RAIFFEISEN BANK Poland – decision

**Raiffeisen Bank Poland has infringed collective consumer interests by failing to take into account the negative LIBOR rate and – having subsequently discontinued this practice – by failing to apply negative interest rates on loans denominated in Swiss Francs. The President of the Office of Competition and Consumer Protection imposed upon the bank a fine in the amount of more than PLN 3.5 million and requested the bank to recalculate the interest on loans and to pay compensation to consumers for all periods during which negative interest rates occurred**

**[Warsaw, January 26, 2017] The proceedings against Raiffeisen Bank Poland were instigated at the end of October 2015, extending also to contracts concluded between consumers and Polbank. The bank, without having obtained the consent of its clients, attempted to unilaterally introduce a contractual provision according to which any negative LIBOR rate was to be deemed as amounting to zero. In accordance to the provisions of applicable laws, such amendment would constitute a material change of the agreement for which the consent of the consumer must be sought.**

**Despite having discontinued the aforementioned practice, Raiffeisen Bank Poland continues to disregard the negative interest rates on loans denominated in Swiss Francs (CHF), which occur whenever the LIBOR rate attains a negative value.** In its loan agreements, the bank stipulated that the interest rate shall be the sum of the base LIBOR rate and the loan margin; however, when the LIBOR rate drops below zero and the sum of the LIBOR rate and the loan margin attains a negative value, the bank does not decrease the amounts of loan payments accordingly.

**As a result, the President of the Office of Competition and Consumer Protection considered that Raiffeisen Bank Poland infringed upon the collective interests of consumers. – *The bank stipulated the manner of calculation of loan interest in the loan agreements. However, it subsequently chose to disregard these provisions. Where the LIBOR rate attains a negative value and where its absolute value exceeds the loan margin, the bank assumes that the interest rate amounts to zero. As a result, the customers of the bank are forced to make higher loan payments* – says Marek Niechciał, President of the Office of Competition and Consumer Protection.**

**For the violation of collective consumer interests, the President of the Competition Authority imposed upon Raiffeisen Bank Poland a fine in the amount of over PLN 3.5 million, ordering the bank to recalculate the interest on loans in accordance with the relevant contractual provisions. Even as the proceedings were underway, Raiffeisen Bank Poland partially reimbursed to its customers the difference between the interest charged and the interest which it should have charged, taking the negative interest rates into account. Pursuant to the decision adopted, an obligation was imposed upon the bank to pay compensation to consumers for all periods during which negative interest rates occurred. The bank shall also publish the decision of the Competition Authority on its website.**

**The decision is not final, and the bank may appeal against it to the Court of Competition and Consumer Protection.**

**This is the eighth – and final – decision of the President of the Office of Competition and Consumer Protection concerning the practice whereby a bank disregards negative interest rates. The decisions adopted so far pertained to the following undertakings:**[ING Bank Śląski, mBank](https://uokik.gov.pl/news.php?news_id=12129)**,**[Getin Noble Bank, Credit Agricole Bank Polska](https://uokik.gov.pl/news.php?news_id=12295)**,** [Bank BPH](https://uokik.gov.pl/news.php?news_id=12430)**,** BNP Paribas Bank Polska[and Pekao SA](https://uokik.gov.pl/news.php?news_id=12430)**.**

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