

## The Irish Credit Reporting Act 2013

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The Central Credit Register (CCR) supports the Central Bank to fulfil its duty to safeguard stability and protect Irish consumers by providing lenders with a complete picture of a borrower's creditworthiness through the delivery of transparent credit reports.

The term "Credit" under the Act is said to include, a loan, a deferred payment or other form of financial accommodation. Some common forms of credit that fall under the scope of the Act include, but are not limited to personal, car and student loans, mortgages (including local authority loans), hire purchase, leasing finance arrangements and personal contract plans, licenced money lender loans, overdrafts, credit cards, and commercial loans.

### | Who does the Act apply to?

#### Credit information subject

A Credit Information Subject (CIS) is an individual, an individual who is not an employee such as a sole trader, or not an individual such as a legal entity who has either made a credit application or has made a credit agreement for the provision of credit to the person or is a guarantor.

In practice a CIS is a borrower or co-borrower or guarantor in relation to a credit application or credit agreement.<sup>[1]</sup>

#### Credit information provider

To fall within the scope of the Act, a lender must be a Credit Information Provider (CIP). CIPs provide credit in connection with a credit application or agreement under which the Act is applicable. Regulated financial service providers (RFSPs) the national asset management agency (NAMA), local authorities or any other person that provides credit (apart from the Central Bank of Ireland or central bank of any other country or territory or a pawnbroker within the meaning of the Pawnbrokers Act 1964) are defined as a CIP.

# What are the obligations of the lender under the Act?

The Act introduces reporting requirements that compels lenders to provide specific personal credit information where the value of the credit sought exceeds €500. The information to be provided will vary depending on whether it relates to an individual or corporate or borrower or guarantor.

Lenders when determining a credit application that exceeds a value of €2,000 must consult the register. Lenders will have the power to consult the register in instances where the value of the credit sought is less than €2,000.

Lenders are obliged to ensure that both borrowers and guarantors are made aware of their rights and duties under the Act. Qualifying application forms must notify applicants that the Act requires the provision of certain personal information.

## Verification requirements under the Act

The Act requires lenders to take all reasonable steps to verify the identity of a borrower and or individuals who propose to act as a guarantor or indemnifier and this duty extends to ensuring that all credit information provided to the CCR is complete and up to date. The specific verification requirements can be split into the following groups: CISs who are individuals, CIS who are carrying on activities otherwise than employees, and CISs who are not individuals.

## The exceptions

There are several exceptions to the scope of credit under the Act. These exceptions include credit provided by a person who does not provide credit except to the persons employees such as employee loans and credit connected to the provision of a utility or continuing service.

The exception also applies to trade credit. This includes credit which is advanced during the course of ones business, trade or profession, or where the person is not a regulated financial services provider, where the repayment date of the whole of the credit is no later than 6 months after the date of advancement, or where the credit is provided for the purchase of goods or services from the person who advances the credit.

Credit that is provided without the requirement to repay interest, such as an arrangement between friends or family, credit provided by one credit institution to another such as a loan between banks and credit unions and credit provided to the government of any other country or territory or international organisation and credit provided to any entity classified within general government in relation to the state within the meaning given by the Fiscal Responsibility Act 2012[2].

## Current credit scope of the CCR and loan notes

Under the Act the Central Bank has the power to phase the implementation of the reporting obligations by class of CIS, CIP, credit agreement or credit application. The Central Bank implemented phase 1 (consumers) and phase 2 (non-consumers) of the CCR in 2017 and 2018 respectively. The scope of credit applications and agreements is confined to lending products only. This means that data on credit advanced through alternative means such as through deposits, derivatives, loan notes securities and other financial instruments (assets that can be traded) are not currently being collected.

[1] Guidance on the central credit register May 2023

[2] Fiscal Responsibility Act 2012 "general government", in relation to the state shall be construed in accordance with the European system of accounts.

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