristics of the products proposed and the specific effects they may have on the consumer, including the consequences of default in payment by the consumer.

(9) In the calculation of the EIR for credit agreements which provide different ways of drawdown with different charges or interest rates, the creditor may use the assumption that the total amount of credit is drawn down according to the highest charge or interest rate applied to most frequent drawdown mechanisms for this type of credit agreement.

Pre-contractual information requirements for certain credit agreements in the form of an overdraft facility on the current account and for certain specific credit agreements

Article 6

(1) Before accepting any offer or concluding any credit agreement referred to in Article 3, paragraph (2) or (4) of this Act, the creditor and the credit intermediary shall, on the basis of the credit terms and conditions offered by the creditor, the preferences expressed and information supplied to the consumer, provide in good time the consumer with all the information referred to in paragraph (2) and paragraph (4) of this Article that is needed to compare different offers in order to take an informed decision on whether to conclude a credit agreement.

(2) The information referred to in paragraph (1) of this Article shall specify:

- a) the type of credit;
- b) the name and surname or the name and address of the creditor, as well as the name and surname or the name and address of the credit intermediary;
- c) the total amount of credit;
- d) the duration of the credit agreement;

- e) the interest rate, the conditions governing the application of that rate, any index or reference rate applicable to the initial interest rate, the charges applicable from the time the credit agreement is concluded and the conditions under which those charges may be changed;
- f) the EIR, illustrated by means of examples mentioning all the assumptions used in order to calculate that rate;
- g) the conditions and procedure for terminating the credit agreement;
- h) in the case of credit agreements as referred to in Article 3, paragraph (2) of this Act, an indication that the consumer may be requested to repay the amount of credit in full at any time;
- i) the interest rate applicable in the case of late payments and the arrangements for its adjustment, and any charges payable for default;
- j) the consumer's right to be informed in good time and free of charge, pursuant to Article 9, paragraph (2) of this Act, of the result of a database consultation carried out for the purposes of assessing his creditworthiness;
- k) in the case of credit agreements as referred to in Article 3, paragraph (2) of this Act, information about all the charges applicable from the time such agreements are concluded and the conditions under which those charges may be changed;
- l) the period of time during which the creditor is bound by the pre-contractual information.

The information referred to in this paragraph shall be provided on paper or on another durable medium and all information shall be equally prominent. The creditor shall be deemed to have fulfilled the information requirements referred to in this paragraph if he has supplied information in accordance with the Ordinance referred to in Article 5 of this Act.

(3) In the case of credit agreements as referred to in Article 3, paragraph (2), the information concerning the EIR need not be provided.

(4) In the case of credit agreements as referred to in Article 3, paragraphs (4) and (5) of this Act, the information provided to the consumer in accordance with paragraph (1) of this Article shall also include:

- a) the amount, number and frequency of payments to be made by the consumer and the order in which payments will be allocated to different outstanding balances charged at different interest rates for the purposes of reimbursement;
- b) the right of early repayment and information concerning the creditor's right to compensation and the way in which that compensation will be determined.

If the credit agreement falls within the scope of Article 3, paragraph (2) of this Act, only the provisions of paragraph (1) of this Article shall apply.

(5) In the case of voice telephony communications and where the consumer requests that the overdraft facility on the current account be made available with immediate effect, the description of the main characteristics of the financial service shall include at least the elements referred to in paragraph (2), items (c), (e), (f) and (h) of this Article. In credit agreements of the kind referred to in paragraph (4) of this Article, the description of the main characteristics shall include a specification of the duration of the credit agreement.

(6) By way of derogation from the provisions of Article 3, paragraph (1), item (c) of this Act, the provisions of the first sentence of paragraph (5) of this Article shall apply to credit agreements in the form of an overdraft facility on the current account and where the credit has to be repaid within one month.

(7) Upon request, the consumer shall, in addition to receiving the information referred to in paragraphs (2) to (5) of this Article, be supplied free of charge with a copy of the draft credit agreement containing the contractual information provided for by Article 10 of this Act insofar as that Article is applicable.

The provision of this paragraph shall not apply if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer.

(8) If the credit agreement has been concluded at the consumer's request using a means of distance communication which does not enable the information to be provided in accordance with paragraphs (2) and (4) of this Article, including in the cases referred to in paragraph (5) of this Article, the creditor shall immediately after the conclusion of the credit agreement fulfil his obligations under paragraphs (2) and (4) of this Article by providing to the consumer the contractual information pursuant to Article 10 of this Act, insofar as that Article is applicable.

Exemption from the pre-contractual information requirements

Article 7

(1) Articles 5 and 6 of this Act shall not apply to suppliers of goods or service providers acting as credit intermediaries in an ancillary capacity. This is without prejudice to the creditor's obligation to ensure that the consumer receives the pre-contractual information referred to in those Articles.

(2) Suppliers of goods or service providers shall act as credit intermediaries in an ancillary capacity only if their activity as credit intermediaries is not the main purpose of their trade, business or profession.

Obligation to assess the creditworthiness of the consumer

Article 8

(1) Before concluding a credit agreement, the creditor shall assess the consumer's creditworthiness on the basis of sufficient information obtained from the consumer and, where necessary, on the basis of a consultation of available credit registers.

(2) The creditor shall update the available financial information concerning the consumer and reassess the consumer's creditworthiness before any significant increase in the total amount of credit.

III ACCESS TO CREDIT REGISTERS

Access to credit registers for the purpose of protection against credit risk

Article 9

(1) If the credit is granted in another Member State, the creditors from the Member States can use the data from available credit registers for assessing the creditworthiness of consumers.

(2) If the credit application is rejected on the basis of consultation of an available credit register, the creditor shall inform the consumer immediately and without charge of the result of such consultation and of the particulars of the credit register consulted.

(3) The information referred to in paragraph (2) of this Article shall be provided in all cases, unless the provision of such information is prohibited by special regulations.

IV CONTENTS OF CREDIT AGREEMENTS

Information to be included in credit agreements

Article 10

(1) Credit agreements shall be drawn up in writing or by the use of advanced electronic signature if the use of autograph signature in documents on paper or certification of the autograph signature is not explicitly determined by a special law or a regulation adopted pursuant to a law. The creditor or the credit intermediary shall provide the consumer with a copy of the credit agreement.

(2) The credit agreement shall specify in a clear and concise manner:

- a) the type of credit;
- b) the name and surname or the name and address of the creditor and the consumer, as well as the name and surname or the name and address of the credit intermediary involved;
- c) the duration of the credit agreement;
- d) the total amount of credit, including the currency in which the principal amount is denominated or to which the principal amount is linked, and the type of the exchange rate used for the payment and collection of the credit, and the conditions governing the drawdown;
- e) the name of the product or service and its cash price in the case of a credit in the form of deferred payment for specific products or services or in the case of linked credit agreements;
- f) the interest rate, the conditions governing the application of that rate and, where available, any index or reference rate applicable to the initial interest rate, as well as the periods, conditions and procedures for changing that interest rate and, if different interest rates apply in different circumstances, the information from this item in respect of all the applicable rates;
- g) the EIR and the total amount payable by the consumer, calculated at the time the credit agreement is concluded. All the assumptions used in order to calculate that rate shall be mentioned;
- h) the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments will be allocated to different outstanding balances charged at different interest rates for the purposes of reimbursement;
- i) where principal amortisation of a credit agreement with a fixed duration is involved, the right of the consumer to receive, on request and free of charge, at any time throughout the

duration of the credit agreement, a statement of account in the form of an amortisation schedule. The amortisation schedule shall indicate the payments owing and the periods and conditions relating to the payment of such amounts. The schedule shall contain a breakdown of each repayment showing principal amortisation, the interest calculated on the basis of the interest rate and any additional costs. Where the interest rate is not fixed or the additional costs may be changed under the credit agreement, the amortisation schedule shall indicate, clearly and concisely, that the data contained in the schedule will remain valid only until such time as the interest rate or the additional costs are changed in accordance with the credit agreement;

j) if charges and interest are to be paid without principal amortisation, the amortisation schedule showing the periods and conditions for payment of the interest and of any associated recurrent and non-recurrent charges;

k) where applicable, the charges for maintaining one or several accounts recording both payment transactions and drawdowns, unless the opening of an account is optional, together with the charges for using a means of payment for both payment transactions and drawdowns on the basis of the credit agreement, and any other charges deriving from the credit agreement and the conditions under which those charges may be changed;

l) the default interest rate applicable in the case of late payments as applicable at the time of the conclusion of the credit agreement and the arrangements for its adjustment, and any charges payable for default;

m) a warning regarding the consequences of missing payments;

n) where applicable, a statement that notarial fees will be payable;

o) the name and surname or the name of guarantors and other types of instruments, if requested,

p) the existence or absence of a right of withdrawal from the credit agreement, the period during which that right may be exercised and other conditions governing the exercise thereof, including information concerning the obligation of the consumer to pay the principal amount drawn down and the interest in accordance with Article 14, paragraph (2), item (b) of this Act and the amount of interest payable per day;

r) the information concerning the rights resulting from Article 15 of this Act, as well as the conditions for the exercise of those rights;

s) the right of early repayment and the procedure for early repayment, as well as information concerning the creditor's right to compensation and the way in which that compensation will be determined;

t) the procedure to be followed in exercising the right of termination of the credit agreement;

u) where there is an out-of-court complaint and redress mechanism for the consumers, and, if so, the methods for having access to it;

v) where applicable, other contractual terms and conditions;

z) where applicable, the name and address of the competent supervisory authority.

(3) In accordance with paragraph (2), item (i) of this Article, the creditor shall make available to the consumer, free of charge and at any time throughout the duration of the credit agreement, a statement of account in the form of an amortisation schedule.

(4) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute the principal amount during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the information required under paragraph (2) of this Article shall include a clear and concise statement that such credit agreement does not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given.

(5) In the case of credit agreements in the form of overdraft facilities as referred to in Article 3, paragraph (2) of this Act, the following shall be specified:

a) the type of credit;

b) the name and surname or the name and address of the creditor, as well as the name and surname or the name and address of the credit intermediary;

c) the duration of the credit agreement;

d) the total amount of credit and the conditions governing the drawdown on the basis of the credit agreement;

e) the interest rate, the conditions governing the application of that rate and, where available, any index or reference rate applicable to the initial interest rate, as well as the periods, conditions and procedures for changing the interest rate and, if different interest rates apply in different circumstances, the abovementioned information in respect of all the applicable rates;

- f) an indication that the consumer may be requested to repay the amount of credit in full on demand at any time;
- g) the conditions governing the exercise of the right of withdrawal from the credit agreement;
- h) information concerning the charges applicable from the time such agreements are concluded and the conditions under which those charges may be changed.

