

30% more reconciliations between consumers and banks than last year. ABDRC conciliators explain this year's most important cases

11 July, Bucharest. In the first six months of 2023, the banks accepted for negotiation 420 applications files by consumers of financial services to **the Alternative Banking Dispute Resolution Centre (ABDRC)**. Banks appear to be 27% more eager to negotiate than during the same period of 2022, and **the number of successful negotiations increased by 30%**.

Thus, so far, in 340 cases, consumers went through the entire conciliation process (application filing, negotiation, final resolution – a solution accepted by both parties), which is one third more than during the same period of 2022. Other 290 consumers reached an **amicable settlement directly with the banks/NBFIs**, having first approached ABDRC. Compared to last year, the number of direct settlements increased by 20%.

| **LIVE ABDRC** | *In order to better inform consumers of financial services and products, ABDRC has initiated an online Live Dialog, where consumers can ask the ABDRC conciliators various questions. In the first half of the year, as many as four such online encounters took place and were live streamed via the Centre's social media channels. Some of the recommendations and cases detailed by the ABDRC's conciliators can be read and viewed by clicking on the links below.*



“ABUSIVE” FEES

| **LIVE 1 ABDRC** | <https://fb.watch/lzSOBOSN02/>

Mircea Stroe, ABDRC conciliator: *Just because it is charged, it does not necessarily mean that a fee is also abusive. A bank's right to charge a fee is strictly regulated. This year, we have dealt with instances where consumers approached ABDRC about various fees, but together with them and their banks, we managed to find solutions because they understood that these fees were lawful. However, through negotiations, we were able to reduce their amount. Or, in other instances, the bank's*

interest margin was reduced. That is, a consumer came with a fee issue and, after having been explained, they understood; but we did not stop there. We found them an alternative solution that meet their need for lower instalments.



AMICABLE SETTLED PAYMENT IN LIEU | **LIVE 1 ABDRC** | <https://fb.watch/lzV3pOKN8E/>

Ionuț Ștefan, ABDRC conciliator: *Payment in lieu is not a solution fancied by any party. Banks do not want to become owners of homes, or movable and immovable property. Because, in economic terms, this translates into management costs. The loan agreement is a living document and all kinds of problems can arise over time, which we need to find ways to overcome. I don't believe in either payment in lieu, or court proceedings. Because this is not what the parties are really after, and, secondly, such situations are time and cost intensive. That is why I urge the parties to talk to each to each and pursue conciliation via ABDRC, even in case of a payment in lieu procedure.*

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HOW TO NEGOTIATE WITH YOUR BANK | LIVE 2 ABDRC |

<https://fb.watch/lzWvtpWw4b/>

Camelia Popa, ABDRC conciliator: *Most consumers pursue negotiations with their bank via ABDRC in order to obtain a lower monthly instalment. And a review of their financials usually shows that such consumers lack the necessary resources or that these have decreased over time; then, the bank makes one or two proposals to address the deadlock. We review the proposals together with the consumer and come back to the bank when the consumer still cannot pay their instalments, despite the concessions made by the*



bank. There are several rounds of negotiations because we have to take into account what the consumer is able to pay. It's no point in the bank offering more solutions, when they simply cannot pay their debt. We need to strike a balance.

HOW TO APPLY FOR NEGOTIATIONS WITH YOUR BANK | LIVE 2 ABDRC | <https://fb.watch/lzWgUI0IgT/>

Dragoș Gheorghe, ABDRC conciliator: *Many time I see consumers entering negotiations with their bank without even sending us their loan agreements for review. Then, I have to go back to that consumer, ask them for documents and payment schedules, and eventually understand what they are after, and how they think their relation with the bank can be smoothed. Many times, consumers want something, but don't know how to get there. I recommend them to file an application that would help both us, but above all help them get as much as possible from the negotiation. Conciliators are not the lawyers of either party. We are a liaison between the consumer and the bank and we cannot raise the claims they consumers failed to raise before the bank for them.*



