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11/05/2021

Finantsinspektsioon has highlighted in a memo when is necessary to apply to Finantsinspektsioon for an authorisation before granting consumer loans to private people. The authorisation is needed when issuing consumer credit becomes the main economic activity and source of revenue of a business. A lender who issues loans without authorisation risks criminal prosecution and losing the interest on the loan because of irresponsible lending.

To apply for an authorisation it is necessary to set up a business, establish the legally required organisation, and meet other requirements.

A physical person who issues consumer loans in their economic or professional activities must follow the principles of responsible lending. Before issuing a loan, the lender must ensure that the borrower is able to repay the loan together with interest under the conditions agreed in the contract. If the lender does not do this, the borrower may be excused interest payments. The upper limit on the cost of credit must also be respected when lending to private individuals. This means that the interest and other costs associated with the loan may not together exceed the ceiling set in the Law of Obligations Act.

Creditors and credit intermediaries operating in Estonia have been under the supervision of Finantsinspektsioon since 2015, and service providers have to have an authorisation to operate as either a creditor or a credit intermediary. There are currently 56 companies that have an authorisation from Finantsinspektsioon as a creditor or credit intermediary, and some of them are subsidiaries of credit institutions. There are 10 companies in Estonia with an authorisation as a credit intermediary.

[The memo from Finantsinspektsioon](#)