

## The Regulation amending the Regulation on Consumer Loan Agreements has been Published

28 Oct 2022

The Regulation Regarding the Amendment of the Consumer Loan Agreements Regulation ("**Amendment Regulation**") has been published in Official Gazette dated 23 September 2022 and numbered 31962. Accordingly, articles 4, 6, 11, 13, 24, 26 and 32 of the Consumer Loan Agreements Regulation were amended.

Most important amendments introduced with the Amendment Regulation are as follows:

The loaning institution's obligation to priorly inform the consumer has been expanded. Accordingly, institution should provide following information (i) sample payment plan that is prepared according to the contractual interest rate, (ii) sample payment plans for insured and un-insured loan offers, (iii) comparative information on the installment amount and the total repayment amount for offers with equal loan installment amounts, (iv) information pertaining the name and duration of the loan-related insurances and whether they are renewable.

- In addition, for these institutions to present a loan contract that includes loan-related insurance to the consumer, the institution is obliged to submit the Consumer Loan Preference Form together with the pre-contractual information form.
- Consumer loan institutions are obliged to accept the insurance policy brought from the consumer's preferred insurance company, that is compatible with the amount and duration of the loan without causing any change in the conditions of the loan offered.
- It has been stipulated that only one insurance can be made for the guarantee for the loan and no insurance will be taken in excess of the loan amount.
- Information regarding the name and the duration of the loan related insurances and whether they are renewable have been added to the list of information required in the fixed-term consumer loan agreement, in case consumer accepts and demands it.
- Regarding the indefinite term loan agreement, in instances of the contractual interest rate being reduced, the requirement to make a request in 30-days to apply the interest rate discount for the pertaining period has been abolished. As for a reduction in the contractual interest rate, this change can be applied as of the last payment date of the period when the consumer is notified.
- In instances in which the entire loan debt is paid early within 14 days, which is the time period for the right of withdrawal, the items other than the accrued interest and the fees paid to public institutions or third parties will be returned to the consumer without the consumer's notification to the lending institution.
- The Amendment Regulation prohibits to make the consumer purchase ancillary financial products or services, except for the loan-related insurances stipulated by the lending institution, to choose the loan offer with the discounted interest rate. Products and services whose fees are counted under the title of Personal Loans in the appendix to the Communiqué on the Procedures and Principles Regarding Fees to be Charged from Financial Consumers will be considered as loan related financial products and services.

Amendment Regulation's articles regarding offering consumer loans with and without insurance and with a comparative payment plan will enter into force on 1 January 2023 while the rest have entered into force as of 1 October 2022.

You can access the Amendment Regulation in Turkish through this [link](#). (Only available in Turkish)

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