INSTALMENT DEFERRAL | LIVE 3 ABDRC |

<https://fb.watch/IAPXGWnz2F/>

Nela Petrișor, ABDRC conciliator: *This year, I have noticed many applications for a grace period in instalment payment. Consumers apply for a deferral 3 or 6 months and even one year, which is what I managed to obtain from them, after have negotiated with one of the banks. Consumers need this period because not only that their instalments are higher, but so are the prices of energy, food, or transport. This period*



came after another difficult pandemic period, when many experienced financial difficulties. That's why some consumers want a break, to catch their breath and then start over. Fortunately, the banks reacted very well because they want to keep their customers, too. And a customer enjoying such understanding from their bank will certainly remain a loyal customer and engage in further contracts with that bank.

WHAT CAN YOU GET FROM NEGOTIATING WITH YOUR BANK | LIVE 3 ABDRC | <https://fb.watch/IAPSJAyvSV/>

Septimiu Stoica, ABDRC Conciliator: *Particularly during this period, I saw claims related to fees and requests for banks to have these discontinued, as well as to improve the lending conditions by reducing the instalments. Consumers must not be guided by the results others obtained, even if the situations are seemingly similar! And this because banks can have different policies, depending on the consumer's*

situation or their payment track record. They could be a social case, or just go through a critical period, or have lost their job. Even institutions that are perceived as cold as rigid, such as the banking institutions, could be sympathetic to such cases. There are absolutely spectacular cases and people can obtain as much as a write-off of their principal.



WHY AREN'T BANK FOUND OF FORECLOSURE

| LIVE 4 ABDRC | <https://fb.watch/IEIQKLENfe/>

Alina Radu, ABDRC conciliator: *Where a consumer asks the bank to stay the foreclosure and write off their debt, their odds of success are rather poor. It is difficult to find a middle ground with such high expectations of consumers. On the other hand, when pursuing foreclosure, banks stay the interest and penalties. Many times, banks can only record part of the outstanding principal so much the more that, most of the times, banks pursue foreclosure of real*



properties and the proceeds obtained from selling them do count. That is why there the banks are genuinely interested in meeting the consumer halfway, including in cases of foreclosure. But it's important that the consumer offers something in return, too. I had cases where the consumer managed to raise some of the money they owed to the bank, and the bank agreed to significantly write-down the foreclosed principal and to waive further foreclosure, following the negotiations conducted via ABDRC.

BANKS' APPROACH TO CONCILIATION | LIVE 4 ABDRC | <https://fb.watch/IHwjvHCN9m/>

Mihai Tănăsescu, ABDRC conciliator: *Banks have different attitudes when it comes to pursuing conciliation with consumers. It's a really pleasure to work with some banks: they respond promptly and are highly professional. But there are other banks which make you feel like banging a tennis ball against a brick wall. Whatever you propose them, the bank's answer would invariably the same. Therefore, I do believe that more and more people will enter the ABDRC website, not only to inquire about the resolved cases, but also about to find out how banks approach negotiation with their customers. The reputation that banks build for themselves by being willing to conciliate is welcomed because this Centre was established as a social relief valve, in a time when there was a manifest unbalance of power between banks and consumers.*



Alexandru Păunescu, representative of the National Bank of Romania in ABDRC: *"In the first half of the year, ABDRC saw the highest percentage of negotiations concluded with the parties reaching an agreement. Thus, 95% of the negotiations concluded with acceptance of the solutions proposed by the Centre's conciliators, and in only 18 cases the parties failed to reach an agreement and did not accept the conciliators' solution. This proves, on the one hand, the quality of conciliation, and on the other hand, the trust between consumers and banks, which helps them reach a win-win agreement faster and smoother. In the first half of the year, consumers filled almost 1,600 applications to ABDRC. The is a 17% increase compared to the number recorded in 2022, and is due to by the payment difficulties faced by consumers due to inflation and, implicitly, the*

increase in lending interest rates. We urge banks to continue this dialog-based approach to consumers and

find solutions to rebalance the agreements, where the social and financial reality does justify the support of credit institutions."

About ABDRC: ABDRC is an entity set up under an 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).

Photo description: 95% of the negotiations between consumers and banks conclude with the parties coming to terms