Information concerning the interest rate

Article 11

(1) Where variable interest rates have been contracted, the creditor shall inform the consumer of any changes in those rates, on paper or on another durable medium, at least 15 days before the changes enter into force. The information shall state the amount of the payments to be made after the entry into force of the new interest rate and, if the number or frequency of the payments changes, particulars thereof.

(2) However, the parties may agree in the credit agreement that the information referred to in paragraph (1) of this Article is to be given to the consumer periodically in cases where the change in the interest rate is caused by a change in a reference rate, under the condition that the new reference rate is made publicly available, i.e. that it is kept available in the premises of the creditor.

Variable interest rate

Article 11a (Official Gazette 143/2013)

- (1) Where variable interest rates have been contracted, the creditor shall:
- a) define the parameter the creditor observes in the context of reaching a decision on the correction of the variable interest rate, which is clear and known to consumers; and
 - b) analyse the cause and effect links of the developments in the parameter referred to in item (a) of this paragraph from the qualitative and quantitative point of view, and the influence of these developments on the level of the variable interest rate; and
 - c) determine the periods in which the issuing of a decision on correcting the interest rate shall be reviewed (determining the base period and reference periods).

(2) The parameter referred to in paragraph (1) of this Article shall be one of the following variables: EURIBOR, LIBOR, NRR, yield on T-bills of the Ministry of Finance, or the average interest rate on household deposits in the relevant currency. The variable interest rate shall be defined as the sum total of the agreed parameter and the fixed bank margin, which shall not increase during the period of credit repayment, and which shall be agreed together with the parameter.

(3) The change in the interest rate during a reference period shall not be greater than or, in case of a reduction, smaller than the change in the parameter referred to in paragraph (1) of this Article, expressed in percentage points.

(4) If the creditor offers a variable interest rate, he shall clearly and unambiguously present to the consumer, before concluding a credit agreement, the elements referred to in paragraph (1) of this Article, and warn the consumer of all the risks associated with this variability, as well as clearly and unambiguously state in the credit agreement the variable elements in the credit agreement, based on which the variable interest rate is calculated.

(5) For all the existing credit agreements concluded up to the date of the entry into force of this Act, in which the parameters and their cause and effect links are not defined, the creditor shall, in accordance with this Article, define the parameter, i.e. one of the following variables:

- the reference interest rate (EURIBOR, LIBOR),
- the NRR, or
- the yield on T-bills of the Ministry of Finance, or
- the average interest rate on household deposits in the relevant currency

and the fixed component of the interest rate and the period of interest rate variability. The variable interest rate in agreements on housing loans with a currency clause, in cases where the exchange rate of the contracted foreign currency has appreciated by more than 20% relative to the contracted exchange rate on the day of the first use of the credit, as long as such appreciation exists, shall not exceed the average weighted interest rate of Croatian credit institutions at which housing loans were approved in the respective currency, reduced by 30% and rounded off to two decimal places. This legal restriction on the level of interest rates shall be applied exclusively on a one-off basis and as long as it applies, the interest rate shall be invariable, and this restriction shall cease to be applied on the first due date of a credit obligation following a depreciation of the contracted exchange rate of the respective currency to below the level of the relevant appreciation, on a continuous basis over a period of 30 calendar days. The Croatian National Bank shall issue the data on the average interest rate referred to in this paragraph by 15 December 2013.

The creditors shall, within six months after the legal restriction on the interest rate has ceased to apply, offer a conversion of the remaining unpaid part of the credit into a kuna credit or a credit with a currency clause in EUR. If the debtor does not agree to a conversion within one month from the date of offer, further credit repayments shall be made in accordance with the agreed terms and conditions, in which case the restriction on the maximum interest rate referred to in Article 11b of this Act in the relevant currency shall not apply; instead the most favourable restriction applicable to other currencies, in accordance with Article 11b, paragraph (1) of this Act, shall apply. No contractual costs under this paragraph and no accompanying costs associated therewith shall be charged to the credit user.

(6) Where an increase in the interest rate is to take place due to a change in the contracted variable interest rate, the creditor shall deliver a notice to the consumer of any such increase 15 days prior to its implementation. Within three months from the receipt of such a notice, the consumer shall have the right to make an early repayment of the credit without any obligation for compensation to the creditor, including for the payment of the contracted compensation for early repayment of the credit. In such a case, the creditor has no right to damages due to early repayment.

Maximum interest rate on housing loans

Article 11b (Official Gazette 143/2013, 78/2015)

(1) The maximum allowed interest rate on housing loans with a contracted variable interest rate (a) in kuna without a currency clause, (b) in EUR and in kuna with a currency clause in EUR, and (c) in CHF and in kuna with a currency clause in CHF, shall not exceed the average weighted interest rate on the balances of such loans granted in the Republic of Croatia, defined for each of the currencies and increased by 1/3.

(2) The maximum allowed interest rate on housing loans not covered by paragraph (1) of this Article shall not exceed the lowest average weighted interest rate on the balances of the loans referred to in paragraph (1) of this Article, increased by 1/3.

(3) The Croatian National Bank shall publish in the Official Gazette the average weighted interest rates on the balances of the loans referred to in paragraph (1) of this Article according to the established methodology and the data as at 31 October on 1 January, and the data as at 30 April on 1 July.

(4) The Croatian National Bank shall determine and publish for the first time the average weighted interest rate on the balances of the loans referred to in paragraph (1) of this Article within 10 days from the date of publication of this Act in the Official Gazette in accordance

with the latest available data, and the creditors shall adjust the existing variable interest rates with the relevant restrictions by 1 January 2014 at the latest, while further corrections shall be made on the contracted dates of interest rate change based on the latest average weighted interest rate published by the Croatian National Bank.

Maximum interest rate on other consumer credits

Article 11c (Official Gazette 143/2013, 147/2013, 78/2015)

(1) The maximum allowed interest rate on other consumer credits with a contracted variable interest rate (other than housing loans) (a) in kuna without a currency clause, (b) in EUR and in kuna with a currency clause in EUR, and (c) in CHF and in kuna with a currency clause in CHF, shall not exceed the average weighted interest rate on the balances of such credits granted in the Republic of Croatia, defined for each of the currencies and increased by 1/2.

(2) The maximum allowed interest rate on other consumer credits not covered by paragraph (1) of this Article shall not exceed the lowest average weighted interest rate on the balances of the credits referred to in paragraph (1) of this Article, increased by 1/2.

(3) The Croatian National Bank shall publish in the Official Gazette the average weighted interest rates on the balances of the loans referred to in paragraph (1) of this Article according to the established methodology and the data as at 31 October on 1 January, and the data as at 30 April on 1 July.

(4) The Croatian National Bank shall determine and publish for the first time the average weighted interest rate on the balances of the credits referred to in paragraph (1) of this Article within 10 days from the date of publication of this Act in the Official Gazette in accordance with the latest available data, and the creditors shall adjust the existing variable interest rates with the relevant restrictions by 1 January 2014 at the latest, while further corrections shall be made on the contracted dates of interest rate change based on the latest average weighted interest rate published by the Croatian National Bank.

Article 11d (Official Gazette 9/2015)

(1) In relation to credit agreements contracted in CHF or in kuna with a currency clause in CHF, for annuity payments or regularly repaid instalments, the CHF exchange rate against the kuna shall be set at HRK 6.39 for one CHF for the period of one year from the entry into force of this Act.

(2) The difference in the amount of annuity or instalment arising from the application of the exchange rate referred to in paragraph (1) of this Article relative to the exchange rate formed freely at the market of foreign means of payment by supply and demand shall be the cost of the credit institution.

Obligations in connection with a credit agreement in the form of an overdraft facility on the current account

Article 12 (Official Gazette 143/2013)

(1) Where a credit agreement covers a credit in the form of an overdraft facility on the current account, the consumer shall be kept regularly informed by the creditor by means of a statement about the balance and transactions in the current account, on paper or on another durable medium, containing the following particulars:

- a) the precise period to which the statement of account relates;
- b) the amounts and dates of drawdowns on the basis of the credit agreement;
- c) the balance from the previous statement, and the date thereof;
- d) the new balance;
- e) the dates and amounts of payments;
- f) the interest rate applied;
- g) any charges that have been applied;
- h) the minimum amount to be paid.

(2) The consumer shall be informed by the creditor on paper or on another durable medium of increases in the interest rate, or of any charges payable at least 15 days before the changes enter into force.

(3) The parties may agree in the credit agreement that information concerning changes in the interest rate is to be given in the manner provided for in paragraph (1) of this Article in cases:

- of the change in the interest rate caused by a change in a reference rate;
- of the new reference rate, provided that the reference rate is made publicly available;
- of making available the information concerning the new reference rate in the premises of the creditor.

(4) The creditor shall notify the consumer in an agreed manner of each reduction or cancellation of the current account overdraft facility at the least 30 days prior to the day when the actual reduction or cancellation of the overdraft facility takes effect.

(5) The creditor shall enable the consumer, against whom no forced collection proceedings have been initiated by the creditor, subject to no request on the part of the consumer and with no additional costs, to repay the amount by which the previous overdraft facility was reduced or the amount of the cancelled previous overdraft facility, in 12 monthly instalments at the interest rate applicable to the current account overdraft facility. If the consumer has not been offered to repay the amount by which the overdraft facility has been reduced or the amount of the cancelled previous overdraft facility, he shall not be obligated to accept the reduction or the cancellation of the current account overdraft facility.

Open-end credit agreements (revolving)

Article 13

(1) The consumer may terminate an open-end credit agreement free of charge at any time unless the parties have agreed on a period of notice for the credit agreement termination. Such a period may not exceed one month.

(2) The creditor may terminate an open-end credit agreement by giving the consumer at least two months' notice in advance drawn up on paper or on another durable medium.

(3) If agreed in the credit agreement, the creditor may, for justified reasons, terminate the consumer's right to draw down on an open-end credit agreement. The creditor shall inform the consumer of the termination and the reasons for it on paper or on another durable medium, where possible, before the termination and at the latest immediately thereafter, unless the provision of such information is prohibited by special regulations.

(4) The justified reasons referred to in paragraph (3) of this Article may include a justified suspicion in respect of an unauthorised use of the credit, a justified suspicion of fraud related to the credit, a significant increase of risk that the consumer will fail to fulfil his obligation to repay the credit to the creditor and other similar situations.

Right of withdrawal from the credit agreement

Article 14

(1) The consumer shall have a right to withdraw from the credit agreement within a period of 14 days without giving any reason. The period of 14 days shall begin:

- a) either from the day of the conclusion of the credit agreement; or
- b) from the day on which the consumer receives from the creditor the terms and conditions and information in accordance with Article 10 of this Act, if that day is later than the date referred to in item (a) of this paragraph.

