

Pursuant to Article 82 paragraph (1) item 2) and Article 91 paragraph (2) of the Constitution of Montenegro, the 25th Parliament of Montenegro at the eighth sitting of its first ordinary (spring) session in 2013 on 9 July 2013, passed the following

CONSUMER CREDIT LAW
(OGM 35/13 of 23 July 2013 and 73/17 of 3 November 2017)

I. BASIC PROVISIONS

Subject matter

Article 1

This Law shall regulate the conditions and the manner of concluding consumer credit agreement (hereinafter the “Credit Agreement”) and other matters relevant for credit agreements.

Credit agreement

Article 2

- (1) Credit agreement, within the meaning of this Law, means an agreement whereby credit provider (hereinafter: the creditor) grants or promises to grant credit to a consumer in the form of a deferred payment, loan or other similar financial accommodation, other than the agreements for the provision of services on a continuous basis or for the supply of goods of the same kind, where the consumer pays for such services or goods for the duration of their provision by means of instalments.
- (2) Consumer, within the meaning of this Law, means a natural person who, in transactions covered by this Law, is acting for the purposes which are outside his profession or business.
- (3) Creditor, within the meaning of this Law, means any person who grants or promises to grant a credit in the course of his business or other commercial activity.

Credit and interest rate expenses

Article 3

- (1) Total expenses of the credit to the consumer shall comprise interest rates, fees, taxes and other costs which the consumer is required to pay in connection with the credit agreement and which are known to the creditor, except for notarial costs relating to the agreement and other documents, and the costs of ancillary services relating to the credit agreement, in particular insurance premiums, if the conclusion of a contract for ancillary services is compulsory in order to obtain the credit or to obtain it on the market terms.
- (2) Interest rate means the interest rate expressed as a fixed or variable percentage applied on annual basis to the amount of credit obtained.

- (3) Fixed interest rate means the interest rate that the creditor and the consumer agree for the entire duration of the credit agreement or several interest rates for specific periods using exclusively a fixed specific percentage.
- (4) If all interest rates for specific periods are not specified under the credit agreement, the interest rate shall be deemed to be fixed only for such periods for which the interest rates are determined exclusively by a fixed percentage agreed on in the credit agreement.

Linked credit agreement

Article 4

- (1) Linked credit agreement, within the meaning of this Law, means a credit agreement which serves exclusively to finance an agreement for sales of specific goods or the provision of specific services, and those agreements form a commercial unit.
- (2) The commercial unit referred to in paragraph 1 above shall be deemed to exist where the supplier or service provider himself finances the credit for the consumer or, if the credit is financed by a third party, where the creditor uses the services of the supplier or service provider in connection with the conclusion or preparation of the credit agreement, or where the specific goods or the provision of specific services are explicitly specified in the credit agreement.

Application of other laws

Article 5

The provisions of the Law governing consumer protection and law governing obligations shall apply accordingly to the relations between a consumer and a creditor or a credit intermediary, unless otherwise provided for hereunder.

Exemptions

Article 6

- (1) This Law shall not apply to the following:
 - 1) rental or lease agreements where an obligation to purchase the object of the agreement is not laid down either by the agreement itself or by any separate agreement, unless an obligation to purchase the object of the agreement is decided on unilaterally by the creditor, or agreements not providing for obtaining the right to purchase the object of the agreement, at contracted price, during or upon the expiry of the contract period;
 - 2) credit agreements in the form of an overdraft facility on the current account where the credit has to be repaid within one month;
 - 3) credit agreements without interest rates and without any other fees, and credit agreements which consumers are required to repay within three months, and only fees not exceeding 5 euros are payable;
 - 4) credit agreements where the credit is granted by an employer, or by a Union, as a secondary activity, interest rate free or at the effective interest rate lower than that prevailing on the market;
 - 5) credit agreements which are concluded with investment firms in accordance with the law regulating the capital market, or with credit institutions in accordance with the law regulating business activities of such institutions, for the purposes of allowing an investor to carry out a

transaction relating to one or more of the financial instruments according to the law regulating the capital market, where the investment firm or credit institution granting the credit is involved in the transaction as one of the parties to the agreement;

- 6) credit agreements which relate to the deferred payment, free of charge, of an existing debt, and
 - 7) credit agreements secured by chattel mortgage if the liability of the consumer is strictly limited to the value of such pledged chattel.
- (2) In the case of credit agreements in the form of an overdrawn facility and where the credit is to be repaid on demand or within three months, the following shall not apply: Article 8, paragraph 1, points 4, 5 and 6 and paragraph 2, Articles 9 and 10, Article 16, paragraphs 3 and 5, and Articles 18, 20, 21, 23 and 25 of this Law.
- (3) In the case of credit agreements in the form of tacitly accepted overdraft, Articles 8 to 24 of this Law shall not apply.
- (4) In the case of credit agreements governing arrangements between the creditor and the consumer in respect of deferred payment or repayment methods, where the consumer is in default on the initial credit agreement if such arrangements would be likely to avert the possibility of legal proceedings concerning such default and if the consumer would not thereby be subject to terms less favourable than those laid down in the initial credit agreement, Articles 9, 10 and 14, Article 16, paragraphs 1 and 2 and paragraph 3, points 10 and 11, points 13 to 17 and points 19 to 22 and paragraph 5, Articles 17, 19, 21, 22 and 24 of this Law shall not apply.
- (5) In case of the credit referred to in paragraph 4 of this Article, which is repaid on demand or within three months, only provisions of paragraph 2 of this Article shall apply.

