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Judgment of the Court of Justice in Case C-555/21 | UniCredit Bank Austria

The consumer's right, in the event of early repayment of his or her mortgage credit, to a reduction in the total cost of the credit does not include costs that are not dependent on the duration of the agreement

The consumer can therefore claim only a reduction in interest and in costs that are dependent on the duration of the agreement

Verein für Konsumenteninformation (VKI), a consumer protection association, challenges before the Austrian courts a standard term used by UniCredit Bank Austria in its mortgage credit agreements regarding early repayment of the credit by the consumer. According to that term, in that event, interest and costs that are dependent on the duration of the agreement are to decrease proportionally, whereas 'the processing costs that are not dependent on the duration of the agreement will not be reimbursed (even proportionally)'.

VKI argues that the costs that are not dependent on the duration of the agreement should also decrease proportionally. It relies in that regard on Directive 2014/17 on credit agreements for consumers relating to residential immovable property. That directive requires Member States to ensure that the consumer has a right to discharge fully or partially his or her obligations under a credit agreement prior to the expiry of that agreement. It provides that, in such cases, the consumer is entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the agreement.

The Austrian Supreme Court referred a question to the Court of Justice on that point. It **wishes to know whether Directive 2014/17 precludes national legislation providing that the right of the consumer to a reduction in the total cost of the credit in the event of early repayment of the credit covers only interest and costs that are dependent on the duration of the agreement.**

The Court's answer to that question is that Directive 2014/17 does not preclude such legislation.

According to the Court, the right to reduction in question aims to adapt the credit agreement according to the circumstances of the early repayment. That right does not, therefore, include costs which, irrespective of the duration of the agreement, are payable by the consumer to either the creditor or third parties for services previously rendered in their entirety at the time of early repayment.

However, in order to protect consumers from abuse, it is for the national courts to satisfy themselves that the costs which are imposed on consumers, irrespective of the duration of the credit agreement, do not objectively constitute remuneration of the creditor for temporary use of the capital or for services which, at the time of early repayment, had not yet been provided to the consumer. The creditor is, in that connection, required to show whether the costs concerned are regular payments.

NOTE: A reference for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of European Union law or the validity of a European Union act. The Court of Justice does not decide the dispute itself. It is for the national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

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The [full text](#) of the judgment is published on the CURIA website on the day of delivery.

Press contact: Jacques René Zammit ☎(+352) 4303 3355

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