(2) Where the consumer exercises his right of withdrawal from the credit agreement, he shall:

- a) in order to give effect to the withdrawal before the expiry of the deadline referred to in paragraph (1) of this Article, notify this to the creditor in line with the information given by the creditor pursuant to Article 10, paragraph (2), item (p) of this Act. This notification shall be delivered on paper or on another durable medium that is available to the creditor;
- b) pay to the creditor the principal amount and the interest accrued thereon from the date the credit was drawn down on the basis of the credit agreement until the date the principal amount is repaid, without any undue delay and no later than 30 calendar days after the despatch by him to the creditor of notification of the withdrawal. The interest shall be calculated on the basis of the agreed interest rate. The creditor shall not be entitled to any other compensation from the consumer in the event of withdrawal, except compensation for any non-returnable charges paid by the creditor to the public administrative body.

(3) If an ancillary service relating to the credit agreement is provided by the creditor or by a third party on the basis of an agreement between the third party and the creditor, the consumer shall no longer be bound by the ancillary service contract if the consumer exercises his right of withdrawal from the credit agreement in accordance with this Article.

(4) If the consumer has a right of withdrawal from the credit agreement under paragraphs (1), (2) and (3) of this Article, the provisions of the law governing consumer protection in the part relating to the right of a consumer to a one-sided termination of the agreement of financial services concluded by means of distance communication shall not apply.

(5) The provisions of paragraphs (1) to (4) of this Article shall not apply to credit agreements which by law are required to be concluded through the services of a public notary, provided that the public notary confirms that the consumer is guaranteed the rights provided for under Articles 5 and 10 of this Act.

Linked credit agreements

Article 15

(1) Where the consumer has exercised his right of withdrawal based on special regulations concerning a contract for the purchase of products or services, before they were paid out or supplied, he shall no longer be bound by a linked credit agreement.

(2) If obligations from a contract for the purchase of products or services which are the subject of a linked credit agreement are not fulfilled or are not fulfilled properly, the consumer shall be entitled to request their fulfilment from the creditor if the consumer had previously without success requested the supplier to fulfil these obligations, the fulfilment of which the consumer is entitled to by virtue of the law or by the contract for the purchase of products or services.

Early repayment

Article 16

(1) The consumer shall be entitled at any time to discharge fully or partially his obligations under a credit agreement. In such cases, he shall be entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and other costs for the remaining duration of the credit agreement.

(2) In the event of early repayment of credit the creditor shall be entitled to fair and objective compensation for possible costs directly linked to early repayment of credit, provided that the early repayment falls within a period for which the interest rate is fixed.

(3) The amount of the compensation referred to in paragraph (2) of this Article may not exceed 1% of the amount of credit repaid early, if the period of time between the early repayment and the agreed termination of the credit agreement exceeds one year. If the period does not exceed one year, the compensation may not exceed 0.5% of the amount of credit repaid early.

(4) The compensation referred to in paragraph (2) of this Article shall not be claimed:

a) if the repayment has been made under an insurance contract intended to provide a credit repayment guarantee;

b) in the case of overdraft facilities; or

c) if the credit is repaid within a period for which the interest rate is not fixed.

(5) The creditor may claim the compensation referred to in paragraph (2) of this Article only on condition that the amount of the early repayment exceeds the threshold of HRK 75,000.00 within any period of 12 months.

(6) The amount of the compensation referred to in paragraph (3) of this Article shall not exceed the amount of interest the consumer would have paid during the period between the early repayment and the agreed date of termination of the credit agreement.

Assignment of rights

Article 17

(1) In the event of assignment to a third party of the creditor's rights under a credit agreement, the consumer shall be entitled to plead against the assignee any defence which was available to him against the original creditor.

(2) The consumer shall be informed by the original creditor of the assignment of the rights referred to in paragraph (1) of this Article, unless on the basis of the agreement with the new creditor, the original creditor continues to service the credit to the consumer.

Tacitly accepted overdraft (overrunning)

Article 18

(1) If, according to an agreement to open a current account, there is a tacitly accepted possibility that the consumer is allowed an overrun, such agreement shall also contain the information referred to in Article 6, paragraph (2), item (e). The creditor shall provide that information on paper or on another durable medium on a regular basis.

(2) In the event of a significant overrunning exceeding a period of one month, the creditor shall inform the consumer without delay, on paper or on another durable medium:

- a) of the fact that the overrunning has occurred;
- b) of the amount of the overrunning involved;
- c) of the interest rate;
- d) of any penalties, charges or interest on arrears applicable.

Obligations of credit intermediaries vis-à-vis consumers

Article 19 (Official Gazette 143/2013)

A credit intermediary shall:

- (a) in advertising and documentation intended for consumers indicate the extent of his powers, in particular whether he carries out the intermediation tasks for one or more creditors or as an independent intermediary;
- (b) indicate the fee, if any, payable by the consumer to the credit intermediary for his services, and agree the fee with the consumer on paper or on another durable medium before the conclusion of the credit agreement;
- (c) communicate to the creditor the amount of the fee, if any, payable by the consumer to the credit intermediary for his services for the purpose of calculating the EIR.

IVa CONVERSION OF CREDITS DENOMINATED IN CHF AND CREDITS DENOMINATED IN KUNA WITH A CURRENCY CLAUSE IN CHF

Subject of conversion

Article 19a (Official Gazette 102/2015)

(1) This Title governs the obligations of creditors and consumers:

- in the procedure of conversion of credits denominated in CHF into credits denominated in EUR;
- in the procedure of conversion of credits denominated in kuna with a currency clause in CHF into credits denominated in kuna with a currency clause in EUR; and
- in the procedure of conversion of a claim arising from a termination of a credit agreement referred to in the first and the second indent of this paragraph from a claim denominated in CHF into a claim denominated in EUR or a claim denominated in kuna with a currency clause in CHF into a claim denominated in kuna with a currency clause in EUR.

(2) The provisions of this Title shall apply to credits denominated in CHF and credits denominated in kuna with a currency clause in CHF, regardless of their type and purpose, in which the obligation of a borrower under a credit or an obligation of repayment of the received arising from the termination of a credit agreement has not been fulfilled or enforced.

(3) The provisions of this Title shall not apply to credits referred to in paragraph (2) of this Article which have, up to the date of the entry into force of this Act, been converted from CHF into another currency or kuna or whose currency clause has been converted from a currency clause in CHF into another currency clause or kuna, and to credits denominated in CHF and credits denominated in kuna with a currency clause in CHF and to credits denominated in CHF and credits denominated in kuna with a currency clause in CHF, the obligation of the borrower of which has been fulfilled or enforced.

(4) By way of derogation from Article 3, paragraph (1), item (a) of this Act, the provisions of this Title shall also apply to credit agreements involving a total amount of credit of more than HRK 1,000,000.00.

(5) For the purposes of this Title, 'creditor' also means a person to whom a claim arising from obligatory relations referred to in paragraph (1) of this Article has been transferred.

Principle of credit conversion

Article 19b (Official Gazette 102/2015)

The conversion of a credit denominated in CHF into a credit denominated in EUR and of a credit denominated in kuna with a currency clause in CHF into a credit denominated in kuna with a currency clause in EUR shall imply credit conversion for the purpose of currency change or a change in the currency of the currency clause in which a credit is denominated and it shall be carried out in such a way that the position of a consumer with a credit denominated in CHF is made equal to the position the consumer would have been in had the consumer used a credit denominated in EUR and that the position of a consumer with a credit denominated in kuna with a currency clause in CHF is made equal to the position the consumer would have been in had the consumer used a credit denominated in kuna with a currency clause in EUR.

Manner of calculation of credit conversion

Article 19c (Official Gazette 102/2015)

(1) 'Credit conversion' shall imply conversion for the purpose of currency change or a change in the currency of the currency clause in which a credit is denominated and it shall be calculated in such a way that:

1. the amount of the initially granted principal of a credit denominated in CHF and of a credit denominated in kuna with a currency clause in CHF is recalculated to the amount of the principal of a credit denominated in EUR and of a credit denominated in kuna with a currency clause in EUR, using the exchange rate applicable on the date of credit disbursement, where the exchange rate shall be equal to the exchange rate of the type the creditor used on that date for credits of the same type and duration, denominated in EUR and credits denominated in kuna with a currency clause in EUR, with the amount of the initially granted principal being the amount entered in the business books of the creditor where this amount may be greater than the amount disbursed as a result of exchange rate differences arising from the foreign exchange purchase/sale taking place at the time of credit disbursement;

2. instead of the initially agreed interest rate on a credit denominated in CHF and a credit denominated in kuna with a currency clause in CHF, the interest rate is applied which is equal to the interest rate (in terms of amount, type and period of change) which the creditor applied to credits of the same type and duration denominated in EUR and credits denominated in kuna with a currency clause in EUR on the date of entering into a credit agreement, respecting decreases in interest rates, the exchange rate or terms granted to the same groups of consumers based on their age, purpose of the credit, of the same type and duration denominated in EUR and credits denominated in kuna with a currency clause in EUR on the date of entering into an agreement on a credit denominated in CHF and a credit denominated in kuna with a currency clause in CHF;

3. the initially determined credit amortisation schedule for a credit denominated in CHF and a credit denominated in kuna with a currency clause in CHF, including any amendments thereto, on the basis of which instalments or annuities in CHF and in kuna with a currency clause in CHF have been calculated, is replaced with a new credit amortisation schedule calculated in accordance with items (1) and (2) of this paragraph on the basis of which new instalments or annuities in EUR and in kuna with a currency clause in EUR shall be calculated, taking into account all the changes to contractual terms related to the amount, purpose and maturity of the principal, and the amount, type and the period of change in interest rates and other changes which have over the duration of the credit agreement led to changes in the initially determined credit amortisation schedule and instalments or annuities;

4. the amounts paid for the settlement of the initially determined instalments or annuities in CHF and with a currency clause in CHF (except for default interest payments, fees and costs which shall not be taken into account for the purpose of conversion) are converted into EUR and into kuna with a currency clause in EUR, using the exchange rate applicable on the date of payment, where the exchange rate shall be equal to the exchange rate of the type the creditor used on that date for credits of the same type and duration, denominated in EUR and

credits denominated in kuna with a currency clause in EUR. Such amounts converted into EUR and into kuna with a currency clause in EUR shall constitute the basis for the settlement of instalments or annuities in EUR and with a currency clause in EUR determined on the basis of a new credit amortisation schedule in EUR and with a currency clause in EUR referred to in item (3) of this paragraph, respecting the order of settlement of due obligations in accordance with the general conditions of the creditor and not charging default interest;

5. the total amount paid, determined in EUR and with a currency clause in EUR in the manner referred to in item (4) of this paragraph, which is greater than the total amount of instalments or annuities in EUR and with a currency clause in EUR determined in the manner referred to in item (3) of this paragraph shall be considered overpayment which shall:

– if the amount of overpayment does not exceed the sum total of instalments or annuities in EUR and with a currency clause in EUR outstanding as at 30 September 2015, in accordance with a credit amortisation schedule referred to in item (3) of this paragraph, be used for the settlement of future instalments or annuities in EUR and with a currency clause in EUR which shall fall due in such a manner that, when paying the subsequent due instalment or annuity, the amount up to maximum 50% of the due instalment or annuity in EUR or with a currency clause in EUR may be closed out by overpayment, until the overpayment is used in full, with the creditor and the consumer, if the amount of overpayment exceeds 50% of the sum total of instalments or annuities in EUR and with a currency clause in EUR, outstanding as at 30 September 2015 in accordance with the credit amortisation schedule referred to in item (3) of this paragraph, defining in an agreement the manner of utilisation of the amount of overpayment in excess of 50% of the sum total of instalments or annuities in EUR and with a currency clause in EUR;

– if the amount of overpayment exceeds the sum total of instalments or annuities in EUR and with a currency clause in EUR outstanding as at 30 September 2015 in accordance with the credit amortisation schedule referred to in item (3) of this paragraph, be reimbursed to the consumer by the creditor within 60 days of the date of acceptance of the conversion by the consumer.

