BANK MILLENNIUM DECIDES TO CEASE TO REQUIRE COLLATERAL FOR CHF LOANS IN THE FORM OF LOW DOWN PAYMENT INSURANCE

* **Bank Millennium failed to comply with the court decisions which ruled that clauses on charges for low down payment insurance on loans indexed to the Swiss franc were abusive.**
* **Although the bank returned the impugned charges to its customers, it demanded other loan collateral from them.**
* **After the intervention of the President of UOKiK, the bank will send to borrowers the proposed annexes to their agreements with the clauses concerning LDPI deleted and will establish no additional collateral.**

**[Warsaw, 6 August 2018]** The low down payment insurance (LDPI) constitutes collateral for repayment of a mortgage loan in the amount of e.g. 95 or 100 per cent of value of the property concerned. Charges for this insurance proved particularly burdensome for persons who had taken out mortgage loans indexed to the Swiss franc. Particularly if it cannot be determined when the value of the loan which is yet to be repaid will reach a level where, in accordance with the agreement, other collateral will be sufficient. When the exchange rate of the Swiss franc started to rise sharply several years ago, it transpired that the borrowers would be obliged to pay LDPI premiums even in the event that they have repaid the insured part of the loan during the term of their agreement.

Under such circumstances, many consumers decided to go to court.Having analysed their loan agreements, in the majority of cases the courts ruled that the banks had charged LDPI premiums unlawfully. This was due to prohibited provisions being included in the agreements, some of which have been entered in the register of abusive clauses. Concerns were raised in connection with the fact that while the borrowers paid premiums, they enjoyed no benefits in connection with the concluded insurance agreements, as well as the fact that it was impossible to predict at the moment of conclusion of their loan agreements for how long the clients would have to incur charges and in what amount. If the court supported the position of the borrower in a given case, it obliged the bank to reimburse the LDPI premiums paid.

**Soft call for Bank Millennium**

The decisions concerned numerous banks offering loans indexed to CHF. One of them was Bank Millennium.Although – like other banks – in accordance with the decisions in favour of the borrowers, it reimbursed to clients the charges for the impugned premiums, at the same time it demanded that they establish different collateral for the loan. It would propose an increase in the loan margin by 0.5 percentage points or monthly commission for the bank’s increased risk.

“*Such a practice mitigated the consequences of final decisions. The courts would rule that the provisions concerning low down payment insurance were abusive, and Bank Millennium would replace them with new collateral which were expensive for clients. Seeing that it was a violation of the principles of decency, we requested the bank to cease this practice. The negotiations were held over approximately 4 months,*” says Marek Niechciał, President of the Office of Competition and Consumer Protection.

Following the intervention of the President of UOKiK, Bank Millennium decided to cease to require consumers to establish additional collateral. It also offered to send proposed annexes to loan agreements to its clients. Pursuant to them, the provisions concerning LDPI will be deleted from the agreements and no other collateral will be established in their place.

Using this occasion, UOKiK inquired 19 other banks if they respected the decisions relating to LDPI. All of them assured that they were in the process of reimbursing the amounts awarded by courts.

**It is worth going to court**

Dear Consumer, do you believe that the provisions concerning LDPI in your loan agreement are abusive? Please note that you may file a suit with a civil court, requesting a so-called case-specific investigation. You can prepare it with the free assistance of, for example, your county consumer ombudsman. You may also request the President of UOKiK or the financial ombudsman to issue a reasoned opinion in this case. If the court rules that the provisions concerning LDPI in your loan agreement are abusive, the bank will have to reimburse the premiums you have paid together with interest.

**Additional information for consumers:**

Phone: 801 440 220 or +48 22 290 89 16 – consumer helpline   
Email: [porady@dlakonsumentow.pl](mailto:porady@dlakonsumentow.pl)  
[Branches of the Consumer Federation](http://www.federacja-konsumentow.org.pl/63,tu-znajdziesz-pomoc.html)  
[Consumer spokespersons](https://uokik.gov.pl/pomoc.php) – in your town or county

**Additional information for the media:**

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