Definitions

Article 7

Terms used in this Law shall have the following meanings:

- 1) **overdraft facility** means an amount of funds which exceeds the balance on the current account and which is made available by the creditor to a consumer on the basis of the agreement to open an account concluded in written form;
- 2) **tacitly accepted overdraft** means an overdraft whereby a creditor makes available to a consumer funds which exceed the current balance on the customer's current account or the allowed overdraft facility;
- 3) **total amount of credit** means the ceiling or the total sums made available to the consumer under a credit agreement;
- 4) **total amount payable by the consumer** means the sum of the total amount of the credit and the total expenses of the credit to the consumer referred to in Article 3, paragraph 1 of this Law;
- 5) **credit intermediary** means a natural or legal person who is not acting as a creditor and who, in the course of his business or profession, for a fee or other agreed form of financial consideration, presents or offers credit agreements to consumers, assists consumers by undertaking preparatory work in respect of credit agreements or concludes credit agreements with consumers on behalf of the creditor;

- 6) **durable medium** means an instrument which enables the consumer to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored (paper, CDs and DVDs, USB flash memory sticks, memory cards or computer hard disc, electronic mail, etc.).

II INFORMATION

Contents of advertising

Article 8

- (1) Creditor shall, within any advertising concerning credit agreements which indicates an interest rate or other figures relating to the expenses of the credit to the consumer, provide in a clear, concise and prominent way by means of a representative example, particularly the following information:
- 1) the interest rate, together with particulars of any changes included in the total expenses of the credit to the consumer;
 - 2) the total amount of the credit;
 - 3) effective interest rate;
 - 4) the duration of the credit agreement;
 - 5) in the case of a credit in the form of deferred payment for a specific good or service of the creditor, the cash price and the amount of any advance payment, and
 - 6) the total amount payable by the consumer and the amount of the monthly instalments.
- (2) Where the conclusion of a contract regarding an ancillary service relating to the credit agreement, in particular insurance is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the effective borrowing rate.

Pre-contractual information

Article 9

- (1) Before accepting any offer or conclusion of any credit agreement, the creditor and the credit intermediary shall, on the basis of the credit terms and conditions offered by the creditor on paper or on any other durable medium, provide in good time the consumer with the information on:
- 1) the type of credit;
 - 2) the name, address and identification number, i.e. the name and last name, unique identification number and address of the creditor and the credit intermediary;
 - 3) the total amount of credit and the conditions governing the drawdown;
 - 4) the duration of the credit agreement;
 - 5) the name of goods or services and their cash price in the case of a credit in the form of deferred payment for specific goods or services, or in the case of linked credit agreements;
 - 6) the interest rate or different interest rates and the conditions governing the application of interest rates and, where available, any index or reference rate applicable to the initial interest rate, as well as periods, conditions and procedure for changing the interest rate;
 - 7) the effective interest rate and the total amount payable by the consumer, illustrated by means of a representative example, together with all the assumptions used in order to calculate that rate, and

- whether the consumer has informed the creditor of one or more required conditions of the credit (duration of the credit agreement, total amount of the credit, etc.) and the creditor shall also take those conditions into account, as well as whether a credit agreement provides different ways of drawdown with different fees or interest rates and if the creditor uses the assumption set out in Article 10, paragraph 3 of this Article, he shall indicate that other drawdown mechanisms for this type of credit agreement may result in higher effective interest rate;
- 8) the amount, number and frequency of payment to be made by the consumer and the order in which such payments will be allocated to outstanding balances charged at different interest rates for the purposes of the credit reimbursement, if different interest rates are agreed;
 - 9) the fees for maintaining one or several accounts recording both payment transactions and drawdowns, unless the opening of an account is optional, together with the fees for using a means of payment for both payment transactions and drawdowns, and any other fees deriving from the credit agreement and the conditions under which those fees may be changed;
 - 10) the warning regarding the costs payable by the consumer to a notary public on conclusion of the credit agreement;
 - 11) the obligation, if any, to enter into an ancillary service contract relating to the credit agreement, in particular an insurance policy, where the conclusion of such a contract is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed;
 - 12) default interest rate applicable in the case of late payments and the arrangements for its adjustments, and any fees payable for default;
 - 13) a warning regarding the consequences of missing payments;
 - 14) the security instruments required;
 - 15) the right of one-sided termination of the credit agreement and conditions for practicing such right;
 - 16) the consumer's right of early repayment of the credit and the creditor's right to compensation, and the way in which that compensation will be determined in accordance with Article 23 of this Law;
 - 17) the consumer's right to be informed in good time and free of charge, pursuant to Article 15, paragraph 1 of this Law, of the results of a credit database consultation;
 - 18) the consumer's right to be supplied, on request and free of charge, with a copy of the draft credit agreement, unless the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer, and
 - 19) the period of time during which the creditor is bound by the pre-contractual information.
- (2) Information referred to in paragraph 1 of this Article shall be given in a form established and published in the Official Gazette of Montenegro by the Central Bank of Montenegro (hereinafter the Central Bank).
 - (3) Any additional information in respect of the information referred to in paragraph 1 of this Article, which the creditor or the credit intermediary may provide to the consumer shall be given separately, together with the form referred to in paragraph 2 of this Article.
 - (4) If the creditor or the credit intermediary provides information referred to in paragraph 1 of this Article by the means of telephone, the description of the main characteristics of the credit shall include the items referred to in paragraph 1, points 3 to 6 and point 8 of this Article, together with the effective interest rate illustrated by means of a representative example and the total amount payable by the consumer.
 - (5) If the agreement has been concluded at the consumer's request using a means of distance communication, in accordance with the law that stipulates consumer protection, which does not

enable the information referred to in paragraphs 1 and 4 of this Article to be provided, the creditor shall provide the consumer in a written form with all information referred to in paragraph 1 of this Article immediately after the conclusion of the credit agreement.

- (6) Upon consumer's request, the creditor shall, in addition to information referred to in paragraph 1 of this Article, supply a copy of the draft credit agreement to the consumer, unless the creditor is unwilling at the time of the request to proceed to the conclusion of the credit agreement with the consumer.

Additional pre-contractual information

Article 10

(1) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding repayment of the total amount of credit, but are used to constitute capital during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the information referred to in Article 9, paragraph 1 of this Law shall include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless a different guarantee is given.