The amount of overpayment referred to in this item shall be calculated in kuna using the exchange rate applicable on 30 September 2015 and the calculation of the payment of interest on this amount and exchange rate differences arising from this amount shall not be the obligation of the creditor but shall be borne by the consumer;

6. the total amount paid, determined in EUR and with a currency clause in EUR in the manner referred to in item (4) of this paragraph, which is smaller than the sum total of instalments or annuities in EUR and with a currency clause in EUR determined in the manner referred to in item (3) of this paragraph is paid by the consumer to the creditor in accordance

with an agreement between the creditor and the consumer, and the obligations under the new credit amortisation schedule in EUR and with a currency clause in EUR continue to be fulfilled by the consumer;

7. the remaining outstanding principal amount in EUR and in kuna with a currency clause in EUR is determined as at 30 September 2015 as the difference between the new credit amortisation schedule determined in accordance with item (3) of this paragraph and the amounts paid determined in accordance with item (4) of this paragraph, with the amount of overpayment determined in item (5) of this paragraph not reducing the remaining outstanding principal amount in EUR and in kuna with a currency clause in EUR and any shortage in the amount paid determined in item (6) of this paragraph being settled in accordance with an agreement between the creditor and the consumer;

8. the effect of conversion is determined as the difference:

– between the balance of the principal outstanding in CHF and with a currency clause in CHF entered in the business books of the creditor as at 30 September 2015 calculated in EUR and in kuna with a currency clause in EUR at the exchange rate applicable on 30 September 2015, where the exchange rate shall be equal to the exchange rate of the type the creditor used on that date for credits of the same type and duration in EUR and in kuna with a currency clause in EUR, with the restriction on the exchange rate referred to in Article 11d of this Act relating to instalments or annuities in CHF and with a currency clause in CHF which fall due until the expiry of the duration of the restriction referred to in Article 11d of this Act; and

– the amount of principal outstanding referred to in item (7) of this paragraph.

(2) Paragraph (1) of this Article shall apply mutatis mutandis to the calculation of the obligation of repayment of the received arising from the termination of a credit agreement, whereby the conversion shall be carried out as at 30 September 2015, or at the day of the termination of a credit agreement.

Provision of information

Article 19d (Official Gazette 102/2015)

(1) For the purposes of verifying the conversion calculation, the creditor shall draw up a calculator based on which the conversion has been calculated which shall include a detailed overview of the calculation of all the elements of the conversion calculation determined in

Article 19c of this Act and shall make it available to each individual consumer on his website which shall be accessible to consumers via their personal identification numbers.

(2) For the purposes of verifying the conversion calculation, the creditor shall provide the consumer with access to a historical overview of general lending conditions, decisions on interest rates, daily exchange rates applicable to credits denominated in CHF and credits denominated in kuna with a currency clause in CHF and to credits denominated in EUR and credits denominated in kuna with a currency clause in EUR which the creditor has used for credits of the same type and duration denominated in CHF and credits denominated in kuna with a currency clause in CHF and for credits denominated in EUR and credits denominated in kuna with a currency clause in EUR.

(3) Prior to the posting of the calculator referred to in paragraph (1) of this Article on his website, the creditor shall obtain an opinion from a certified auditor or a judicial expert that the calculator has been drawn up in accordance with the manner of calculation provided for in Article 19c of this Act and shall post such opinion on his website within 45 days of the entry into force of this Act.

Credit conversion

Article 19e (Official Gazette 102/2015)

(1) A creditor shall, within 45 days of the entry into force of this Act, deliver to the consumer, by means of registered mail with return receipt, the calculation of the credit conversion, showing the balance as at 30 September 2015, calculated in accordance with Article 19c of this Act, together with the proposal of a new or amended credit agreement.

(2) Together with the calculation of conversion, the creditor shall also deliver an overview of the balance of all individual types of claims on the consumer, i.e. an extract of the open items of the consumer based on an agreement on a credit denominated in CHF and a credit denominated in kuna with a currency clause in CHF which is the subject of conversion as at 30 September 2015, calculated in kuna at the exchange rate of the type the creditor used for the calculation of conversion.

(3) The creditor shall deliver the calculation of conversion referred to in paragraph (1) of this Article together with an overview of the balance of all individual claims on the consumer, i.e. an extract of open items in accordance with paragraph (2) of this Article by means of registered mail with return receipt also to the persons from whom the creditor demanded or has the right to demand fulfilment of an obligation under a credit in CHF and a credit in kuna with a currency clause in CHF.

(4) The calculation of conversion referred to in paragraph (1) of this Article shall contain a clear overview of all changes and shall show clearly the manner in which the remaining outstanding principal amount in EUR and in kuna with a currency clause in EUR referred to in Article 19c, paragraph (1), item (7) of this Act has been calculated, the amount of overpayment referred to in Article 19c, paragraph (1), item (5) of this Act, if any has been determined, or any shortage in the amount paid referred to in Article 19c, paragraph (1), item (6) of this Act, if any has been determined.

(5) In the case of acceptance of the credit conversion, the consumer shall be obligated to inform the creditor about the acceptance of the calculation of conversion by means of registered mail with return receipt or personally, within 30 days of the day of receipt of the calculation of conversion referred to in paragraph (1) of this Article, and of the overview of the balance of all claims of the creditor, i.e. the extract of open items referred to in paragraph (2) of this Article.

(6) If the consumer does not accept the calculation of the credit conversion or does not enter with the creditor into the agreement referred to in Article 19c, paragraph (1), item (6) of this Act, the credit repayment shall continue in accordance with the applicable contractual terms and the provisions of this Act.

(7) If the consumer accepts the calculation of the credit conversion:

– the effect of the conversion referred to in Article 19c, paragraph (1), item (8) of this Act shall be borne by the creditor and it shall be shown in the business books of the creditor as a claim adjustment due to exchange rate differences or as an expense based on disbursement for the overpayment referred to in Article 19c, paragraph (1), item (5), the first and the second indent of this Act;

– the difference in the initial principal arising from foreign exchange purchase/sale referred to in Article 19c, paragraph (1), item (1) of this Act, the amount of default interest, fees and costs charged referred to in Article 19c, paragraph (1), item (4) of this Act, the amount of interest and exchange rate differences based on overpayment referred to in Article 19c, paragraph (1), item (5) of this Act shall be borne by the consumer.

(8) If under an agreement on a credit denominated in CHF and a credit denominated in kuna with a currency clause in CHF, a consumer has been offered certain benefits in the form of a decreased interest rate, a special exchange rate or other specific benefits in accordance with a decision of the creditor, the creditor shall not be obligated to apply them to the calculation of conversion referred to in Article 19c of this Act and they shall be borne by the consumer. A special reduction in interest rates, a special exchange rate or more favourable terms granted to specific similar groups of consumers based on age, purpose of credit, the same type and

duration in EUR and in kuna with a currency clause in EUR on the date of entering into an agreement on a credit denominated in CHF and a credit denominated in kuna with a currency clause in CHF shall not be considered benefits.

(9) If the consumer accepts the calculation of credit conversion, the creditor shall not seek additional instruments of collateral other than those agreed nor set additional conditions to the consumer, derogating other rights of the consumer.

(10) The consumer shall not be charged any related credit conversion costs.

Transitional period

Article 19f (Official Gazette 102/2015)

(1) The consumer shall continue to pay instalments or annuities determined under a credit amortisation schedule applicable before the conversion of a credit denominated in CHF and a credit denominated in kuna with a currency clause in CHF until the day of entering into a new or amended credit agreement.

(2) The difference between the amount paid during the transitional period and the amount to be paid under the instalment or annuity in EUR and in kuna with a currency clause in EUR determined under the new credit amortisation schedule referred to in Article 19c, paragraph (1), item (3) of this Act, shall be determined at maturity of the first subsequent instalment or annuity in EUR and in kuna with a currency clause in EUR under the new credit amortisation schedule referred to in Article 19c, paragraph (1), item (3) of this Act and the thus determined difference shall be considered the overpayment referred to in Article 19c, paragraph (1), item (5) of this Act or a shortage in the amount paid referred to in Article 19c, paragraph (1), item (6) of this Act.

Rights of a person fulfilling a credit obligation

Article 19g (Official Gazette 102/2015)

(1) A guarantor or another person referred to in Article 19e, paragraph (3) of this Act from whom the creditor demanded or has the right to demand fulfilment of an obligation under a credit in CHF and in kuna with a currency clause in CHF may negotiate a claim with the creditor in his name and on behalf of the consumer if an overpayment referred to in Article 19c, paragraph (1), item (5) of this Act has been determined and if the consumer does not accept the calculation of the credit conversion.

- (2) Under the agreement referred to in paragraph (1) of this Article, the consumer shall acquire own and direct right in relation to the creditor as if he has accepted the calculation of conversion and the contracting party shall have the right to demand that the creditor delivers to the consumer what has been agreed on behalf of that consumer.
- (3) If the consumer declares that he does not accept or refuses the benefit agreed on his behalf, the benefit shall belong to the contracting party.
- (4) The creditor may bring to the attention of the consumer all complaints against the contracting party under an agreement negotiating benefits for the consumer.
- (5) Under the agreement referred to in paragraph (1) of this Article, the creditor shall agree to reduce the claim on the consumer by appropriate application of the principles and rules referred to in Articles 19b to 19f of this Act.

