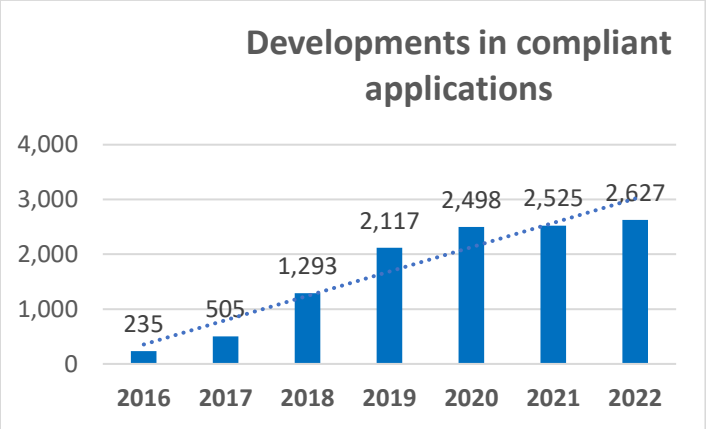
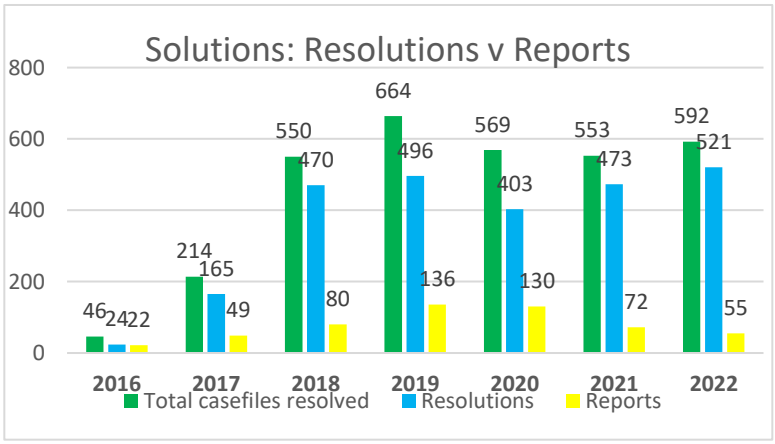
The number of lawsuits replaced by negotiations has doubled
Banks reject without justification only 4.5% of the applications submitted to ABDRC by consumers

1 February, Bucharest. 2022 is the most effective year in the relationship between consumers, banks and NBFIs, within the **Alternative Banking Dispute Resolution Centre (ABDRC)**. Most of the negotiations ended with the reconciliation of the parties; 145 lawsuits were closed because the parties wanted an amicable settlement; The NBFIs directly resolved nearly 40% of the applications submitted to them, and the total benefits obtained from the negotiations were the highest in the last 7 years.



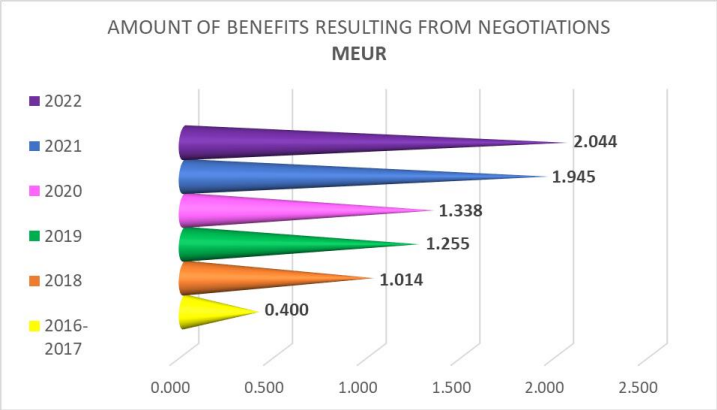
ABDRC received **2,627 applications** in 2022 from consumers who asked banks (1,712 applications) and NBFIs (915 applications) to enter into a negotiation within the Centre. In the 7 years of activity, it is the largest annual number of applications for the amicable resolution of disputes in relation to creditors. Since 2016, until now, ABDRC registered over 12,000 applications. Most of them were filled in directly on the csalb.ro website. Am important share of the rejected applications (for which a reconciliation file is not created) were rejected for valid reasons. For instance, in 2022, ABDRC received 1,034 applications concerning the **removal of records from the Credit Bureau**, of which: 317 applications in relation to banks (representing 18.5% of the total applications intended to banks) and 717 requests in relation to NBFIs (representing 78.4% of all applications intended to NBFIs).

The NBFIs resolve directly (after notifying the ABDRC, but without the input of a conciliator) approximately 40% of the total applications intended to them, the majority of which are aimed at removing records from the Credit Bureau. **We remind** you that the applications that have as their object the removal of records from the Credit Bureau, the negotiation of loans from the Prima Casă programme, assigned loans, etc., are mostly rejected. The reason is that each of these is governed by a special piece of legislation which leaves but limited, if no room at all for negotiation.