(2) Creditors and credit intermediaries shall provide adequate explanations to the consumer in order to place the consumer in a position enabling him to assess whether the proposed credit agreement is adapted to his needs and to his financial situation and, where appropriate, by explaining the pre-contractual information to be provided in accordance with Article 9, paragraph 1 of this Law, the essential characteristics of proposed types of credits and the specific effects they may have on the consumer, including the consequences of default in payments by the consumer.

(3) In calculation of the effective interest rate for the credit agreements which provide different ways of drawdown with difference fees or interest rates, the creditor may use the assumption that the total amount of credit is drawn down according to the highest fee and interest rate applied to the usual drawdown mechanisms for this type of credit agreement.

Pre-contractual information for credit agreements in the form of an overdraft facility and/or an agreement governing arrangements between the creditor and the consumer regarding deferred payment or repayment method

Article 11

(1) Before accepting any offer or conclusion of a credit agreement referred to in Article 6, paragraphs 2 and 4 of this Law, the creditor and the credit intermediary shall, on the basis of the credit terms and conditions offered by the creditor, the preferences expressed and information supplied to the consumer, provide in good time the consumer with the following information that is needed to compare different offers in order to take an informed decision on whether to conclude a credit agreement:

- 1) the type of credit;
- 2) the name, the address and identification number, i.e. the name and last name, unique identification number and the address of the creditor and of the credit intermediary;
- 3) the total amount of credit;
- 4) the duration of the credit agreement;

- 5) the interest rate, the conditions governing the application of that rate, any index or reference rate applicable to the initial interest rate, the fees applicable from the time the credit agreement is concluded and the conditions under which those fees may be changes;
 - 6) the effective interest rate illustrated by means of a representative example mentioning the assumptions used in order to calculate that rate, except in the case of the agreement referred to in Article 6, paragraph 2 of this Law;
 - 7) the conditions and procedure for terminating the credit agreement;
 - 8) in the case of agreements referred to in Article 6, paragraph 2 of this Law, an indication that the consumer may be requested to repay the amount of credit in full at any time;
 - 9) the default interest rate applicable to defaults and the arrangements for its adjustment, and possible fees payable for the defaults;
 - 10) the consumer's right to be informed in good time and free of charge, pursuant to Article 15, paragraph 1 of this Law, of the results of a credit database consultation;
 - 11) in the case of credit agreements referred to in Article 6, paragraph 2 of this Law, information about the fees applicable from the time such agreements are concluded and the conditions under which those fees may be changed, and
 - 12) the period of time during which the creditor is bound by the pre-contractual information.
- (2) The creditor and the credit intermediary shall provide the information referred to in paragraph 1 of this Article in written form, on paper or on another durable medium in a clear, concise and easily visible manner, and all information shall be equally visible.
 - (3) The creditor or the credit intermediary shall not be obliged to provide the information referred to in paragraph 1 of this Article if he has supplied information to the consumer pursuant to Articles 9 and 10 of this Law.
 - (4) In the case of the communication via phone and where the consumer requests that the overdraft facility on the current account be made available with immediate effect, the description of the main characteristics of the credit shall include the items referred to in paragraph 1, points 3, 5, 6 and 8 of this Article, and in credit agreements referred to in Article 6, paragraph 4 of this Law, the description of the main characteristics shall include information of the duration of the credit agreement.
 - (5) By the way of derogation from the provisions of Article 6, paragraph 1, point 2 of this Law, the provisions of paragraph 4 of this Article shall apply to credit agreements in the form of an overdraft facility on the current account and where the credit has to be repaid within one month.
 - (6) Upon the consumer's request, the creditor and/or the credit intermediary shall, free of charge, in addition to the information referred to in paragraphs 2 to 5 of this Article, supply a copy of the draft credit agreement containing the information referred to in Article 16 and Article 17 of this Law.
 - (7) The creditor and/or the credit intermediary shall not be obliged to supply a copy of the draft credit agreement referred to in paragraph 6 of this Article if the creditor is at the time of the request unwilling to proceed to the conclusion of the credit agreement with the consumer.
 - (8) If the credit agreement has been concluded at the consumer's request using a means of distance communication which does not enable the information to be provided in accordance with paragraphs 1 and 2 of this Article, including in the cases referred to in paragraph 4 of this Article, the creditor shall immediately after the conclusion of the credit agreement fulfil his obligations under paragraphs 1 and 2 of this Article and Article 16, and Article 17 of this Law.

Additional information for agreements governing arrangements between the creditor and the consumer regarding deferred payment or credit repayment methods

Article 12

- (1) The creditor or the credit intermediary shall, in the case of the agreement referred to in Article 6, paragraph 4 of this Law, in addition to the information referred to in Article 11, paragraphs 1 and 2 of this Law, provide the consumer with information on:
 - 1) the amount, number and frequency of payments that the consumer is required to make and the order in which such payments will be allocated to different outstanding credit balances if charged at different borrowing rates for the purposes of reimbursement, and
 - 2) the consumer's right of early repayment and information concerning the creditor's right to compensation and the way in which that compensation will be determined.
- (2) In the case of agreements referred to in paragraph 1 of this Article, which are governed by provisions of Article 6, paragraph 2 of this Law, the creditor or the credit intermediary shall provide the consumer with only the information referred to in Article 11, paragraph 1 of this Law.

Exemption from the pre-contractual information requirements

Article 13

- (1) Provisions of Articles 9 to 12 of this Law shall not apply to suppliers of goods or service providers acting as credit intermediaries in an ancillary capacity.
- (2) Suppliers of goods or service providers referred to in paragraph 1 of this Article shall act as credit intermediaries in an ancillary capacity if their activity as credit intermediaries is not the main purpose of their business or other commercial activity.

