

Mr Valdis Dombrovskis
Executive Vice-President for An Economy that Works for People and Commissioner for Financial Services

Mr Didier Reynders
Commissioner for Justice

Mr Paolo Gentiloni
Commissioner for Economy

European Commission
Rue de la Loi 200
B-1049 Brussels

6 May 2020

Subject: Credit data reporting and COVID-19 pandemic

Dear Executive Vice-President Dombrovskis,
Dear Commissioner Reynders,
Dear Commissioner Gentiloni,

European credit reference agencies (CRAs) welcome the actions that public authorities and bodies at EU, Member-State and international levels have taken to support businesses and households as a result of the COVID-19 pandemic. These measures include payment deferral schemes (“moratoria”), that are being rolled-out under the guidance of the European Banking Authority (EBA)¹.

As part of the credit ecosystem, CRAs’ mission is to always support fair and responsible lending for consumers, business and society as a whole, a mission that is even more important in difficult economic times. I am writing to set out the work CRAs are doing in support, in particular by:

- enabling lenders to record debt moratoria in a way that does not negatively impact on credit files;
- assisting consumers to navigate the economic consequences of the pandemic, and;
- providing data services to governments as they respond to the crisis.

Lending and payments moratoria

The International Committee on Credit Reporting (ICCR) – the only recognised international standard setter in this field – has provided [guidance](#) on the treatment of credit data in the context of the COVID-19 pandemic. The ICCR recommends policy-makers to promote “*continued full (file) sharing of credit information, including reporting of missed payment data arising due to the crisis, with the necessary safeguards*”. For the ICCR, “[*continued full (file) sharing of credit information with the necessary safeguards*] ensures that there is minimal or no effect on the data subject’s credit history and score”. The principle of “continued full (file) sharing” is consistent with the [World Bank’s General Principles for Credit Reporting](#)².

Adhering to international guidance and principles, European CRAs and lenders have been working with public authorities to ensure that, when a lender agrees a payment deferral with a consumer in connection with the COVID-19 pandemic, that lender:

¹ EBA Statement on the application of the prudential framework regarding Default, Forbearance and IFRS9 in light of COVID-19 measures, 25 March 2020; EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis, 2 April 2020.

² General Principle 1 stipulates that “...credit reporting systems should have relevant, accurate, timely and sufficient data...”.

- continues reporting the same status for the loan that had been reported before the moratoria commenced, consequently, does not report a worsening arrears status on the consumer's credit file during the payment deferral period and;
- also reports any possible decisions impacting the schedule of payments.

As a consequence, moratoria should have a neutral effect on credit scores other things being equal. This means that consumers' ability to get credit in the future should not be negatively impacted, addressing legitimate consumers' concerns in that regard³.

Consumers

In these uncertain times, consumers may want to verify the accuracy of their credit histories in the light of the measures taken during the COVID-19 pandemic. In that regard, CRAs are reminding consumers about their right to ask for a free copy of their credit report and are working to meet consumers' demand online, by phone and in writing, despite the operational impact of COVID-19 on their services.

CRAs that have developed direct services to consumers are also encouraging them to discuss their credit circumstances with lenders and / or licensed providers of debt advice. Through websites or information notices, CRAs are advising consumers not to pause their payments without first agreeing a complete, clear and appropriate solution with lenders and credit providers.

CRAs are also actively making their wide range of additional information and educational support around credit reports and scores available, to help consumers navigate the economic consequences caused by the crisis.

Public Authorities

CRAs can offer - where possible - data analytics to help Member States' governments understand, anticipate and respond accordingly, in order to minimize the financial stress on households and businesses due to the pandemic.

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The credit reporting industry has reacted promptly and adequately to the challenges posed by the COVID-19 pandemic and the associated relief measures. CRAs will continue working with our stakeholders to deliver the most appropriate outcomes for consumers and SMEs in this unprecedented time, including in support of lenders, to ensure that they efficiently deal with borrowers when the relief measures come to an end.

The sharing of full file credit data - including positive and negative data - enhances the completeness and accuracy of credit reports and preserves the integrity of the credit reporting system, which is key to fulfil their role of supporting responsible access to finance.

Therefore, we would like to strongly recommend that the principle of continued full (file) sharing of credit information, including the reporting of information that accurately reflects the payment relief measures that lenders are employing, is supported by European policy-makers⁴. It is crucial to have comprehensive credit data pools available for proper creditworthiness assessment purposes across the EU, in particular at a time when maintaining the provision of credit to households and businesses is critical to mitigate the financial risks posed by the pandemic⁵. The review of the Consumer Credit

³ See a recent [letter](#) from BEUC, the European Consumer Organisation.

⁴ In the UK, the Financial Conduct Authority has [stated](#) that there is a wider public interest in preserving the integrity of credit reporting processes to facilitate effective risk-based decision making which benefits firms and consumers. In the United States, the Bureau of Consumer Financial Protection - the agency supervising credit bureaus - [encourages](#) lenders to continue supplying information despite the current crisis.

⁵ See Financial Stability Board's press release of 2 April 2020 [here](#).

Directive (2008/48/EC) and the Mortgage Credit Directive (2014/17/EU), foreseen in 2021 is a not-to-be-missed opportunity to ensure that all necessary, relevant data is made available to lenders for creditworthiness assessment purposes⁶.

We remain at your disposal for any questions regarding our letter and stand ready to assist the Commission in any way to respond to this crisis.

Yours sincerely,

Enrique Velázquez
Director General of ACCIS

C/c:

Mr Mario Nava, Director Horizontal Policies, DG FISMA
Mr Eric Ducoulombier, Head of Retail Financial Services Unit, DG FISMA
Mr Jan Panek, Head of Consumer Protection Unit, DG JUST
Mr Joao Nogueira Martins, Head of Policy, economic surveillance, stability mechanisms and EMU legal issues Unit, DG ECFIN

⁶ For a detailed overview of our comments on the evaluation of the existing Consumer Credit Directive, please read [here](#).