



Directive on credit agreements for consumers relating to residential immovable property (“Mortgage Credit Directive” or “MCD”)

■ Why does it matter to intermediaries?

The Directive on credit agreements for consumers relating to residential immovable property (“Mortgage Credit Directive” or “MCD”) has applied since 21 March 2016. It aims to improve consumer protection measures across the EU and establishes principles for the authorisation and registration of credit intermediaries. BIPAR and its Working Party on Credit represented intermediaries’ views during the preparatory phase of the Directive until its adoption, as well as during levels 2 and 3 proceedings.

■ State of play

BIPAR has been involved in the review process of the Directive that was launched by the European Commission in its 2019-2024 mandate.

Review

In May 2021, the European Commission published a **report on the review of the MCD**, together with a short annex on the role of credit intermediaries in mortgage lending. It then organised a **public consultation** on the review, to which BIPAR, together with its Working Party on Credit, responded in February 2022, including questions on information to consumers/digitalisation, on green mortgages, on tying and bundling and on credit intermediaries (their passporting right under the MCD and their (non) use of it). BIPAR was also contacted by a consultant (on behalf of the European Commission’s DG FISMA) to take part in a **survey** on the impacts of a possible revision of the MCD. The survey was intended to feed into a **study** for the Commission to support their **evaluation and impact assessment** accompanying a **possible proposal for the MCD revision**. However, in the end, the study was not published.

In June 2022, as input for the review of the MCD, the European Banking Authority (EBA) published some advice to the European Commission proposing to revise it. **EBA identified some specific issues to be addressed**, such as:

- the scope of the MCD, including tying/bundling practices where EBA found that the rules should be changed / strengthened;
- information disclosure (simplification, better presentation, etc) and robo-advice;
- ways to facilitate the cross-border provision for mortgages – for example, the setting up of a single EBA register for credit intermediaries;
- sustainability and properties at risk due to climate change;
- to clarify whether credit intermediaries are capable to hold funds from borrowers in order to transfer them to the creditors and, if so, whether this activity would be excluded or not from PSD2.

On 18 December 2024, the Commission published a statement explaining that its review initiative was **suspended**. The Commission states that: *“feedback given in the past remains available for future reference. The initiative might be resumed at a later stage with possibly a slightly different scope or abandoned completely depending on the circumstances.”*

Infraction procedure

In February 2025 the European Commission decided to take a next step in the infraction procedure against France for incorrect transposition of the MCD. The infraction procedure concerns two aspects of the MCD:

1. The credit intermediary passport: MCD requires that credit intermediaries can offer their services on a cross-border basis or by establishing a branch in France within a specific time frame. They should be able to operate based on the authorisation obtained in their home Member State and irrespective of any prior checks or registration by the French authorities. The Directive also requires that their supervision is carried out by the competent authorities of the home Member State and that supervision by French authorities needs to be limited in line with the Directive.
2. Remuneration of the staff of creditors, credit intermediaries or appointed representatives providing advisory services must not be contingent on sales targets.

The Commission already sent a letter of formal notice to France in February 2024, to which French authorities replied in April 2024. Nevertheless, the Commission considers that France has failed to correctly transpose these aspects of the MCD. Therefore, the Commission decided to issue a reasoned opinion to France, which had two months to reply and take the necessary measures. Otherwise, the Commission could decide to refer the case to the Court of Justice of the European Union. At the time of publication, it was not yet clear if this would be the case.



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■ BIPAR’s position / key messages

- BIPAR stressed, amongst others, that the MCD is still relevant, but that the **administrative burden** needs to be tackled in a review (for example, the European Standardised Information Sheet (ESIS) could be simplified and made more concise) and that the issue of **cross-selling** should be reviewed, as there are still cases where de facto consumers are bound to an insurance for the same duration as their mortgage loan.
- BIPAR also called for more study with regard to the so-called “**robo-advice**”.
- Regarding credit intermediaries’ **European Passport**, BIPAR stressed that for this to work in practice, it is important that as much legal clarity and certainty as possible be given to business. Clarity and consistency in the content of the information to be notified by credit intermediaries wanting to operate cross border has been ensured by the EBA guidelines, but there is even a bigger need for legal clarity regarding the triggering element regarding FOS and FOE activities of credit intermediaries.

■ Next steps

There is no indication that the Commission will work on the MCD in the near future. The text is not mentioned in the Commission’s 2025 work programme.

■ Links

- [Directive on credit agreements for consumers relating to residential immovable property](#)
- [Commission’s report on the review of the MCD](#)
- [Commission’s statement on the suspension of its review initiative](#)
- [EBA’s advice on the review of the MCD](#)