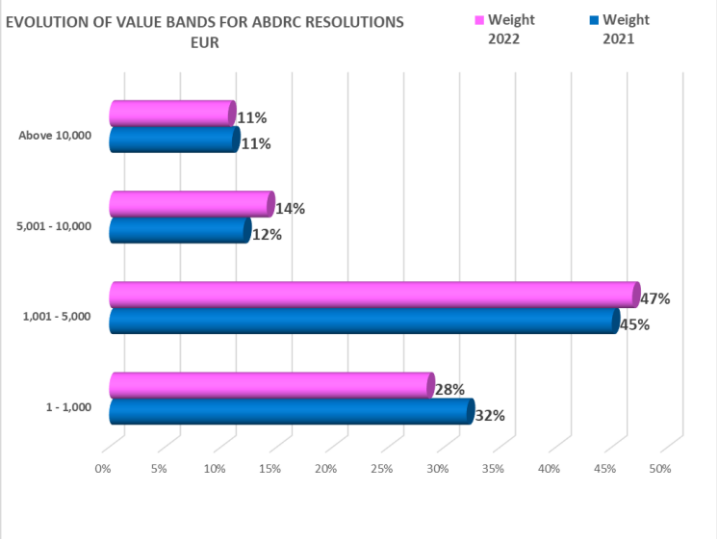


658 negotiations between consumers and banks/NBFIs took place within the ABDRC last year. For the second time in the last 7 years of activity, the threshold of 650 negotiation files was exceeded. Compared to 2019, when 664 negotiations were recorded, efficiency was much higher last year. If in 2019 only in 78% of cases the parties

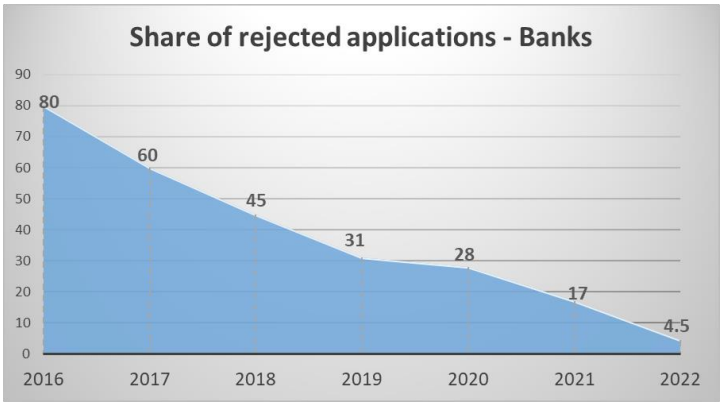
reconciled, in 2022, 90% of the negotiations ended with the parties reconciling and their acceptance of the solution given by the Centre's conciliators (being **the highest percentage of negotiations concluded with the reconciliation of the parties** of the total reconciliations). In only 55 negotiations carried out in 2022, one or both parties rejected the solutions proposed by ABDRC conciliators.



2 million Euros is the amount resulting in 2022 from negotiations between consumers and banks within the ABDRC. Decrease or elimination of fees, interest adjustments, decrease or even complete waiver of the debt (in particularly difficult cases) are only some of the solutions granted. In the 7 years of activity, the total amount of benefits reached 8 million Euros. About **4,000 Euros** is the average amount of benefits that a consumer received in 2022, lower than in 2021 (4,300 Euros), but last year there were 50 more people than in 2021 who benefited from favourable solutions during the negotiations.



47% of consumers who resolved their applications to ABDRC through negotiation with the bank in 2022 obtained benefits between 1,000 and 5,000 Euros. 11% of them (approximately 60 people) managed to obtain benefits from the negotiations of more than 10,000 Euros.



4.5% of the negotiation applications submitted by consumers to ABDRC are rejected without justified reasons by the banks. It is the lowest rejection percentage in the 7 years of activity of the Centre. This shows the increased appetite of banks in coming up with solutions to consumer problems. In addition, it demonstrates that banks have understood the utility and efficiency of conciliation vs. resolving disputes in court. The main reasons why banks reject applications are: the existence of a file pending in court, the initiation of enforcement procedures and the attempt to resolve the application directly with the consumer.

For example, in addition to negotiations, the number **of applications settled directly** by the parties (after referral to ABDRC), reached in 2022 the aggregate figures of the previous two years combined (**592 direct settlements**). Most direct settlements belong to NBFIs: 61% of the applications intended at NBFIs have been settled directly by the parties. These are simpler cases that do not require the involvement of a conciliator, and this increase also shows the fact that many traders apply in direct relation with their customers various methods of amicable settlement of disputes.

Alexandru Păunescu, representative of the National Bank of Romania in the ABDRC's Steering Board: *"The banks' positive attitude towards conciliation with consumers set the tone for the good results obtained in negotiations last year. In the case of certain banks, in particular those that have integrated into their strategy the replacement of expensive court litigations with amicable settlements within the ABDRC, we believe they can even measure the financial results arising from this openness to settle consumer issues. It is a relationship of trust and dialogue in the banking system that we have been continuously improving through our conciliators for several years now.*

*That's why a number of **145 lawsuits** were discontinued last year in court: the parties wanted to find an amicable solution with the help of ABDRC. The number of cases doubled as compared to 2021, when we only had 67 lawsuits that were discontinued.*

*For this purpose**, CSALB recommends to** each individual bank the initiation of conciliation files when there is a possibility of settling some of the disputes currently pending in court after settlement within the ABDRC. Banks should then identify consumers with potential problems and refer them to conciliation if they are unable to find a solution through direct negotiation with them. In addition, the applications entering the restructuring or forced execution flows may also be negotiated via ABDRC. Not lastly, when an application is rejected, but a solution is later found for the consumer, the trader may inform the customer of the solution and recommend them to fila a new application with ABDRC, unless direct settlement cannot be achieved.*

*Another **recommendation for 2023** is that mandates granted by banks should include value caps that are higher than those set out in the commercial offers of their portfolio, an argument being the fact that the consumer rejected the bank's initial offer (in the direct settlement stage).*

*Taking into account the fact that it is three years since the expansion of ABDRC's powers in relation to **legal entities**, we urge banks to accept cases involving this type of customer as well, considering the fact that during 2022 10 applications were filed by companies and only one was successfully negotiated. The risk of ending up in court is just as high."*

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. Once the bank accepts to enter the conciliation/negotiation procedure, a conciliator is appointed. ABDRC works with 17 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).

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