

Banks Have a Higher Appetite for Negotiation: the Number of Reconciliations with Consumers Increased by 85% in ABDRC

19 October, Bucharest. The pressure exerted by the general price rises and the increase in the banking interest rates have caused banks to accept increasingly more applications for negotiation submitted by consumers to the **Alternative Banking Dispute Resolution Centre (ABDRC)**.

Since the beginning of the year, as many as **823 consumers** went through the entire conciliation process (application filing, negotiation, final resolution - a solution accepted by both parties), or reached a direct settlement with banks/NBFIs, having first approached ABDRC. Compared to the similar period of 2021, **the increase is by 85%** (n.n. in Q3 2021, 445 Romanians were reported in one of these two situations). The benefits that consumers who negotiated with banks obtained during this period are in excess of **EUR 1.5 million**.



Nicoleta Bârsan, Bucharest: *With the decision I received from ABDRC, I understood that someone from the bank had really looked into my problems and wanted to help. The solution for me was a reduction of the monthly instalment from RON 700 down to RON 450, even if we speak about a personal loan taken last October. This makes me think that the bank acted with humanity because my previous image was that the bank was a bank, that would do anything to recover all the money under the contract. I saw that this wasn't the case, and we will always be customers of this bank from now on. They wrote RON 10,000 off our debt, after I and my father had lost our jobs. We had taken this loan to do so repairs at the house and go to the dentist. When the problems aggravated, we started to be 1-2 weeks behind with payment of the instalments. I heard about ABDRC from a Law professor, and I approached them, not the bank, first. Once the negotiations started, the bank asked us about our possibilities to pay the instalment. I answered that we could pay RON 400, and never hoped that we could reach RON 450, as it was finally fixed.*



Alexandru Păunescu, representative of the National Bank of Romania in the ABDRC's Steering Board: *"In 2022, 102 court cases were discontinued because the parties wanted and managed to find an amicable solution with the help of ABDRC. This is an important increase compared to the 67 such cases reported in the entire 2021. In July, ABDRC asked the High Court of Cassation and Justice and the 15 Courts of Appeal across the country to provide their judges with information, and that these recommended the amicable settlement of the disputes between consumers and banks/NBFIs. Basically, ABDRC wanted the judges to apply the provisions of Article 21(2) of the Code of Civil Proceedings reading that: "Throughout the proceedings, the judge shall attempt to reconcile the parties, providing them with the necessary guidance, according to the law". We don't know how many of these proceedings were discontinued further to such recommendations*

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of judges, but there is a number of certain things: the courts were eased of more than 100 time-consuming proceedings, and while there is always one winner and one loser in court, this time both parties to a dispute obtained benefits. Besides the financial gain, disputes were settled free of charge for consumers and in only a couple of tens of days, after having wasted so much time in court."

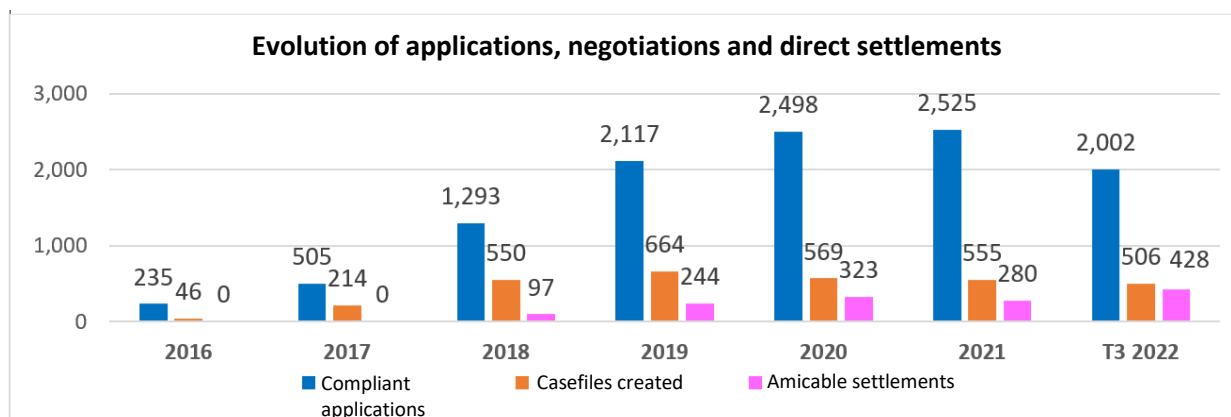
ROBOR and IRCC, in the applications submitted to ABDRC

Since the beginning of 2022, **2,002 consumers** have approached CSALB, that is 10% more than during the same period of 2021 (Q3/2021: 1,837 applications). Submission of the application (directly on www.csalb.ro) and the negotiation facilitated by a conciliator are free of charge for consumers. In not more than 15 days of filing the application, the bank/NBFI replies whether they would enter negotiations or refuses the amicable settlement.

The share of applications intended at banks slightly increased, from 62.7% in Q3 2021 up to 65.2% of total in Q3 2022. On the other hand, **the share of applications concerning NBFIs** decreased: from 37.3% of total/2021 down to 34.8% of total/2022.