III ASSESSMENT OF CREDITWORTHINESS

Obligation to assess the creditworthiness

Article 14

- (1) Before concluding a credit agreement, the creditor shall assess the consumer's creditworthiness on the basis of complete information obtained from the customer or, where necessary, on the basis of information from available credit registers (databases).
- (2) The creditor shall supply data and information on the credit granted to a consumer in accordance with this Law to the Credit Registry maintained by the Central Bank, in accordance with the regulation governing the work of the Credit Registry.
- (3) The creditor shall reassess the consumer's creditworthiness before any significant increase in the total amount of credit.
- (4) If parties to the agreement, after conclusion of the credit agreement, agree on changes to the total amount of the credit, the creditor shall amend information on financial situation of the consumer available in the Credit Registry.

Notification of rejection

Article 15

- (1) If the credit application is rejected, the creditor shall inform the consumer immediately and without charge of the information from the credit database which the decision to reject the request is based on, in accordance with regulations governing the protection of personal data, secrecy of data and protection of unpublished data.
- (2) The creditors from the European Union Member States can use the data from the credit databases available in Montenegro for assessing the creditworthiness of consumers.

IV CREDIT AGREEMENT

Contents of credit agreements

Article 16

- (1) Credit agreements shall be concluded in a written form, on paper or on other durable medium.
- (2) The creditor and/or the credit intermediary shall provide the consumer with a copy of the credit agreement.
- (3) The credit agreement shall specify in a clear and concise manner the following items:
 - 1) the type of credit;
 - 2) the name and last name and address of the consumer, as well as the name, the address and registration number, i.e. the name, last name, unique identification number and address of the creditor i.e. the credit intermediary;
 - 3) the duration of the credit agreement;
 - 4) the total amount of credit, including the conditions governing the drawdown, and for credits indexed in a foreign currency – the currency in which the creditor indexed the credit, the type of exchange rate applied for approval and repayment of the credit (official average exchange rate), and the date of calculation thereof;
 - 5) in the case of a credit in the form of deferred payment for specific goods or services or in the case of linked credit agreements, the name of the goods or service and its cash price;
 - 6) the interest rate and/or different interest rates, the conditions governing the application of that rate and, where available, any index or reference rate applicable to the initial interest rate, as well as the periods, conditions and procedures for changing the interest rate;
 - 7) the effective interest rate and the total amount payable by the consumer, calculated at the time the credit agreement is concluded, and all the assumptions used in order to calculate that rate shall be mentioned;
 - 8) the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments will be allocated to different outstanding balances charged at different interest rates for the purposes of the credit reimbursement;
 - 9) where amortisation of principal of a credit agreement with a fixed duration is involved, the right of the consumer to receive, on request and free of charge, a repayment plan which shall contain:
 - the remaining payments, payment periods and payment conditions;
 - a breakdown of each payment showing capital amortisation, interest rates calculated on the basis of the interest rate and any additional costs, and

- a clear and concise statement that the data will remain valid until such time as the interest rate or the additional costs are changed in accordance with the credit agreement, if the interest rate is not fixed or if the possibility to change the additional costs is provided by the credit agreement;
 - 10) if fees and interest rates are to be paid without amortisation of principal as provided by the agreement, the repayment plan showing the periods and conditions for payment of the interest rate and of any associated recurrent and non-recurrent fees;
 - 11) the fees for maintaining one or several accounts showing clearly both payment transactions and drawdowns, unless the opening of an account is optional, together with the fees for using a means of payment for both payment transactions and drawdowns, and other fees deriving from the credit agreement and the conditions under which those fees may be changed, for the agreements that such fees apply to;
 - 12) default rate applicable at the time of conclusion of the credit agreement and the arrangement for its adjustment, and other fees payable by the consumer in the case of failure to make payments in accordance with the credit agreement;
 - 13) a warning regarding the consequences of missing payments;
 - 14) a statement that notarial fees for the agreement and supporting documents will be payable;
 - 15) the name and last name and/or the name of sureties and other types of security instruments, if requested;
 - 16) the right of one-sided termination of the credit agreement, the period during which that right may be exercised and other condition governing the exercise thereof, including information concerning the obligation of the consumer to pay the principal used together with the interest rates under Article 21, paragraph 2, point 2 of this Law and the amount of the interest rate payable per day;
 - 17) the information concerning the right referred to in Article 22 of this Law, and the conditions for the exercise of that right;
 - 18) the right of early repayment and the procedure for early repayment, as well as information concerning the creditor's right to compensation and the way in which that compensation will be determined;
 - 19) the procedure for exercising the right to termination of the credit agreement;
 - 20) provisions of out-of-court or other types of consumer protection and the methods for having access to it;
 - 21) other contractual terms and conditions, and
 - 22) the name and address of the competent authority for supervision of the creditor.
- (4) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute principal during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the agreement shall, in addition to items referred to in paragraph 3 of this Article, unless a different guarantee is given, include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement.
- (5) Pursuant to paragraph 3, point 9 of this Article, the creditor shall make available to the consumer, free of charge and at any time during the life of the credit agreement, a statement of account in the form of a repayment plan.

Contents of the credit agreement in the form of overdraft facilities

Article 17

The credit agreement in the form of overdraft facilities referred to in Article 6, paragraph 2 of this Law shall include, in a concise and clear manner, the following items:

- 1) the type of credit;
- 2) the name and last name and the address of the consumer, and the name, address and identification number i.e. the name and last name and the unique identification number of the creditor i.e. of the credit intermediary;
- 3) the duration of the credit agreement;
- 4) the total amount of the credit and the conditions governing the drawdown on the basis of the credit agreement;
- 5) the interest rate and/or different interest rates, the conditions governing the application of the interest rate and, where available, any index or reference rate applicable to the initial interest rate, and periods, conditions and procedure for changing the interest rate;
- 6) a warning that the creditor shall have the right to request from the consumer to repay the amount of credit in full on demand at any time;
- 7) conditions governing the exercise of the right of one-sided termination of the credit agreement, and
- 8) information concerning the fees applicable from the time such agreements are concluded and the conditions under which those fees may be changed.

