

# VOLUNTARY CODE OF CONDUCT ON PRE-CONTRACTUAL INFORMATION FOR HOME LOANS

The Irish Banking Federation (IBF) is the representative body for the banking and financial services sector in Ireland.

Membership of the Irish Mortgage Council (IMC), which is affiliated to IBF, comprises building societies and mortgage lenders.

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## **Voluntary Code of Conduct on Pre-Contractual Information for Home Loans**

This Code of Conduct has been negotiated and adopted by European associations of consumers and the European Credit Sector Associations offering home loans.

The aim of the Code is to ensure transparency of information and comparability.

### **It is divided into three parts:**

1. Coverage of the Code
2. General information about home loans on offer
3. Personalised information at a pre-contractual stage to be presented in a "European Standardised Information Sheet". Complaints based on the application of the Code of Conduct can be submitted to the following out-of-court scheme:

The Financial Services Ombudsman,  
3rd Floor,  
Lincoln House,  
Lincoln Place,  
Dublin 2.

Lo Call 1890 88 20 90

E-mail: [enquiries@financialombudsman.ie](mailto:enquiries@financialombudsman.ie)

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### Coverage of the Voluntary Code

The Code covers consumer information for domestic and cross-border home loans.

Definition of a **“home loan”** for the purposes of the Code

A **“home loan”** is a credit to a consumer for the purchase or transformation of the private immovable property he owns or aims to acquire, secured either by a mortgage on immovable property or by a surety commonly used in a Member State for that purpose.

Home loans covered by the Consumer Credit Directive (87/102) are excluded from the scope of the Code.

### Provisions of the Code

Institutions subscribing to the Code undertake to provide to the consumer, in accordance with the agreed terms of implementation and in the form described below:

- general information about home loans on offer;
- personalised information at a pre-contractual stage to be presented in a “European Standardised Information Sheet”.

The final decision to accept a credit offer from a lender belongs to the consumer.

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## **General Information to be Provided to the Consumer**

Initial information about home loans should include or be accompanied by the following information in the same format as that initial information is itself provided:

### **A - Lender:**

1. Identification and address of the lender;
2. Where appropriate, identification and address of the intermediary.

### **B - Home Loan:**

1. Purposes for which the home loan may be used;
2. Form of surety;
3. Description of the types of home loans available with short description of the differences between fixed and variable rate products, including related implications for the consumer;
4. Types of interest rate - fixed, variable, and combinations thereof;
5. An indication of the cost of a typical home loan for the consumer;
6. A list of related cost elements, such as, administrative costs, insurance costs, legal costs, intermediaries costs etc.
7. The different options available for reimbursing the credit to the lender (including the number, frequency, amount of repayment instalments if any);

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8. Whether there is a possibility of early repayment (if so, its conditions);
9. Whether a valuation of the property is necessary and, if so, by whom it has to be carried out;
10. General information on tax relief on home loan interest or other public subsidies prevailing, or information on where one can obtain further advice;
11. The duration of the reflection period, where relevant;
12. Confirmation that the institution subscribes to the Code, and indication that a copy of the Code is available in the institution.

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## Information to be Presented in a “European Standardised Information Sheet”

1. Lender
2. Description of product
3. Nominal rate (indicate type of rate and duration of fixed period)
4. Annual percentage rate of charge (APRC) based on national regulation or effective rate, where relevant
5. Amount of credit advanced and currency
6. Duration of home loan agreement
7. Number and frequency of payments (may vary)
8. For repayment home loan, amount of each instalment (may vary)
9. For interest only home loan:
  - a. Amount of each regular interest payment
  - b. Amount of each regular payment to the repayment vehicle
10. Additional non-recurring costs, where applicable
11. Additional recurrent costs (not included in 8)
12. Early repayment
13. Internal complaint schemes
14. Illustrative amortisation table
15. Obligation to domicile bank account and salary with lender.

This Code implements Recommendation C(2001) 477 of the Commission of the European Communities on pre-contractual information to be given to consumers by lenders offering home loans.

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