Early loan repayment - decision of the President of the Office of Competition and Consumer Protection (UOKiK) in relation to LoanMe

* **Have you repaid your loan early? You are entitled to be reimbursed for part of the commission and other fees.**
* **The President of the Office of Competition and Consumer Protection (UOKiK) rendered a decision against LoanMe, which had failed to reimburse consumers for due costs and had been misleading about their obligations in this respect.**
* **The trader also had been engaged in a practice of rolling over loans, whereby consumers had incurred very high non-interest loan costs.**

**[Warsaw, 22 July 2024]** LoanMe provided loans, usually for an amount of several thousand Polish zlotys. The signals received by the Office of the Competition and Consumer Protection (UOKiK) pointed to irregularities in settlements involving early repayment of liabilities. Consumers also complained about the company's mechanism for refinancing loans (known as rollover), resulting in high non-interest charges and very high outstanding debt. The President of the Office rendered a decision to impose a fine of over PLN 550,000 on LoanMe.

**Faster repayment = reimbursement**

If a consumer has repaid a loan early, financial institutions must reimburse them for a proportionate share of the fees and commissions charged. This follows from Article 49 of the Consumer Credit Act. This interpretation of the provision was [confirmed in September 2019 by the Court of Justice of the EU](https://archiwum.uokik.gov.pl/aktualnosci.php?news_id=15765). LoanMe refused to reimburse consumers who had repaid their loan before the agreed date if this had taken place in the run-up to the CJEU judgment. Furthermore, the trader - by refusing to settle borrowers for early loan repayment - misled consumers by communicating that, prior to September 2019, the regulations had not required the trader to reimburse the cost of loans. This might have influenced consumers' decisions not to pursue their due claims.

*“Following the CJEU judgment, there is no question whatsoever as to how to interpret the provisions governing agreements concluded after the entry into force of the Consumer Credit Act, that is, from 18 December 2011”*, says Tomasz Chróstny, President of the Office of Competition and Consumer Protection (UOKiK).

**Loan rollover**

Moreover, LoanMe followed the practice of alternating the refinancing of loans with another company, without an explicit request from a consumer. A customer who already had an active loan with LoanMe would receive another loan from an entity with which LoanMe had partnered. Thereafter, the loan to repay the new debt was again granted by LoanMe. Non-interest costs were charged individually for each refinanced loan. As a consequence, consumers incurred very high (above the regulatory limit) non-interest loan costs and got into a so-called debt spiral.

*“If loans were refinanced in accordance with the regulations, a consumer who failed to repay the loan within 120 days and took out another loan from the same entity would be protected.* *This is because all fees charged at the time have to be within the limit of non-interest costs charged on the amount of the first loan”*, says Tomasz Chróstny, President of the Office of Competition and Consumer Protection (UOKiK).

The President of the Office has imposed a fine of over PLN 550,000 (PLN 557,047) on LoanMe. The details of the challenged practices are available in the decision. The decision is not final and can be appealed against. LoanMe is currently on [the PFSA's list of public warnings](https://www.knf.gov.pl/dla_konsumenta/ostrzezenia_publiczne).

**Have you repaid your loan early? Learn about your rights**

* Anyone with a consumer loan can repay it early. The lender in such a case must proportionally reduce all the costs of the loan (e.g. fees, commissions, insurance costs) and reimburse them to a consumer.
* The reimbursable amount should be calculated using **the straight-line method.** The method involves the financial institution dividing all non-interest costs by the number of calendar days the agreement was to be in force. The result is multiplied by the number of days by which the loan period was shortened. This amount should be returned to a consumer.
* The Office of Competition and Consumer Protection (UOKiK) has produced a [credit calculator](https://finanse.uokik.gov.pl/kalkulator) to help you calculate the estimated amount to be reimbursed based on the straight-line method.
* You may apply for a reimbursement of the unsettled part of the fees for a consumer credit or loan you have already repaid if you concluded the agreement after the entry into force of the Consumer Credit Act, that is, after 18 December 2011. **The limitation period** for lodging a claim is 10 years for repayments made before 9 July 2018, and 6 years for repayments made after that date.
* If you want to claim back the money owed to you, file a complaint. You can use a ready-made [form](https://archiwum.uokik.gov.pl/download.php?id=19370) and send it to the financial institution that granted you the loan or consumer credit.
* For agreements concluded before 18 December 2022, there are limits on non-interest loan costs arising from the Consumer Credit Act and depend on the length of the loan term. Their maximum amount is 25% of the amount borrowed plus 30 % for each year of the loan, but not more than 100 % of the loan.
* Currently, after the amendment of the Anti-Usury Act, non-interest loan costs cannot be higher than 45% of the total loan amount.
* You should always check if the loan company or the credit broker is listed in a register maintained by the [Polish Financial Supervision Authority (KNF)](https://rpkip.knf.gov.pl/index.html?type=RIP).

**Consumer Support:**

Consumer helpline: 801 440 220 or 222 66 76 76
contact form: [poradydlakonsumentow.pl](https://poradydlakonsumentow.pl/)
[Consumer Ombudsmen](https://uokik.gov.pl/pomoc.php) – in your town or district

[Financial Ombudsman](https://rf.gov.pl/jak-pomaga-rzecznik-finansowy/porady/) - after rejection of the complaint by the financial institution