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ABDRC, AN ALTERNATIVE TO COURT

Press Release

One consumer of Bucharest, who brought up a number of legal actions against the bank he had taken a loan in CHF secured by mortgage from, has managed to have his case resolved with the Alternative Banking Dispute Resolution Centre, without a lawyer and paying nothing. He took the loan in 2008 and has been fighting the bank in court for two years. He learned about ABDRC, filed an application and had his problem solved in 2 months.

Further to the negotiations between the representatives of the bank, the consumer and the ABDRC conciliator, the loan in CHF was converted into RON, with a reduction of the annual interest from Libor + 6.77% down to Robor +3%, and with the principal reduced by close to CHF 21,000. After all these changes, the monthly instalment dropped from RON 3,800/month down to RON 2,400/month, that is by almost 37%.

Both the consumer, and the bank were happy with the negotiations in ABDRC and agreed to the proposal made by the conciliator.

Once the ABDRC solution was accepted, the consumer discontinued the legal actions. It is the fourth consumer who asked deferral of a hearing in a court case to attempt an amicable settlement via the Alternative Banking Dispute Resolution Center, and obtains a favourable resolution.

“It was a difficult case because of these lawsuits on the dockets of the courts, of which one already in appeal proceedings, because the bank won in the first instance, and the consumer’s demands were quite complex, as he had asked for both restitution of significant amounts of money, by a reduction of principal, as well as conversion of the loan from CHF into RON. Considering these court cases, the most difficult was to understand the particulars of this alternative resolution procedure right from the start, as this does not imply a legal discussion, but a negotiation of specific interests in order to reach a practical solution whereby the principal is reduced and new and mutually beneficial interest rates are set. A critical point was to negotiate the interest for the loan in RON in the context of the significant increase of Robor, because this needed to be thoroughly considered and the overall situation assessed by the consumer based on simulated charts and stress scenarios. In the end, we managed to get the parties to meet halfway, and be happy with the outcome”, declared Attorney PhD Marieta Avram, Conciliator with ABDRC.

So far, the Alternative Banking Dispute Resolution Center has received close to 400 compliant applications, of which more than half became casefiles in different resolution stages, and 100 cases concluded under the conciliation procedure.

Consumers generally claim removal and repayment of the risk/management/monitoring/financing fees charged for a loan, rescheduling/staging-out of the loan with reduction of the monthly instalment, reduced interest rates and repayment of amounts, reduced principal and conversion of the loans in CHF into RON, or removal of contractual clauses.

About ABDRC:

The **Alternative Banking Dispute Resolution Centre (ABDRC)** is an independent non-governmental apolitical, not-for-profit legal entity of public interest established under the Government Ordinance no. 38/2015 on alternative resolution of disputes between consumers and traders, which transposes at domestic level Directive 2013/11/EU on alternative dispute resolution for consumer disputes and amending Regulation (EC) no. 2006/2004 and Directive 2009/22/EC.