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25/02/2021

Finantsinspeksioon fined AB Kreditex AS (registry code 12041659) 20 000 euros because the internal rules of the creditor did not contain a method that would allow the nature of bullet loans to be considered in the assessment of consumer creditworthiness.

A bullet loan is one where the borrower repays the whole of the principal as a single payment at the end of the loan contract, and only pays interest during the contract. The creditor AB Kreditex AS issues such loans and so should have assessed the capacity of the borrower to handle consumer credit before signing a consumer credit agreement, taking account of the terms and conditions of the credit agreement. The method for assessing creditworthiness and the rules for applying it must by law be set in the internal rules of the creditor before credit is issued.

AB Kreditex AS was in breach of § 98 (2) of the Creditors and Credit Intermediaries Act, and so can be fined as a legal entity up to 32 000 euros.

This information is disclosed by Finantsinspeksioon under § 54 (5) of the Financial Supervision Authority Act.