Variable interest rate

Article 18

- (1) Where variable interest rates are agreed, the creditor shall inform the consumer, in writing, on paper or other durable medium, of:
 - 1) any changes in those rates;
 - 2) the amount of the payments to be made by the consumer as of the day of entry into force of the new interest rate, and
 - 3) information on the number or periods of the payments, in case of changes.
- (2) If the change to the interest rate is caused by a change in a reference rate that is made publicly available and kept available in the business premises of the creditor, the credit agreement may provide for the obligation of periodical notification of the consumer of the information referred to in paragraph 1 of this Article.

Statement of balance and turnover at the account under an overdraft facility

Article 19

- (1) The creditor shall keep the consumer regularly informed, at least once a month, by means of a statement of account, in writing, on paper or other durable medium, on the balance and turnover at the account in the form of an overdraft facility.
- (2) The statement of account under paragraph 1 of this Article shall contain the following in particular:
 - 1) the detail reporting period and the date thereof;
 - 2) the amounts and dates of drawdowns;
 - 3) the balance from the previous statement and the date thereof;
 - 4) the new balance;
 - 5) the amounts and date of payments by the consumer;
 - 6) the interest rate applied;

- 7) other fees included, and
 - 8) the minimum amount payable by the consumer.
- (3) The consumer shall be informed by the creditor, in the manner referred to in paragraph 1 of this Article, of the increase in the interest rate or in other fees before entry into force thereof.
 - (4) The credit agreement in the form of an overdraft facility may provide that information concerning changes in the interest rate in the case referred to in Article 18, paragraph 2 of this Law is to be given in the manner provided for in paragraph 1 of this Article.

Open-end credit agreements

Article 20

- (1) The consumer may terminate an open-end credit agreement free of charge at any time unless the parties have agreed on a period of notice.
- (2) The period of notice referred to in paragraph 1 of this Article may not exceed one month.
- (3) The creditor may terminate the credit agreement referred to in paragraph 1 of this Article by giving the consumer at least two months' notice in writing, on paper or on other durable medium.
- (4) If agreed in the credit agreement referred to in paragraph 1 of this Article, the creditor may, for justified reasons, terminate the consumer's right to draw down a part of the amount of granted credit, and shall inform the consumer of the termination and the reasons for it, when such information is in accordance with the Law, in writing, on paper or on another durable medium, before the termination and at the latest immediately thereafter.
- (5) The termination of the right referred to in paragraph 4 of this Article may be executed in the cases of unauthorised use of the credit or a fraud related to the credit, of a significant increase of risk that the consumer will fail to fulfil his obligation to repay the credit.

Right of one-sided termination of the credit agreement

Article 21

- (1) The consumer shall have a right to one-sided termination of the credit agreement within a period of 14 days, without giving any reason, and such period shall begin:
 - 1) from the day of the conclusion of the credit agreement, or
 - 2) from the day on which the consumer receives from the creditor the terms and conditions and information in accordance with Articles 16 and 17 of this Law, if such terms and conditions and information are received after the day on which the credit agreement was concluded.
- (2) If the consumer intends to terminate unilaterally the credit agreement, he shall:
 - 1) before the expiry of the deadline referred to in paragraph 1 of this Article, notify the creditor of the termination in line with the agreed right referred to in Article 16, paragraph 3, point 16 of this Law, and
 - 2) pay to the creditor the principal and the interest accrued thereon, calculated on the basis of agreed interest rate, from the date the credit was drawn down on the basis of the credit agreement until

the date the principal is repaid, without any undue delay and no later than 30 calendar days after the dispatch by him to the creditor of notification of the withdrawal.

- (3) In the case of one-sided termination of the credit agreement, in addition to the amount referred to in paragraph 2, point 2 of this Article, the creditor shall not be entitled to any other compensation from the consumer, except compensation for notary costs relating to the agreement and other supporting documents paid by the creditor.
- (4) The credit agreement shall be deemed terminated in a timely manner if the notification on the one-sided termination is supplied to the creditor in writing, on paper or on other available durable medium within the period referred to in paragraph 1 of this Article.
- (5) If an ancillary service relating to the credit agreement is provided by the creditor or by a third party on the basis of an agreement between the third party and the creditor, the consumer shall no longer be bound by the ancillary service agreement if the consumer exercises his right of unilateral termination of the credit agreement in accordance with this Law.
- (6) If the consumer exercises the right of one-sided termination of the credit agreement referred to in paragraph 1 of this Article, the provisions of the law governing the consumer protection in the part relating to the right of the consumer to one-sided termination of the agreement on financial services concluded by means of distance communication and an agreement of sales outside business premises of a trader shall not apply.

Relation of a sale agreement and a linked credit agreement

Article 22

- (1) The consumer, who has exercised his right of one-sided termination of an agreement for the purchase of goods or services, in accordance with the law governing consumer protection, shall not be bound by the linked credit agreement.
- (2) If obligations under the agreement for the purchase of goods or services, which are the subject of a linked credit agreement, are not fulfilled or not fulfilled completely, the consumer may request from the creditor to compensate the damage, if the trader failed previously to meet a contractual obligation on the grounds of a valid judgement.

Early repayment

Article 23

- (1) The consumer shall be entitled at any time to discharge fully or partially his obligations under a credit agreement and in such cases, he shall be entitled to a reduction in the total cost of the credit by the remaining amount of interest rates and other costs for the remaining duration of the agreement.
- (2) In the event of early repayment of credit, the creditor shall be entitled to fair and objective compensation for justified costs directly linked to early repayment of credit, provided that the early repayment falls within a period for which the interest rate is fixed.
- (3) The amount of compensation referred to in paragraph 2 of this Article may not exceed 1% of the amount of credit repaid early, if the period of time between the early repayment and the due date under the credit agreement exceeds 12 months.