Tax treatment of the conversion

Article 19h (Official Gazette 102/2015)

- (1) The effect of conversion referred to in Article 19e, paragraph (7) of this Act which results in an expense in the business books of the creditor shall be recognised as the expense of the creditor for tax purposes within the meaning of the special regulation on corporate income tax (profit tax), in accordance with the principle of avoidance of double taxation and the principle of avoidance of double reduction in the tax base.
- (2) The creditor shall be obligated to deliver, together with corporate income tax (profit tax) return for the period in which an expense referred to in paragraph (1) of this Article is entered in the business books, a cumulative summary of the calculations of conversions referred to in Article 19e of this Act, on the basis of which the creditor entered an expense in the business books, as well as evidence clearly showing that the expense received the tax treatment in accordance with the provisions of paragraph (1) of this Article.
- (3) The provisions of paragraphs (1) and (2) of this Article shall apply mutatis mutandis to tax on the effect of conversion referred to in Article 19e, paragraph (7) of this Act if the creditor is subject to income tax.
- (4) The effect of conversion referred to in Article 19e, paragraph (7) of this Act shall not be considered income of a consumer within the meaning of the special regulation on income tax.
- (5) The provisions of paragraphs (1) to (4) of this Article shall apply mutatis mutandis to the expense arising from the reimbursement of the overpayment referred to in Article 19c,

paragraph (1), item (5), the first and the second indent of this Act and the reimbursement referred to in Article 19c, paragraph (2) of this Act.

Report on credit conversion implementation

Article 19i (Official Gazette 102/2015)

The creditor shall deliver to the Ministry of Finance within six months of the entry into force of this Act a report on the results of the credit conversion implementation which shall contain as a minimum the following data:

- the number of consumers who have accepted or have not accepted the conversion of credits denominated in CHF into credits denominated in EUR;
- the number of consumers who have accepted or have not accepted the conversion of credits denominated in kuna with a currency clause in CHF into credits denominated in kuna with a currency clause in EUR;
- the number of consumers who have accepted or have not accepted the conversion of a claim arising from the termination of agreements on credits denominated in CHF and credits denominated in kuna with a currency clause in CHF;
- the balance of credits denominated in CHF and credits denominated in kuna with a currency clause in CHF by credit type, or claims arising from the termination of agreements on credits denominated in CHF or credits denominated in kuna with a currency clause in CHF on the day before the conversion and after the conversion, together with the amounts of the effects of conversion.

IVb NULLITY AND COURT PROCEEDINGS

Nullity of agreements and the consequences of nullity

Article 19j (Official Gazette 102/2015)

(1) If a creditor or a credit intermediary without an authorisation to provide services of granting consumer credits, or services of intermediation in granting consumer credits, concluded a credit agreement, the agreement shall be null and void.

(2) If an obligation to repay the received referred to in the paragraph (1) of this Article exists, the consumer shall pay the interest on the received amount from the date of the decision determining nullity becoming legally binding.

Deferment of execution

Article 19k (Official Gazette 102/2015)

(1) If for the purpose of collecting a claim related to an international credit agreement there is an execution proceeding against the consumer who filed a lawsuit for the purpose of determining nullity, the court shall, at the proposal of the execution debtor, defer the execution until the proceeding on determination of nullity has not been legally closed, without further examining other prescribed preconditions to defer the execution at the proposal of the execution debtor.

(2) In the case referred to in paragraph (1) of this Article, the execution creditor shall not condition the deferment by setting a bail.

(3) The proposal to defer the execution under this Act can be submitted by a consumer as execution debtor regardless of whether he submitted a proposal to defer execution in an execution procedure that is pending on the date of the entry into force of this Act.

Competence of a court

Article 19l (Official Gazette 102/2015)

(1) In the case of a dispute arising in relation to a credit agreement, the consumer may initiate a proceeding against the other contracting party before any court of the state in which the other contracting party has its head office or, regardless of the head office of the other contracting party, before the courts of the place of the consumer's domicile.

(2) The other contracting party may initiate a proceeding against the consumer only before the courts of the state of the consumer's domicile.

(3) The provisions of paragraphs (1) and (2) of this Article shall not affect the right to submit a counter-claim before the court before which a court proceeding based on the lawsuit is pending.

(4) The provisions of paragraphs (1) and (2) of this Article can be deviated from only by means of an agreement:

1. concluded after the dispute arose;
2. which enables the consumer to initiate the proceeding before a court which is different from the court referred to in paragraph (1) of this Article; or
3. concluded between the consumer and the other contracting party, both having domicile or normal place of residence, or a head office, in the same state, and transferring the competence to the courts of that state, under the assumption that the agreement is not contrary to the law of that state.

V EFFECTIVE INTEREST RATE

Calculation of the effective interest rate

Article 20 (Official Gazette 143/2013)

(1) The effective interest rate, equating, on an annual basis, to the present value of all commitments (drawdowns, repayments and charges), future or existing, agreed by the creditor and the consumer, shall be calculated in accordance with the methodology set out in the Croatian National Bank's act governing the EIR.

(2) For the purpose of calculating the EIR, the total cost of the credit to the consumer shall be determined, with the exception of any charges payable by the consumer for non-compliance with any of his commitments laid down in the credit agreement and charges other than the purchase price which, for purchases of goods or services, he is obliged to pay whether the transaction is effected in cash or on credit.

The costs of maintaining an account recording both payment transactions and drawdowns, the costs of using a means of payment for both payment transactions and drawdowns, and other costs relating to payment transactions shall be included in the total cost of the credit to the consumer unless the opening of the account is optional and the costs of the account have been clearly and separately shown in the credit agreement or in any other agreement concluded with the consumer.

(3) The calculation of the EIR shall be based on the assumption that the credit agreement is to remain valid for the period agreed and that the creditor and the consumer will fulfil their obligations under the terms and by the dates specified in the credit agreement.

(4) In the case of credit agreements containing clauses allowing variations in the interest rate and, where applicable, charges contained in the EIR but unquantifiable at the time of calculation, the EIR shall be calculated on the assumption that the interest rate and other

charges will remain fixed in relation to the initial level and will remain applicable until the end of the credit agreement.

(5) Where necessary, additional assumptions may be used in calculating the EIR set out in Annex III of the Ordinance on the obligation to inform consumers and on additional assumptions for the calculation of the effective interest rate (Official Gazette 14/2010 and 124/2013) issued by the Minister of Finance.

EIR ceiling

Article 20a (Official Gazette 143/2013, 78/2015)

(1) The maximum EIR for consumer credits under this Act shall be equal to the statutory default interest rate increased by two percentage points.

(2) The maximum EIR for housing loans under this Act shall be equal to the statutory default interest rate.

VI AUTHORISATION TO PROVIDE SERVICES

Authorisation to provide consumer credit services

Article 21

(1) The creditor or the credit intermediary may not provide or intermediate in granting consumer credits without authorisation (hereinafter referred to as 'authorisation').

(2) Authorisation shall not be necessary for credit institutions and credit unions whose authorisation for the granting of credits is issued by the Croatian National Bank pursuant to the laws governing the operation of these institutions, and for payment institutions and electronic money institutions for the granting of credits that are an integral part of payment services that these institutions provide on the basis of authorisation by the Croatian National Bank. Authorisation shall not be necessary for leasing companies whose authorisation for conducting financial leasing is issued by the Croatian Financial Services Supervisory Agency pursuant to special laws governing the operation of leasing companies. Authorisation shall also not be necessary for the Croatian Bank for Reconstruction and Development and for creditors granting credits exclusively to their employees. Authorisation shall also not be necessary for seller-trader creditors who allow consumers to pay for goods or services in four or fewer instalments over a period of one year from the date of purchase.

(3) The Ministry of Finance shall issue the authorisation referred to in paragraph (1) of this Article for a period of three years.

(4) No appeal may be lodged against decisions issued in administrative procedures on applications for authorisation but an administrative dispute may be initiated against them.

(5) Unless otherwise provided for in this Act, the provisions of the General Administrative Procedure Act shall apply to the decision-making procedure of the Ministry of Finance.

(6) The Minister of Finance shall prescribe by means of an ordinance the obligation of reporting to the Ministry of Finance, the personnel, technical and organisational requirements to be met by the creditor or the credit intermediary for the purpose of obtaining authorisation, the reasons for refusal of an application for authorisation, the documentation to be enclosed with an application, a fee for issuing the authorisation, the time limit for submitting the application for authorisation and other conditions for authorisation to provide consumer credit services.

Article 21a

(1) Creditors that were issued the authorisation by the Ministry of Finance referred to in Article 21 of this Act may, pursuant to this Act, provide exclusively the services of granting specific-purpose consumer credits for the purpose of developing their main predominant activity.

(2) The activity of providing consumer credit services may not be the main activity of a creditor, unless the creditor is a credit institution, a credit union or a leasing company engaged in financial leasing activities as activities which, for the purposes of this Act and in their economic aspect, correspond to consumer credit activities.

VII INSPECTION SUPERVISION

Supervision

Article 22

(1) Inspection supervision of the implementation of this Act and regulations adopted under this Act, except in the cases referred to in paragraphs (2) and (3) of this Article, shall be carried out by the State Inspector's Office.

(2) Supervision of the implementation of this Act and regulations adopted under this Act by credit institutions and credit unions authorised by the Croatian National Bank to grant credits and by payment institutions and electronic money institutions that grant credits that are an integral part of payment services that these institutions provide on the basis of authorisation by the Croatian National Bank, shall be carried out by the Croatian National Bank in the manner prescribed in special laws governing the operation of these creditors. The Croatian National Bank shall also carry out supervision of the implementation of this Act and regulations adopted under this Act by other creditors that, pursuant to the law governing the operation of credit institutions, provide credit services in the Republic of Croatia directly or through a branch.

(3) Supervision of the implementation of this Act and regulations adopted under this Act by creditors operating on the basis of authorisation by the Croatian Financial Services Supervisory Agency, issued pursuant to special laws governing the operation of these creditors, shall be carried out by the Croatian Financial Services Supervisory Agency.

(4) Supervisory authorities referred to in this Article may, for the purposes of supervision, adopt implementing regulations within their competence.

Article 23

(1) The creditor or the credit intermediary shall enable the competent inspector or other competent supervisory authority to carry out an examination of the concluded agreements, shall provide them with copies of such agreements, and shall make available other information and business documentation necessary for determining the facts during supervision, at its head office and in other premises in which it operates and conducts activities pertaining to which the competent inspector or other competent supervisory authority carries out supervision.