This organic evolution is driven also by both the months of general rises in prices (particularly after the onset of the war at the borders of Romania), and the evolution of the ROBOR and IRCC indices. Many consumers experience genuine difficulties in making the due payments, and these justified circumstances require identification of solutions to rebalance the contractual obligations.

Unfortunately, **824 applications for deregistration from the Credit Office** could not be the subject of negotiations via ABDRC (248 concerning banks and 576 concerning NBFIs), and are to be either addressed directly between the parties, or closed.



How did the banks and NBFIs respond?

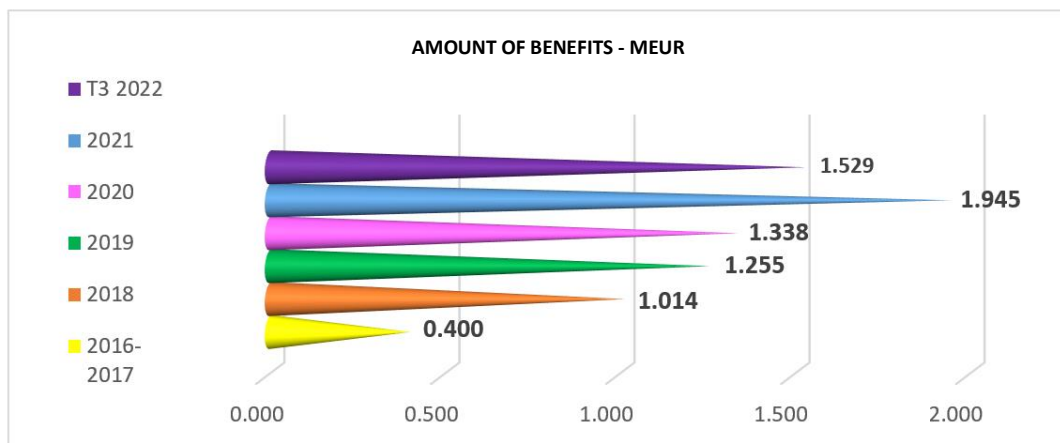
This year saw the lowest ever rate of rejected applications and the highest ever number of direct settlements.

- Thus, the **applications unreasonably rejected** account for 4.7% of the total applications (v 16.7% at the end of Q3/2021). Further to the requests made by ABDRC with banks, concerning applications that had been initially rejected, the banks reconsidered their initial opinion and accepted them for negotiation.

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- The number of casefiles (**applications accepted for negotiation**) this year is **32% higher** than that observed during the same period of 2021 (506 casefiles v 383 casefiles).
- In 92% of the negotiations conducted this year via ABDRC, **the banks and consumers came to terms**, meaning that they accepted the solution proposed by the ABDRC conciliators.
- The **direct settlements** between the trader and the consumer (further to a referral to ABDRC) tripled compared to the previous year: from 143 cases in 2021 up to 428 direct agreements in 2022 (of which 168 with banks and 260 with NBFIs).

Benefits obtained by consumers: EUR 7.5 million in more than 6 years of activity



Gabriela Cliveti, Bihor: *I took a mortgage loan back in 2008, of which I still had to pay RON 62,000, that is, more than EUR 12,500. When I filed my application with ABDRC, my claims were my minimum salary and having my mother as dependant. Filing of the applications is straightforward, and if you cannot manage, they readily provide you with assistance by phone. I turned to ABDRC because the bank had not proven very understanding, and they kept delaying an answer. To my surprise, while I asked for a principal reduction, I got a complete debt write-off. The entire procedure took about one month since submission of the application and service of the resolution. I believe the most important gain ABDRC offered me is the peace of mind of not having to pay instalments any longer.*

Ungureanu Alina, Timiș: *I took a mortgage loan back in 2007, but ever since my husband got ill and cannot work any longer. And our income collapsed accordingly. Of the EUR 9,600 principal, the bank wrote off EUR 3,800 by removing a fee and an amount returned into account. It was all done in 40 days. With this money, we decided to shorten the loan terms from 15 years to 9 years. We will do our best to pay the instalment and keep the house, so much the more that I have a child to raise. It is a very good service. This was the negotiable maximum, and we are happy also with this because it change our situation for the better.*

IT application consumers can use to file direct applications on the website www.csalb.ro provides, as of this month, a wider choice of applications. The new categories were defined having reviewed the applications received from consumers: Shift to a fixed interest rate; Issues caused by the rise in IRCC/ROBOT; Issues related to bank deposits; Issues related to leasing agreements; Waiver of court proceedings and negotiation of an amicable solution.

As of this month, the website csalb.ro also hosts a **section dedicated to financial education**.

About ABDRC: ABDRC is an entity set up under a European Directive, and intermediates, free of charge and in not more than three months, negotiations between consumers and banks or NBFIs, for contracts/agreements in progress. Consumers from any county of the country may file applications with the Alternative Banking Dispute Resolution Centre (ABDRC) filling-in an online form directly on the website www.csalb.ro. When the bank accepts to enter the conciliation negotiation procedure, a conciliator is appointed. ABDRC works with 19 conciliators, of the best specialists in law and with relevant experience also in the financial and banking field. Everything is settled amicably, and the understanding between the parties has the power of court judgment. More information about the work of the Centre is available by phone at 021 9414 (charged a normal rate).