

21 November 2025

# Circular in Relation to Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on Credit Agreements for Consumers and Repealing Directive 2008/48/EC (Consumer Credit Directive II) (CCD II) and Minor Amendments to the Conduct of Business Rulebook Applicable to Insurance Undertakings and Insurance Intermediaries

## Introduction

This Circular is addressing **insurance undertakings and insurance intermediaries** offering insurance policies in connection with consumer credit agreements, the latter being defined in and the former, falling within scope of Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing directive 2008/48/EC (hereinafter referred to as the Consumer Credit Directive II (CCD II)).

This Circular seeks to highlight the minor changes introduced within the Conduct of Business Rulebook for Credit Institutions applicable to insurance undertakings and insurance intermediaries (herein referred to as “the COBR”) to reflect the CCD II requirements.

## CCD II – Background

CCD II was developed in order to modernize consumer credit regulations in response to digitalization and new credit products which have significantly transformed the consumer credit market. CCD II repealed Directive 2008/48/EC known as CCD I and broadened the regulatory framework for consumer credit agreements across the European Union (EU) to enhance consumer protection and promote fair lending practices. CCD II scope extends to cover a wider range of credit agreements, including revolving credit and certain high-cost short-term loans that were previously excluded. Overall, the CCD II brings along harmonization among EU Member States, ensuring consistent consumer protection standards, while fostering a more competitive and integrated credit market in the European Union.

The main changes brought about by CCD II include stricter rules on creditworthiness assessments to prevent over-indebtedness, more transparent pre-contractual information for consumers, such as advertising which must now present standard

information prominently and include explicit warnings, such as “borrowing money costs money.” Misleading practices, such as claims that credit will improve the financial well-being of consumers or that creditworthiness checks are irrelevant, are being prohibited. Importantly, the directive requires that consumers are informed when pricing is determined through automated processing, and they must be given the right to human intervention and explanations in such cases. The Directive enhanced consumers rights to withdraw from agreements via a 14-day period, whereby they can withdraw from a credit agreement without a penalty. CCD II also provided stronger supervision of credit intermediaries. Additionally, CCD II introduces limits on borrowing / interest rates, annual percentage rates of charge and total costs of credit agreements. The Directive also requires creditors to inform consumers of the reasons behind a credit application rejection and to ensure timely notification of credit repayment arrears in databases.

The CCD II is being transposed into Maltese Law by 20 November 2025. However, a one-year period is being provided for its implementation to provide sufficient time to the industry to align to its requirements. Hence, for any avoidance of doubt, CCD II will come into force on 20 November 2026.

### **Minor changes introduced in the MFSA COBR applicable to insurance undertakings and insurance intermediaries**

The purpose of this section is to highlight the minor changes introduced within the COBR applicable to insurance undertakings and insurance intermediaries contemplated by Article 14(4) and Art 14 (5) of CCD II and which changes will come into force on 20 November 2026.

#### **(a) Right to be Forgotten – Article 14 (4) of CCD II:**

Article 14 (4) of CCD II has introduced the Right to be Forgotten, in cases of past oncological diseases and when an Insurance Policy is needed for the purposes of a consumer credit agreement. The duration of this right was left to the discretion of the Member State but could not extend beyond 15 years. In determining the duration of this right, the MFSA has considered other European Union Member States’ practices. It has also considered the Insurance Association views and concerns discussed therewith, even in the context of re-insurance. Following such considerations, the below new Rule R.4.1.48A is being introduced within the COBR:

*R.4.1.48A - Personal data concerning clients’ diagnosis of oncological diseases shall not be used during the following timeframes and for the following age groups, for the purposes of underwriting an insurance policy related to a credit agreement:*

- a. *Ten (10) years for clients who were twenty-one (21) years of age and or over at the time of their last oncology treatment*
- b. *Five years (5) years for those clients who were below twenty-one (21) years of age at the time of their last oncology treatment.*

The right to be forgotten contemplated above will only be applicable with respect to consumer credit agreements and strictly aims to transpose Article 14 (4) of CCD II.

However, going forward, the MFSA is committed to consider extending this right to be forgotten towards all types of credit, which require life insurance cover, in particular, home loans.

(b) Three-day window to compare insurance offers – Article 14 (5) of CCD II:

Article 14 (5) of the CCDII gives consumer credit clients the right to compare insurance offers related to credit agreements before purchasing an insurance policy, without such insurance offers related to credit agreements being changed. In this regard a new rule will be inserted within the COBR as per below:

*R.4.1.48B - In order for clients to have additional time to compare insurance offers related to consumer credit agreements before purchasing an insurance policy, Regulated Persons shall ensure that consumers are given at least three (3) days to compare insurance offers related to credit agreements without such offers being changed, and clients shall be informed thereof. Clients may conclude an insurance policy prior to the expiry of that three-day period if they explicitly so request.*

(c) Definition of credit agreement within the COBR

In view that the definition of credit agreement did not feature within the current COBR version a clarification is being made within the COBR, so that the meaning of credit agreement for the purposes of the newly introduced two rules above is as per the CCD II definition. In this regard, the following new rule is being introduced:

*R.4.1.48C - For the purposes of Rules R.4.5.14A and R.4.5.14B credit agreement shall have the same meaning as defined in Article 2 (2) and Article 3 (3) of Directive EU/2023/2225 of*

*the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC (Consumer Credit Directive II)*

## **Conclusion and the Way Forward**

The CCD II has a transposition deadline of 20 November 2025 and will come in force a year later on 20 November 2026. In this regard, a one-year period is being given to the industry and CCD II stakeholders, to align and conform with CCD II requirements. Insurance undertakings and insurance intermediaries are hence being encouraged to update their insurance policy processes in line with the changes highlighted above and in time with the entry into force of CCD II, that is, by 20 November 2026.