(2) The creditor or the credit intermediary shall provide the competent inspector or other competent supervisory authority with adequate premises in which they can carry out supervision without disturbance and without the presence of other persons.

(3) In the course of supervision, the creditor or the credit intermediary shall ensure the presence of authorised persons of the creditor or the credit intermediary in the premises referred to in paragraph (1) of this Article, who may provide appropriate explanations concerning the business events and administrative or business records that are subject to supervision.

- (4) The creditor or the credit intermediary providing consumer credit services or mediating in consumer credits on the basis of authorisation by the Ministry of Finance shall keep records of the concluded agreements on the prescribed form, which must be located in the business premises and available to the competent inspector for review.
- (5) The competent inspector or other competent supervisory authority shall treat the information they have received in the course of supervision as a business secret.
- (6) The competent inspector shall inform the Ministry of Finance of established illegalities.
- (7) The Minister of Finance shall prescribe the contents, form and means of keeping records referred to in paragraph (4) of this Article by means of an ordinance.

Article 23a

- (1) In the course of inspection supervision, the competent inspector shall prohibit the provision of consumer credit services or mediation in providing consumer credits by an oral decision noted in the report, if he establishes that:
- 1) the creditor provides consumer credit services without authorisation by the Ministry of Finance;
 - 2) the intermediary mediates in providing consumer credits without authorisation by the Ministry of Finance.
- (2) The decision referred to in paragraph (1) of this Article shall be executed without delay, upon the completed supervision, by sealing off the business premises or, when this is not possible, in another suitable manner.
- (3) The prohibition on providing consumer credit services or mediation in providing consumer credits shall last until the established irregularities are eliminated, and for at least 30 days from the date of issuing the oral decision.
- (4) The decision referred to in paragraph (1) of this Article shall be delivered in writing without delay, at the latest within eight days from the date of issuing the oral decision.
- (5) An appeal against the decision referred to in paragraph (4) of this Article shall not stay its execution.

Article 23b

(1) In the course of inspection supervision, the competent inspector shall order the creditor or credit intermediary, by means of a decision, to eliminate all established irregularities and illegalities, determining the time limit in which such irregularities must be eliminated, if he establishes that:

1) advertising concerning credit agreements does not include information in accordance with Article 4 of this Act;

2) prior to accepting the offer or concluding the credit agreement, he did not inform the consumer in accordance with the provisions of Article 5 of this Act;

3) before concluding the credit agreement, he did not assess the creditworthiness of the consumer in accordance with the provisions of Article 8 of this Act;

4) the credit agreement is not concluded on paper or on another durable medium;

5) the credit agreement does not contain contractual provisions in accordance with this Act;

6) the credit agreement contains contractual provisions contrary to this Act and detrimental to the consumer;

7) the creditor or credit intermediary grants credits contrary to the provisions of this Act.

(2) If the competent inspector establishes that the creditor or credit intermediary did not eliminate irregularities within the set time limit, the inspector shall prohibit the creditor or credit intermediary, by means of a decision, from concluding credit agreements.

(3) An appeal against the decision referred to in paragraph (2) of this Article shall not stay its execution.

VIII CONSUMER RIGHTS PROTECTION

Out-of-court resolution of disputes

Article 24

(1) In all disputes which may arise in the implementation of the provisions of this Act between a consumer and a creditor a proposal for conciliation may be submitted to the Conciliation Centre of the Croatian Chamber of Economy.

(2) The conciliation before the Conciliation Centre referred to in paragraph (1) of this Article shall be conducted in accordance with the Rules of Conciliation of the Croatian Chamber of Economy.

(3) The Croatian Chamber of Economy shall, subject to the approval of the Minister of Finance, render a decision on the costs of conciliation in consumer disputes, determining the amount of fees and remuneration and other costs of the conciliation and procedures referred to in paragraph (1) of this Article.

(4) The settlement reached in the conciliation procedure before the Conciliation Centre of the Croatian Chamber of Economy shall have the capacity of an enforcement document.

(5) The funds for the costs of the conciliation before the Conciliation Centre of the Croatian Chamber of Economy referred to in paragraph (1) of this Article shall be provided in the government budget.

Application of other regulations

Article 25

Unless otherwise prescribed in this Act, the provisions of the law governing consumer protection shall apply.

IX PENALTY PROVISIONS

Penalties

Article 26 (Official Gazette 143/2013)

(1) A creditor or a credit intermediary shall be fined between HRK 80,000.00 and HRK 200,000.00:

- if advertising does not include information in accordance with Article 4, paragraph (2) of this Act;
- if, in the period prior to accepting the offer or concluding the agreement, he fails to provide in good time the consumer with all the information referred to in Article 5 of this Act;
- if he fails to provide all the information referred to in Article 5 of this Act immediately after the conclusion of the credit agreement in the case referred to in Article 5, paragraph (5) of this Act;

- if he fails to provide all the information in accordance with Article 6, paragraph (8) of this Act;
- if, in the period prior to accepting the offer or concluding the credit agreement referred to in Article 3, paragraph (2) or (4) of this Act, he fails to provide in good time all the information referred to in Article 6, paragraph (2) or Article 6, paragraphs (2) and (4) of this Act;
- if the credit agreement is not concluded on paper or on another durable medium;
- if he fails to provide the consumer with a copy of the credit agreement;
- if the credit agreement does not specify all the information referred to in Article 10, paragraph (2) of this Article, with the exception of information specified in item (i) of paragraph (2);
- if the credit agreement in the form of an overdraft facility as referred to in Article 3, paragraph (2) of this Act does not specify all the information referred to in Article 10, paragraph (5) of this Act;
- if he fails to inform the consumer of any changes in the interest rate in accordance with Article 11, paragraph (1) of this Act;
- if he fails to keep the consumer regularly informed about the balance and transactions in the current account in accordance with Article 12, paragraph (1) of this Act;
- if he fails to inform the consumer of increases in the interest rate, or of any charges payable in accordance with Article 12, paragraph (2) of this Act;
- if he fails to inform the consumer of the termination of the agreement and the reasons for it in accordance with Article 13, paragraph (3) of this Act;
- if he fails to enable the consumer to withdraw from the agreement in accordance with Article 14 of this Act;
- if he fails to inform the consumer of the assignment of the right referred to in Article 17 of this Act;
- if he fails to provide on a regular basis the information referred to in Article 6 of this Act;
- if he fails to enable the consumer to make early repayment in accordance with Article 16 of this Act;

- if, in the event of a significant overrunning exceeding a period of one month, he fails to inform the consumer in accordance with Article 18, paragraph (2) of this Act;
- if he fails to act in accordance with Article 19 of this Act;
- if he provides consumer credit services without the authorisation referred to in Article 21 of this Act;
- if he fails to enable the competent inspector or other authorised persons to carry out supervision in accordance with Article 23, paragraph (1) of this Act;
- if, contrary to the provisions of Article 10, paragraph (3) of this Act, he fails to make available to the consumer, free of charge and at any time throughout the duration of the credit agreement, a statement of account in the form of an amortisation schedule;
- if he fails to deliver to the Ministry of Finance a report in accordance with Article 22 of the Ordinance on authorisation to provide consumer credit services (Official Gazette 14/2010 and 16/2013);
- if he grants credits contrary to this Act;
- if he fails to comply with regulations adopted under this Act, Article 21, paragraph (2) of the Ordinance on authorisation to provide consumer credit services (Official Gazette 14/2010 and 16/2013), Article 3 of the Ordinance on the obligation to inform consumers and on additional assumptions for the calculation of the effective interest rate (Official Gazette 14/2010 and 124/2013) and Articles 1 to 5 of the Ordinance on the contents, form and means of keeping records of the concluded agreements (Official Gazette 1/2013);
- if, contrary to the provisions of Article 11a, paragraph (1) of this Act, he fails to define the parameter he observes in the context of reaching a decision on the correction of the variable interest rate, fails to analyse the cause and effect links of the developments in the parameter and the influence of these developments on the level of the variable interest rate, or fails to determine the periods in which the issuing of a decision on correcting the interest rate is reviewed;
- if, contrary to the provisions of Article 11a, paragraph (4) of this Act, he fails to present to the consumer, before concluding a credit agreement, the prescribed elements, fails to warn the consumer of all the risks associated with this variability or fails to state in the credit agreement the variable elements in the credit agreement, based on which the variable interest rate is calculated;
- if, contrary to the provisions of Article 11a, paragraph (5) of this Act, he fails, for all the existing credit agreements in which the parameters and their cause and effect links are not

defined, to define the parameter, i.e. one of the following variables: EURIBOR, LIBOR, NRR, the yield on T-bills of the Ministry of Finance or the average interest rate on household deposits in the relevant currency and the fixed component of the interest rate and the period of interest rate variability or, in agreements on housing loans, in cases where the exchange rate of the contracted foreign currency has appreciated by more than 20% relative to the contracted exchange rate on the day of the first use of the credit, he fails to apply the legal restriction on the level of interest rates or, after such appreciation ends, fails to offer a conversion of the remaining unpaid part of the credit into a kuna credit or a credit with a currency clause in EUR free of charge, or charges to the consumer any contractual costs and accompanying costs associated therewith;

– if, contrary to the provisions of Article 11a, paragraph (6) of this Act, he fails to deliver a notice to the consumer of an increase in the interest rate 15 days prior to its implementation or charges a compensation for early repayment of the credit;

– if, contrary to the provisions of Article 20a of this Act, he contracts a maximum EIR above the ceiling;

– if, within the prescribed time limit, contrary to the provisions of Article 12, paragraphs (4) and (5) of this Act, he fails to offer the consumer to whom the overdraft facility has been reduced or cancelled, to repay the amount by which the overdraft facility has been reduced or the amount of the cancelled previous overdraft facility, in 12 monthly instalments at the interest rate applicable to the current account overdraft facility.

