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Dear Commissioners,

We are writing to you to express our support for the response sent to you by four organisations which represent the interest of consumers and financial services users in Europe (AURSF - Romania, Better Finance, BEUC and COFACE) regarding the letter you sent to the Romanian Minister of Public Finance, Ms Anca Dragu, about the Romanian law of *Datio in solutum*.

The Financial Services User Group (FSUG) commissioned the London Economics' "Study on means to protect consumers in financial difficulty: Personal bankruptcy, *datio in solutum* of mortgages and restrictions on debt collectors abusive practices" (December 2012)¹. The report suggested a range of effective measures to support distressed debtors.

¹ http://ec.europa.eu/finance/finservices-retail/docs/fsug/papers/debt_solutions_report_en.pdf

As mentioned in our position paper on the study², we support the conclusion that *Datio in solutum* delivers greater benefits to consumers than no debt cancellation system. This, unfortunately, was the very sad position Romanian debtors found themselves in. *Datio in solutum* not only provides protection for distressed debtors but, in our view, can also discipline markets by constraining aggressive or reckless lending behaviours.

As it was repeatedly mentioned by our Romanian colleague during our meetings and in some of our replies and papers, the situation of the Romanian financial services users was one of the most difficult in the EU.

Despite the very low income levels of Romanians, they paid one of the highest interest rates on credit in the EU. Consumers were vulnerable to unfair clauses and commercial practices relating to credit contracts. It is no coincidence that Romanians were one of the most affected by the Swiss Franc loans, which were sold aggressively by banks before the financial crisis.

During the recent years, there were no legislative measures to help Romanian consumers in financial difficulty. Banks were reluctant to negotiate and to offer suitable solutions to affected consumers.

We therefore believe that the *Datio in solutum* law adopted in Romania is very much needed and is a just, progressive, and effective way of helping large numbers of distressed debtors.

The FSUG is there to advise the Commission on issues which affect financial users. We look forward in future to helping the Commission reach a balanced view on critical issues such as protecting distressed debtors.

Yours sincerely,



Mick McAteer

FSUG Chair

Cc: *Ms. Věra Jourová, European Commissioner for Justice, Consumers and Gender Equality*

Mr. Klaus Werner Iohannis, President of Romania
Ms. Anca Dragu, Minister of Public Finance of Romania

² http://ec.europa.eu/finance/finservices-retail/docs/fsug/papers/debt_solutions_research_study_position_en.pdf