

Legal regulation of consumer credit in the Czech republic

Abstract

This diploma thesis deals with the topic of consumer credit distribution in the Czech Republic. Recently, the European level of regulation of the provision and intermediation of consumer credit has undergone a major change. In connection with that also individual Member States had to transpose the revolutionary Directive 2014/17/EU which extends consumer protection to loans concerning real estate. This was executed in the Czech Republic by the adoption of the Act No. 257/2016 Sb., which came into effect on 1 December 2016.

The paper is divided into four parts, in which the author describes and evaluates the current state of consumer credit distribution regulation. For this purpose, the provisions of the Act and their interpretation using accompanying documents are subject to analysis and evaluation of their conformity with the objectives of the regulation.

The first part describes the historical context and development of consumer credit from the beginnings of the western civilization to the present state, focusing on the European Union as the originator of our national consumer credit legislation.

The second part is devoted to general aspects of consumer credit provision, especially the scope of the Consumer Credit Act and other general consumer protection rules. Also the systematics of the Act and reasons for its use, and the unification of the supervision of the consumer credit market under the Czech national bank are described here.

The third part deals with the area of institutional requirements for providers and intermediaries of consumer credit and their division into different categories. It is a new regulation area that has had a fundamental impact on the consumer credit market with the adoption of the Consumer Credit Act and promises to significantly consolidate the consumer credit market.

The fourth part concludes with the analysis of the most important rules of behavior of the subjects discussed in the third part, i.e. entities authorized to provide and intermediate consumer credit. An assessment of specific duties and their impact on the practice of lending to consumers can be found here, especially the assessment of the client's creditworthiness and general rules for dealing with consumers during the contractual process.

In the conclusion, the author summarizes and evaluates his findings while he repeats the most significant areas of regulation, whether in a positive or negative way.