(2) A responsible person of the legal person shall be fined between HRK 10,000.00 and HRK 50,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

Article 26a (Official Gazette 102/2015)

(1) A creditor referred to in Article 2, paragraph (1), item (2) of this Act shall be fined between HRK 80,000.00 and HRK 200,000.00:

– if he fails to carry out the conversion of a credit denominated in CHF into a credit denominated in EUR or of a credit denominated in kuna with a currency clause in CHF into a credit denominated in kuna with a currency clause in EUR in such a way that the position of a consumer with a credit denominated in CHF is made equal to the position the consumer would have been in had the consumer used a credit denominated in EUR, and the position of a consumer with a credit denominated in kuna with a currency clause in CHF is made equal to the position the consumer would have been in had the consumer used a credit denominated in kuna with a currency clause in EUR in accordance with Article 19b of this Act;

– if he fails to recalculate the amount of the initially granted principal of a credit denominated in CHF or of a credit denominated in kuna with a currency clause in CHF to the amount of the principal of a credit denominated in EUR or of a credit denominated in kuna with a currency clause in EUR using the exchange rate applicable on the date of credit disbursement, where the exchange rate shall be equal to the exchange rate of the type the creditor used on that date for credits of the same type and duration, denominated in EUR or a credit denominated in kuna with a currency clause in EUR; the amount of the initially granted principal shall be the amount entered in the business books of the creditor, where this amount may be greater than the amount disbursed as a result of exchange rate differences arising from the foreign exchange purchase/sale taking place at the time of credit disbursement in accordance with Article 19c, paragraph (1), item (1) of this Act;

– if instead of the initially agreed interest rate on a credit denominated in CHF or a credit denominated in kuna with a currency clause in CHF, the creditor fails to apply the interest rate equal to the interest rate (in terms of amount, type and period of change) which the creditor applied to credits of the same type and duration denominated in EUR or credits denominated in kuna with a currency clause in EUR on the date of entering into the credit agreement in accordance with Article 19c, paragraph (1), item (2) of this Act;

– if he fails to replace the initially determined credit amortisation schedule for a credit denominated in CHF or a credit denominated in kuna with a currency clause in CHF, including any amendments thereto, on the basis of which instalments or annuities in CHF or in kuna with a currency clause in CHF have been calculated, with the new credit amortisation schedule calculated in accordance with Article 19c, paragraph (1), items (1) and (2) of this Act and on the basis of which new instalments or annuities are calculated in EUR or in kuna with a currency clause in EUR, taking into account all changes to contractual terms related to the amount, purpose and maturity of the principal, and the amount, type and period of change in interest rates and other changes which have over the duration of the credit agreement led to changes in the initially determined credit amortisation schedule and instalments or annuities in accordance with Article 19c, paragraph (1), item (3) of this Act;

– if he fails to convert into EUR and with a currency clause in EUR the amounts paid to settle the initially determined instalments or annuities in CHF or in kuna with a currency clause in CHF (except for default interest payments, fees and costs which shall not be taken into account for the purposes of conversion) using the exchange rate applicable on the date of payment, where the exchange rate shall be equal to the exchange rate of the type the creditor used on that date for credits of the same type and duration, denominated in EUR or credits denominated in kuna with a currency clause in EUR; the amounts converted into EUR and with a currency clause in EUR shall constitute the basis for the settlement of instalments or annuities in EUR and with a currency clause in EUR determined in accordance with the new

credit amortisation schedule in EUR and with a currency clause in EUR referred to in Article 19c, paragraph (1), item (3) of this Act, respecting the order of settlement of due obligations in accordance with the general conditions of the creditor and not charging default interest in accordance with Article 19c, paragraph (1), item (4) of this Act;

– if he fails to determine as overpayment in accordance with Article 19c, paragraph (1), item (5) of this Act the total amount paid, determined in EUR and with a currency clause in EUR in the manner referred to in Article 19c, paragraph (1), item (4) of this Act, which is greater than the total amount of instalments or annuities in EUR and with a currency clause in EUR determined in the manner referred to in Article 19c, paragraph (1), item (3) of this Act;

– if he fails to use the amount of overpayment, which does not exceed the sum total of instalments or annuities in EUR and with a currency clause in EUR outstanding as at 30 September 2015 in accordance with the credit amortisation schedule referred to in Article 19c, paragraph (1), item (3) of this Act, for the settlement of future instalments or annuities in EUR and with a currency clause in EUR which shall fall due in such a manner that, when paying the subsequent due instalment or annuity, the amount up to maximum 50% of the due instalment or annuity in EUR and with a currency clause in EUR may be closed out by overpayment, until

overpayment is used in full in accordance with Article 19c, paragraph (1), item (5), the first indent of this Act;

– if he fails to reimburse to the consumer the amount of overpayment, which exceeds the sum total of instalments or annuities in EUR and with a currency clause in EUR outstanding as at 30 September 2015 in accordance with the credit amortisation schedule referred to in Article 19c, paragraph (1), item (3) of this Act, within 60 days of the date of acceptance of conversion in accordance with Article 19c, paragraph (1), item (5), the second indent of this Act;

– if he fails to settle in accordance with an agreement with the consumer in accordance with Article 19c, paragraph (1), item (6) of this Act the total amount paid, determined in EUR and with a currency clause in EUR in the manner referred to in Article 19c, paragraph (1), item (4) of this Act, which is smaller than the sum total of instalments or annuities in EUR and with a currency clause in EUR determined in the manner referred to in Article 19c, paragraph (1), item (3) of this Act;

– if he fails to determine the remaining outstanding principal amount in EUR or in kuna with a currency clause in EUR as at 30 September 2015 as the difference between the new credit amortisation schedule determined in accordance with Article 19c, paragraph (1), item (3) of

this Act and the paid amounts determined in accordance with Article 19c, paragraph (1), item (4) of this Act, and in accordance with Article 19c, paragraph (1), item (7) of this Act;

– if he fails to determine the effect of conversion in the manner provided for in Article 19c, paragraph (1), item (8) of this Act;

– if he fails to draw up the calculator within the time limit prescribed and to make it available to each individual consumer on his website in accordance with Article 19d, paragraph (1) of this Act;

– if prior to posting of the calculator on his website, he fails to obtain an opinion of a certified auditor or a judicial expert that the calculator is drawn up in accordance with the manner of calculation prescribed in Article 19c of this Act or fails to post the opinion on his website within the prescribed time limit in accordance with Article 19e, paragraph (3) of this Act;

– if he fails to deliver to the consumer and/or the persons from whom the creditor demanded or has the right to demand fulfilment of an obligation within the prescribed time limit and in the manner prescribed the calculation of conversion, together with the proposal of a new or amended credit agreement in accordance with Article 19e, paragraphs (1), (2) and (3) of this Act;

– if he fails to deliver, together with the corporate income tax (profit tax) return for the period in which the expense referred to in Article 19h, paragraph (1) of this Act is entered in the business books, a cumulative summary of the calculations of the conversions referred to in Article 19e of this Act, on the basis of which the creditor entered the expense in the business books, as well as evidence clearly showing that the expense received the tax treatment in accordance with the provisions of Article 19h, paragraph (1) of this Act;

– if he fails to deliver together with the income tax return, if the creditor is subject to income tax, for the period in which the expense referred to in Article 19h, paragraph (1) of this Act is entered in the business books, a cumulative summary of the calculations of the conversions referred to in Article 19e of this Act, on the basis of which the creditor entered the expense in the business books, as well as evidence clearly showing that the expense received the tax treatment in accordance with the provisions of Article 19h, paragraph (1) of this Act;

– if he fails to deliver to the Ministry of Finance within the time limit prescribed a report on the results of the credit conversion implementation in accordance with Article 19i of this Act.

(2) A responsible person of the legal person shall be fined between HRK 10,000.00 and HRK 50,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

(3) A creditor who is a legal person referred to in Article 19a, paragraph (5) of this Act shall be fined between HRK 80,000.00 and HRK 200,000.00:

– if he fails to carry out the conversion of a credit denominated in CHF into a credit denominated in EUR or of a credit denominated in kuna with a currency clause in CHF into a credit denominated in kuna with a currency clause in EUR in such a way that the position of a consumer with a credit denominated in CHF is made equal to the position the consumer would have been in had the consumer used a credit denominated in EUR, and the position of a consumer with a credit denominated in kuna with a currency clause in CHF is made equal to the position the consumer would have been in had the consumer used a credit denominated in kuna with a currency clause in EUR in accordance with Article 19b of this Act;

– if he fails to recalculate the amount of the initially granted principal of a credit denominated in CHF or of a credit denominated in kuna with a currency clause in CHF to the amount of the principal of a credit denominated in EUR or of a credit denominated in kuna with a currency clause in EUR using the exchange rate applicable on the date of credit disbursement, where the exchange rate shall be equal to the exchange rate of the type the creditor used on that date for credits of the same type and duration, denominated in EUR or a credit denominated in kuna with a currency clause in EUR; the amount of the initially granted principal shall be the amount entered in the business books of the creditor, where this amount may be greater than the amount disbursed as a result of exchange rate differences arising from the foreign exchange purchase/sale taking place at the time of credit disbursement in accordance with Article 19c, paragraph (1), item (1) of this Act;

– if instead of the initially agreed interest rate on a credit denominated in CHF or a credit denominated in kuna with a currency clause in CHF, the creditor fails to apply the interest rate equal to the interest rate (in terms of amount, type and period of change) which the creditor applied to credits of the same type and duration denominated in EUR and credits denominated in kuna with a currency clause in EUR on the date of entering into the credit agreement in accordance with Article 19c, paragraph (1), item (2) of this Act;

– if he fails to replace the initially determined credit amortisation schedule for a credit denominated in CHF or a credit denominated in kuna with a currency clause in CHF, including any amendments thereto, on the basis of which instalments or annuities in CHF or in kuna with a currency clause in CHF have been calculated, with the new credit amortisation schedule calculated in accordance with Article 19c, paragraph (1), items (1) and (2) of this Act and on the basis of which new instalments or annuities are calculated in EUR or in kuna with a currency clause in EUR, taking into account all changes to contractual terms related to the amount, purpose and maturity of the principal, and the amount, type and period of change in interest rates and other changes which have over the duration of the credit

agreement led to changes in the initially determined credit amortisation schedule and instalments or annuities in accordance with Article 19c, paragraph (1), item (3) of this Act;

– if he fails to convert into EUR and with a currency clause in EUR the amounts paid to settle the initially determined instalments or annuities in CHF or in kuna with a currency clause in CHF (except for default interest payments, fees and costs which shall not be taken into account for the purposes of conversion) using the exchange rate applicable on the date of payment, where the exchange rate shall be equal to the exchange rate of the type the creditor used on that date for credits of the same type and duration, denominated in EUR or credits denominated in kuna with a currency clause in EUR; the amounts converted into EUR and with a currency clause in EUR shall constitute the basis for the settlement of instalments or annuities in EUR and with a currency clause in EUR determined in accordance with the new credit amortisation schedule in EUR and with a currency clause in EUR referred to in Article 19c, paragraph (1), item (3) of this Act, respecting the order of settlement of due obligations in accordance with the general conditions of the creditor and not charging default interest in accordance with Article 19c, paragraph (1), item (4) of this Act;

– if he fails to determine as overpayment in accordance with Article 19c, paragraph (1), item (5) of this Act the total amount paid, determined in EUR and with a currency clause in EUR in the manner referred to in Article 19c, paragraph (1), item (4) of this Act, which is greater than the total amount of instalments or annuities in EUR and with a currency clause in EUR determined in the manner referred to in Article 19c, paragraph (1), item (3) of this Act;