- (4) If the period referred to in paragraph 3 of this Article does not exceed 12 months, the amount of compensation may not exceed 0.5% of the amount of credit repaid early.
- (5) The creditor shall not be entitled to compensation referred to in paragraph 2 of this Article:
 - 1) if the repayment has been made under an insurance contract intended to provide a security for the credit repayment;
 - 2) in the case of overdraft facilities, or
 - 3) if the early repayment is made within a period for which interest rate is not fixed.
- (6) The creditor shall be entitled to compensation referred to in paragraph 2 of this Article if the amount of the early repayment exceeds 10.000,00 euros within the period of 12 months.
- (7) The amount of compensation referred to in paragraphs 3 and 4 of this Article shall not exceed the amount of the interest rate the consumer would have paid during the period between the early payment and the agreed date of termination of the credit agreement.

Assignment or transfer of rights

Article 24

- (1) In the event of assignment of the credit agreement or transfer of the creditor's rights under a credit agreement to a third person, the consumer shall be entitled, with his objections regarding the new creditor, to present objections that he was able to present to the original creditor.
- (2) The original creditor shall inform the consumer of the assignment of the agreement, or the transfer of the right referred in paragraph 1 of this Article, unless on the basis of the agreement with the new creditor, the original creditor continues to service the credit to the consumer.

Tacitly accepted overdraft

Article 25

- (1) If according to an agreement there is a possibility that the consumer is allowed to overrun the account (tacitly accepted overdraft), such agreement shall also contain the information referred to in Article 11, paragraph 1, point 5 of this Law.
- (2) The creditor shall provide the information referred to in Article 11, paragraph 1, point 5 of this Law on a regular basis, in writing, on paper or on other durable medium.
- (3) In the event of a significant overdraft exceeding a period of one month, the creditor shall inform the consumer without delay, in writing, on paper or on another durable medium of the following:
 - 1) the fact that it came to overdraft;
 - 2) the amount of overdraft involved;
 - 3) the interest rate, and
 - 4) all penalties, fees or interest rates on arrears applicable.

Obligations of credit intermediaries

Article 26

A credit intermediary shall:

- 1) in advertising or documentation intended for consumers indicate the extent of his powers, in particular where he represents one or more creditors or works as an independent intermediary;
- 2) indicate the fee payable by the consumer to the credit intermediary for his services and agree the fee with the consumer in writing, on paper or on another durable medium before the conclusion of the credit agreement, and
- 3) communicate to the creditor the amount of the fee, if any, payable by the consumer to the credit intermediary for his services for the purpose of calculation of the effective interest rate.

V EFFECTIVE INTEREST RATE

Calculation of effective interest rate

Article 27

- (1) Effective interest rate represents the total cost of the credit to the consumer, expressed as an annual percentage of the total amount of credit, including the costs referred to in paragraph 3 of this Article.
- (2) The effective interest rate, equating, on annual basis, to the present value of all commitments (drawdowns, repayments and charges), future or existing, agreed by the creditor and the consumer, shall be calculated in accordance with the regulation governing elements used to calculate the effective interest rate.
- (3) For the purpose of calculating the effective interest rate, the creditor shall determine the total cost of the credit to the consumer, with the exception of any charges payable by the consumer for non-compliance with any of his commitments under the credit agreement and charges other than the purchase price which, for purchase of goods or services, he is obliged to pay whether the transaction is effected in cash or on credit.
- (4) The total cost of the credit to the consumer shall include the costs of maintaining an account showing prominently both payment transactions and drawdowns, costs of the use of payment funds and of payment transactions and drawdowns under the credit, and other costs relating to payment transactions, unless the opening of the account is optional and the costs of the account have been clearly and separately shown in the credit agreement or in another agreement concluded with the consumer.
- (5) The calculation of the effective interest rate shall be based on the assumption that the credit agreement is to remain valid for the period agreed and that the creditor and the consumer will fulfil their obligations under the terms and by the dates specified in the credit agreement.
- (6) In the case of credit agreements containing clauses allowing variations in the interest rate and, where applicable, fees contained in the effective interest rate but unquantifiable at the time of calculation, the effective interest rate shall be calculated on the assumption that the interest rate and other fees will remain fixed in relation to the initial level and will remain applicable until the expiry of the credit agreement.
- (7) Additional assumptions may also be used for calculation of the effective interest rate.

- (8) Elements used for calculation of the effective interest rate referred to in paragraphs 1 to 7 of this Article shall be specified by the regulation of the Central Bank to be published in the Official Gazette of Montenegro.

VI REGISTER OF CREDITORS AND CREDIT INTERMEDIARIES

Registration and maintenance of the register

Article 28

- (1) The creditor and/or the credit intermediary may provide lending services or credit intermediary services provided that he is entered into the register of creditors and credit intermediaries.
- (2) The creditors entered into the register referred to in paragraph 1 of this Article may provide only restricted-use consumer credits for the purpose of strengthening their main business.
- (3) The creditors who have a license issued by the Central Bank on the basis of the law governing banking operations shall not be entered into the register referred to in paragraph 1 of this Article.
- (4) The creditors who grant credits only to their employees and the creditors who, as traders, provide a possibility to the consumers the payment of goods or services in four or less than four instalments within 12 months from the day of purchase of goods or payment for services, shall not be entered into the database referred to in paragraph 1 of this Article.
- (5) The register of creditors and credit intermediaries referred to in paragraph 1 of this Article shall be maintained by the state administration authority competent for consumer protection (hereinafter: the Ministry).
- (6) Deleted. (Law on Financial Leasing, Factoring, Purchase of Receivables, Micro-Lending and Credit-Guarantee Operations, OGM 73/17).
- (7) The register of credit intermediaries who perform activities for creditors referred to in paragraph 3 of this Article shall be maintained by the Central Bank.
- (8) The contents and the method of maintaining of the register referred to in paragraph 5 of this Article shall be specified by the Ministry.
- (9) Deleted. (Law on Financial Leasing, Factoring, Purchase of Receivables, Micro-Lending and Credit-Guarantee Operations, OGM 73/17).

VII LEGAL PROTECTION OF CONSUMERS

Consumer's right to complain

Article 29

- (1) A consumer shall have the right to file a complaint to the creditor, and/or to the credit intermediary, in case he deems his right under this Law has been violated.