– if he fails to use the amount of overpayment, which does not exceed the sum total of instalments or annuities in EUR and with a currency clause in EUR outstanding as at 30 September 2015 in accordance with the credit amortisation schedule referred to in Article 19c, paragraph (1), item (3) of this Act, for the settlement of future instalments or annuities in EUR and with a currency clause in EUR which shall fall due in such a manner that, when paying the subsequent due instalment or annuity, the amount up to maximum 50% of the due instalment or annuity in EUR and with a currency clause in EUR may be closed out by overpayment, until

overpayment is used in full in accordance with Article 19c, paragraph (1), item (5), the first indent of this Act;

– if he fails to reimburse to the consumer the amount of overpayment, which exceeds the sum total of instalments or annuities in EUR and with a currency clause in EUR outstanding as at 30 September 2015 in accordance with the credit amortisation schedule referred to in Article 19c, paragraph (1), item (3) of this Act, within 60 days of the date of acceptance of conversion in accordance with Article 19c, paragraph (1), item (5), the second indent of this Act;

- if he fails to settle in accordance with an agreement with the consumer in accordance with Article 19c, paragraph (1), item (6) of this Act the total paid amount determined in EUR and with a currency clause in EUR in the manner referred to in Article 19c, paragraph (1), item (4) of this Act, which is smaller than the sum total of instalments or annuities in EUR and with a currency clause in EUR determined in the manner referred to in Article 19c, paragraph (1), item (3) of this Act;
- if he fails to determine the remaining outstanding principal amount in EUR or in kuna with a currency clause in EUR as at 30 September 2015 as the difference between the new credit amortisation schedule determined in accordance with Article 19c, paragraph (1), item (3) of this Act and the paid amounts determined in accordance with Article 19c, paragraph (1), item (4) of this Act, and in accordance with Article 19c, paragraph (1), item (7) of this Act;
- if he fails to determine the effect of conversion in the manner provided for in Article 19c, paragraph (1), item (8) of this Act;
- if he fails to draw up the calculator within the time limit prescribed and to make it available to each individual consumer on his website in accordance with Article 19d, paragraph (1) of this Act;
- if prior to posting of the calculator on his website, he fails to obtain an opinion of a certified auditor or a judicial expert that the calculator is drawn up in accordance with the manner of calculation prescribed in Article 19c of this Act or fails to post the opinion on his website within the prescribed time limit in accordance with Article 19e, paragraph (3) of this Act;
- if he fails to deliver to the consumer and/or the persons from whom the creditor demanded or has the right to demand fulfilment of an obligation within the prescribed time limit and in the manner prescribed the calculation of conversion, together with the proposal of a new or amended credit agreement in accordance with Article 19e, paragraphs (1), (2) and (3) of this Act;
- if he fails to deliver to the Ministry of Finance within the time limit prescribed a report on the results of the credit conversion implementation in accordance with Article 19i of this Act.

(4) A creditor who is a natural person referred to in Article 19a, paragraph (5) of this Act shall be fined between HRK 10,000.00 and HRK 50,000.00 for any of the misdemeanours referred to in paragraph (3) of this Article.

(5) A responsible person of the creditor referred to in Article 19a, paragraph (5) of this Act shall be fined between HRK 10,000.00 and HRK 50,000.00 for any of the misdemeanours referred to in paragraph (3) of this Article

Article 27 (Official Gazette 143/2013)

(1) A creditor or a credit intermediary shall be fined between HRK 10,000.00 and HRK 50,000.00:

– if he fails to provide appropriate explanations to the consumer in accordance with Article 5, paragraph (8) of this Act;

– if he fails to warn the consumer regarding the costs payable by the consumer to a public notary on conclusion of the credit agreement in accordance with Article 5, paragraph (1), item (j) of this Act;

– if he fails to inform the consumer free of charge and within an appropriate time limit of information in accordance with Article 9, paragraph (2) of this Act;

– if, on request by the consumer, he fails to deliver a statement of account in the form of an amortisation schedule free of charge and at any time throughout the duration of the credit agreement in accordance with Article 10, paragraph (2), item (i) of this Act.

(2) A responsible person of the legal person shall be fined between HRK 5,000.00 and HRK 20,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

Article 27a (Official Gazette 143/2013)

In the case where the competent supervisory authority establishes by means of inspection supervision or by other means that there are grounds for suspicion that a misdemeanour referred to in Article 26, paragraph (1), the 20th and the 30th indent of this Act has been committed, it shall propose to the court to confiscate the pecuniary gain acquired through a misdemeanour or criminal offence, in accordance with the provisions of the law governing the confiscation of pecuniary gains acquired through a criminal offence or misdemeanour.

X TRANSITIONAL AND FINAL PROVISIONS

Article 28

(1) The Minister of Finance shall adopt the regulations, the adoption of which is within his competence pursuant to the provisions of this Act, within one month of the entry into force of this Act.

(2) Creditors or credit intermediaries shall comply with the provisions of this Act by 1 January 2011.

Article 29

(1) This Act shall not apply to credit agreements concluded up to the date of the entry into force of this Act, except in the cases referred to in paragraph (2) of this Article.

(2) The provisions of Articles 9, 11, 12, 13 and 17, the second sentence of Article 18, paragraph (1) and Article 18, paragraph (2), prescribing the obligations to inform consumers of changes to contractual terms shall also apply to open-end credit agreements concluded up to the date of the entry into force of this Act.

(3) As of 1 January 2011, the provisions of Articles 71 to 86, Article 143, paragraph (3), subparagraphs (9) to (12), Article 143, paragraph (3), subparagraph (13) in the part referring to Article 86, Article 144, paragraph (1), subparagraphs (31) to (34), and Article 145, paragraph (1), subparagraphs (28) to (33) of the Consumer Protection Act (Official Gazette 79/2007 and 125/2007) shall cease to have effect.

(4) The Decision on the uniform method of calculating the effective annual interest rate on consumer credits (Official Gazette 27/2008) shall cease to have effect on the date of the entry into force of this Act.

Entry into force

Article 30

This Act shall be published in the Official Gazette and shall enter into force on 1 January 2010, with the exception of the provisions of Article 9, which shall enter into force on the date of accession of the Republic of Croatia to the European Union.

Class: 450-05/09-01/01

Zagreb, 19 June 2009

Transitional and final provisions from Official Gazette 112/2012

Article 14

(1) Creditors who approved credits on the basis of Article 3, paragraph (1), items (a) and (i) of the Consumer Credit Act (Official Gazette 75/2009) up to the entry into force of this Act shall cease to engage in this activity upon the entry into force of this Act and shall, within 30 days of the entry into force of this Act, submit a documented application for authorisation to the Ministry of Finance for activities of providing specific-purpose consumer credits.

(2) A creditor who fails to act in accordance with the provisions of Article 5 of this Act, in the part where Article 11a, paragraph (1) has been added to the Consumer Credit Act (Official Gazette 75/2009), shall not change existing interest rates to the detriment of the consumer and shall not offer new credits with variable interest rates until he complies with the provisions of Article 5 of this Act which adds Article 11a, paragraph (1) to the Consumer Credit Act.

(3) By virtue of the entry into force of this Act, authorisations issued to leasing companies pursuant to the Consumer Credit Act (Official Gazette 75/2009) and its subordinate legislation shall expire, as shall the obligations pertaining to those authorisations.

(4) By virtue of the entry into force of this Act, authorisations for consumer credit services issued to electronic money institutions and payment institutions pursuant to the Consumer Credit Act (Official Gazette 75/2009) shall expire with regard to the granting of credits that are an integral part of payment services for which these institutions obtained authorisation of the Croatian National Bank.

Article 15

(1) The Minister of Finance shall adopt the regulation referred to in Article 11 of this Act within 60 days of the entry into force of this Act.

Article 16

This Act shall enter into force on the eighth day after the day of its publication in the Official Gazette, with the exception of the provisions of Articles 5 and 7 of this Act, which shall enter into force on expiry of 90 days after the day of publication of this Act in the Official Gazette.

Class: 450-05/12-01/01

Zagreb, 28 September 2012

Transitional and final provisions from Official Gazette 143/2013

Article 13 (Official Gazette 52/2016)

(1) The provisions of Article 3 of this Act in the part relating to Article 11a, paragraph (5) of the Consumer Protection Act (Official Gazette 75/2009 and 112/2012) shall apply to all consumer credit agreements regardless of the date of entering into the credit agreement.

(2) For existing credit agreements concluded up to the date of the entry into force of this Act, in which the parameters and their cause and effect links are not defined, creditors shall agree with the consumer on the interest rate by defining the parameter and the fixed bank margin, as well as the period of interest rate variability.

Article 14

The Minister of Finance shall adopt the Ordinance referred to in Article 1 of this Act within 60 days of the entry into force of this Act.

Article 15

This Act shall be published in the Official Gazette and shall enter into force on 1 January 2014.

Transitional provisions from Official Gazette 9/2015

Article 2

(1) The provision of Article 1 of this Act, which added Article 11d of this Act, shall apply to credit agreements contracted in CHF or in kuna with a currency clause in CHF concluded prior to the entry into force of this Act.

(2) By way of derogation from Article 3, paragraph (1) of the Act, Article 11d, which is added by Article 1 of this Act, shall also apply to credit agreements contracted in CHF or in kuna with a currency clause in CHF concluded prior to the entry into force of this Act regardless of the total amount and type of credit.

Article 3

This Act shall enter into force on the first day after the day of its publication in the Official Gazette.

Official Gazette 78/2015

Article 6

The Croatian National Bank shall publish on 1 August 2015 the average interest rate on the balances of the loans granted to non-financial corporations for a period exceeding one year, calculated for the reference period from 1 November 2014 to 30 April 2015.

The Croatian National Bank shall publish on 1 August 2015 the average weighted interest rates on the balances of the loans referred to in Article 11b and Article 11c of the Consumer Credit Act (Official Gazette 75/2009, 112/2012, 143/2013, 147/2013 and 9/2015) according to the data as at 30 April 2015.

The average interest rate referred to in paragraph (1) of this Article and the average weighted interest rates referred to in paragraph (2) of this Article shall apply for the period from 1 August 2015 to 31 December 2015.

Official Gazette 52/2016

Decision of the Constitutional Court of the Republic of Croatia No U-I-3541/2015 and No U-I-2780/2015 of 4 May 2016 (Official Gazette 52-1386/2016), published on 6 June 2016, in effect as of 6 June 2016, prescribes:

"I. Article 13, paragraph (2) of the Act on Amendments to the Consumer Credit Act (Official Gazette 143/2013 and 147/2013) is annulled in the part which reads: "by 1 January 2014 at the latest".