- (2) If the creditor, or the credit intermediary referred to in paragraph 1 of this Article fails to decide immediately on the consumer's complaint, and within eight days from the day of receiving of complaint in more complex cases, or rejects such complaint, the consumer may file a request to the Central Bank for carrying out the supervision at the creditor's and the credit intermediaries' referred to in Article 28, paragraph 3 of this Law.
- (3) In the event referred to in paragraph 2 of this Article, the consumer may file a request to the administrative authority competent for inspection supervision (Market Inspection) for protection of rights under this Law, at the creditor's referred to in Article 28, paragraphs 5 and 6 of this Law, in accordance with the law governing consumer protection.
- (4) Provisions of the law governing consumer protection conformably apply to the procedure upon the consumer's complaint relating to the way of filing a complaint, displaying information about the way of and the place for filing complaints, burden of proof of displaying of information, keeping records on consumers' complaints, obligation of the person authorised to receive complaints, obligation to issue a confirmation of receipt of complaint if such complaint is not decided on immediately, and the contents thereof, unless otherwise provided hereunder.
- (5) In cases referred to in paragraphs 2 and 3 of this Article, the consumer may request out-of-court protection or the protection before the competent court.

Out-of-court dispute resolution

Article 30

- (1) In the case of disputes between the consumer and the creditor or credit intermediary, a procedure for the consumer out-of-court dispute resolution may be initiated before the Arbitration Board.
- (2) By way of derogation from paragraph 1 of this Article, in disputes arising between the consumer and the creditor licensed by the Central Bank, and credit intermediaries who provide intermediary services exclusively to those creditors, a procedure before the banking ombudsman may be initiated.

VIII SUPERVISION

Supervision of creditors and credit intermediaries

Article 31

- (1) Supervision over the implementation of this Law shall be carried out by the Ministry and the Central bank.
- (2) The Central Bank performs supervision over the enforcement of this Law at the creditors' to whom it issues licenses, and their credit intermediaries, through the procedure of inspection, in accordance with the law governing banking operations.
- (3) The supervision referred to in paragraph 2 of this Article shall be implemented by persons authorised by the Central Bank to perform such supervision.
- (4) The inspection over creditors and credit intermediaries, except the creditors and credit intermediaries referred to in paragraph 2 of this Article, shall be implemented by the Market Inspection.

- (5) Inspectors and other persons authorised to perform supervision shall keep confidential the information they obtain within the supervision process.
- (6) Authorities referred to in paragraph 1 of this Article may adopt regulations for supervision under their competences.

Obligations of subjects of supervision

Article 32

In addition to obligations established by the law governing inspection, the creditor and/or the credit intermediary shall enable a competent inspector or another person authorised to perform supervision to inspect concluded contracts, provide copies of contracts, and provide other data and documents needed for implementation of supervision.

Administrative measures

Article 33

- (1) In addition to measures provided for by the law governing banking operations, the Central Bank shall issue a decision to temporarily prohibit the creditor or the creditor intermediary to conclude credit agreements until the removal of irregularity if established that:
 - 1) the consumer credit advertising does not include information pursuant to provisions of this Law (Article 8);
 - 2) before concluding of credit agreement, they fail to provide information pursuant to provisions of this Law (Articles 9, 10, 11 and 12);
 - 3) the credit agreement has not been concluded on paper or on another durable medium, or a copy of the credit agreement was not supplied, or the credit agreement does not contain items specified in a concise and clear manner (Article 16, paragraphs 1 to 4 and Article 17);
 - 4) failed to provide a report in the form of the repayment plan in accordance with this Law (Article 16, paragraph 5);
 - 5) in the case of changes to the interest rate, failed to inform the consumer of the method and conditions laid down by this Law (Article 18);
 - 6) in the case of credit agreement in the form of an overdraft facility failed to supply a status of accounts and transaction on the consumer's account in the manner and of the contents laid down by this Law (Article 19);
 - 7) charges compensation in the event of early repayment in contradiction to this Law (Article 23);
 - 8) in the case of tacitly accepted overdraft, the agreement does not include specified information or such information are not provided in the way and under conditions laid down by this Law, or in the event of serious overdraft for longer than one month, they fail to inform the consumer thereof in the way specified by this Law and provide information in accordance with this Law (Article 25);
 - 9) the credit intermediary fails to state and inform the consumer and the creditor of the information specified by this Law (Article 26);
 - 10) calculates the effective interest rate or the total credit cost contrary to provisions of this Law (Article 27);
 - 11) provides services of consumer lending or intermediation without prior registration with the register (Article 28);
 - 12) provides services of consumer lending or intermediation contrary to provisions of this Law;

- (2) In cases referred to in paragraph 1 of this Article, in addition to administrative measures laid down by the law governing inspection operations, the market inspector shall issue a decision to temporarily prohibit the creditor or the credit intermediary to conclude credit agreements until removal of irregularities.
- (3) The market inspector and the Central Bank may issue a decision to temporarily prohibit the creditor or the credit intermediary to conclude credit agreements until the removal of irregularities if established that the credit agreement includes unfair contract terms under the law governing consumer protection.

IX PENALTY PROVISIONS

Penalty provisions

Article 34

- (1) A legal person – a creditor or credit intermediary shall be fined an amount between 2.000 euros and 40.000 euros for a violation if:
 - 1) the advertising of consumer credit does not contain information in accordance with Article 8 of this Law (Article 8);
 - 2) prior to conclusion of the credit agreement referred to in Article 6, paragraphs 2 and 4 it fails to provide information in accordance with provisions of this Law (Article 11);
 - 3) the credit agreement is not concluded on paper or on another durable medium, or a copy of the credit agreement is not provided, or the credit agreement does not contain items specified in a concise and clear manner (Article 16, paragraphs 1 and 2, paragraph 3, points 1 to 8 and points 10 to 22, and paragraph 4);
 - 4) it fails to enable the consumer an early credit repayment under conditions laid down by this Law (Article 23, paragraph 1);
 - 5) it calculates fee expenses directly related to early credit repayment contrary to provisions of this Law (Article 23, paragraphs 2 to 7);
 - 6) it fails to calculate the effective interest rate or total costs of the credit in accordance with provisions of this Law (Article 27, paragraphs 1 to 6);
- (2) An entrepreneur shall be fined an amount between 1.500 euros and 12.000 euros for the violation referred to in paragraph 1 of this Article.
- (3) A natural person and the legal person's responsible person shall also be fined an amount between 800 euros and 4.000 euros for the violation referred to in paragraph 1 of this Article.
- (4) If the creditor or the credit intermediary obtained property gain by a violation referred to in paragraph 1 of this Article, a measure may be passed, in addition to penalty, for confiscation of the property gain obtained by violation.
- (5) In addition to the penalty referred to in paragraph 1 of this Article, a protective measure may be passed to prohibit conclusion of credit agreement for the period of two months to one year.

Article 35

- (1) A legal person – a creditor of credit intermediary shall be fined an amount between 1.000 euros and 20.000 euros for a violation if:

- 1) it fails to provide pre-contractual information in accordance with provisions of this Law (Article 9, paragraph 1, points 1 to 9 and points 11 to 19 and paragraphs 2 to 6 and Article 10, paragraph 1);
 - 2) before conclusion of the agreement referred to Article 6, paragraph 4 of this Law, in addition to information referred to in Article 11, paragraphs 1 and 2 of this Law, it fails to provide the consumer with additional information (Article 12);
 - 3) upon the consumer's request, it fails to provide free of charge a statement of account in the form of an repayment plan (Article 16, paragraph 5);
 - 4) the credit agreement in the form of an overdraft facility referred to in Article 6, paragraph 2 of this Law does not contain items specified in a concise and clear manner (Article 17);
 - 5) in the case of agreed variable interest rate fails to inform the consumer before application thereof, in a way and under conditions laid down by this Law (Article 18);
 - 6) in the case of credit in the form of an overdraft facility, it fails to provide a statement of the consumer's account, in the way and under conditions laid down by this Law (Article 19);
 - 7) it fails to inform the consumer about termination of the credit agreement without fixed duration in the way and within the period specified by this Law (Article 20, paragraph 3);
 - 8) it terminates the consumer's right to draw down a part of the amount of granted credit, without providing information thereon in the way, under conditions and within the period specified hereunder (Article 20, paragraph 4);
 - 9) it fails to inform the consumer of the assignment of the credit agreement or of the transfer of the right in accordance with this Law (Article 24, paragraph 2);
 - 10) the agreement on account including an overdraft facility does not contain specified information, or he fails to provide such information in the way and under conditions specified by this Law, or in the event of a significant overdraft exceeding a period of one month, he fails to inform the consumer in the way and of information specified by this Law (Article 25);
 - 11) in the advertisement or in the document intended for the consumer it fails to state the scope of his powers or fails to state the amount of fee payable by the consumer or fails to inform the creditor of the fee payable by the consumer to the credit intermediary in accordance with this Law (Article 26);
 - 12) it provides services of consumer lending or credit intermediary without prior registration with the register (Article 28);
- (2) An entrepreneur shall be fined an amount between 750 euros and 6.000 euros for a violation referred to in paragraph 1 of this Article.
 - (3) A natural person and the legal person's responsible person shall be fined an amount between 400 euros and 2.000 euros for a violation referred to in paragraph 1 of this Article.
 - (4) If the creditor or the credit intermediary obtained property gain by a violation referred to in paragraph 1 of this Article, a measure may be passed, in addition to penalty, for confiscation of the property gain obtained by violation.
 - (5) In addition to the penalty referred to in paragraph 1 of this Article, a protective measure may be passed to prohibit the conclusion of credit agreement for the period of two months to one year.

Article 36

- (1) A legal person – a creditor or credit intermediary shall be fined an amount between 500 euros and 10.000 euros for a violation, if:

- 1) it fails to provide the consumer with a warning regarding the costs payable by the consumer to a notary public on conclusion of the credit agreement (Article 9, paragraph 1, point 10);
 - 2) it fails to provide the consumer with adequate explanations in accordance with this Law (Article 10, paragraph 2);
 - 3) it fails to inform the consumer, in good time and free of charge, of information in accordance with this Law in case the request for crediting has been rejected (Article 15, paragraph 1), and
 - 4) it fails to provide a statement of account in the form of a repayment plan, on request of the consumer and free of charge at any time throughout the duration of the credit agreement in accordance with this Law (Article 16, paragraph 3, point 9).
- (2) An entrepreneur shall be fined an amount between 375 euros and 3.000 euros for a violation referred to in paragraph 1 of this Article.
- (3) A natural person and a legal person's responsible person shall be fined an amount between 200 euros and 1.000 euros for a violation referred to in paragraph 1 of this Article.

X TRANSITIONAL AND FINAL PROVISIONS

Period for adopting regulations

Article 37

The regulations needed for enforcement of this Law shall be adopted within three months from the date of entry into force of this Law.

Aligning of operations

Article 38

Creditors and credit intermediaries shall align their operations with this Law within six months following the date of entry into force of this Law.

Credit agreements concluded before the day of entry into force of this Law

Article 39

- (1) The provisions of Article 23 of this Law shall apply to credit agreement concluded before the date of entry into force of this Law.
- (2) The provisions of Articles 18, 19, 20, 24 and 25, paragraphs 2 and 3 of this Law shall apply to credit agreements without specified duration concluded before the date of entry into force of this Law.

Postponed application

Article 40

The provisions of Article 15 paragraph 2 of this Law shall enter into force on the day of accession to the European Union.

Repeal

Article 41

The provisions of Articles 33 to 36 and of Article 131 of the Consumer Protection Law (OGM 26/07) shall be repealed with effect from the date of entry into force of this Law.

Entry into force

Article 42

This Law shall enter into force on the eighth day following that of its publishing in the Official Gazette of Montenegro and shall start to be enforced after the expiry of six months from the day of entry into force of this Law.