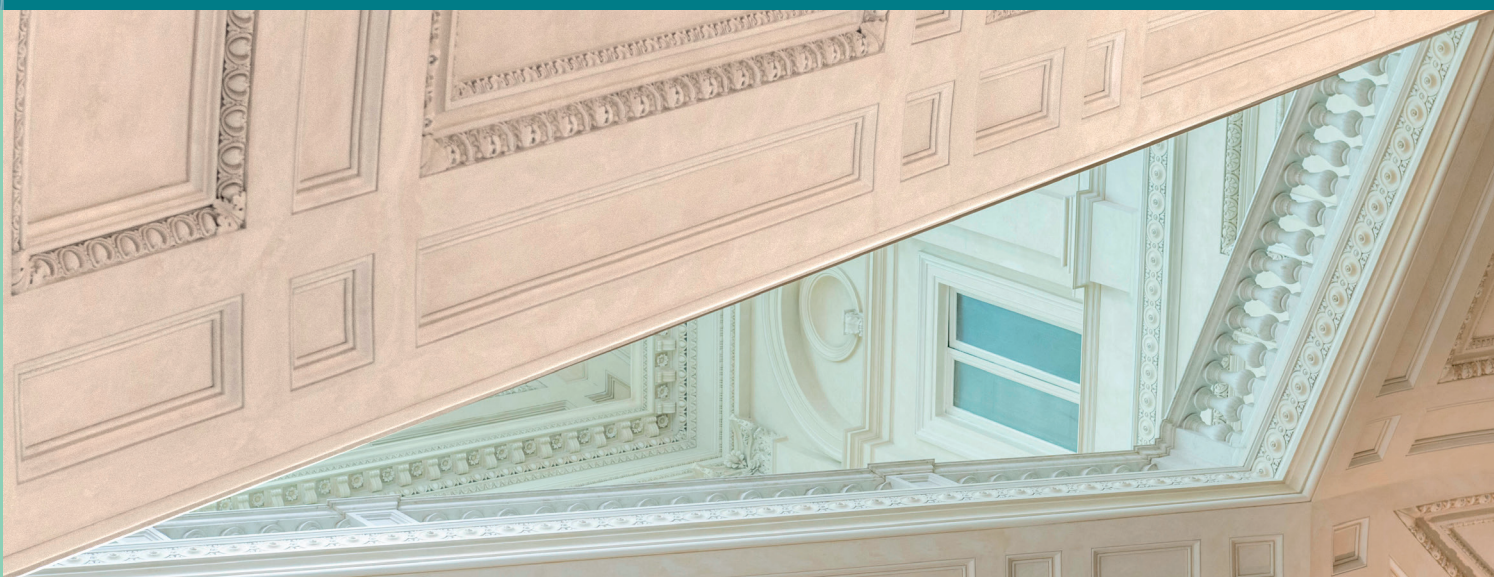




BANCA D'ITALIA
EUROSISTEMA

Report on the management of complaints from customers of banks and financial companies





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EUROSISTEMA

Report on the management of complaints from customers of banks and financial companies

Abridged Version

2022

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DISCLAIMERS

Unless otherwise specified, the data processing is carried out by the Bank of Italy. For Bank of Italy data, the source is omitted.

In the figures with different right- and left-hand scales, the right-hand scale is identified in the notes.

Based on data available on 7 May 2023, unless otherwise indicated.

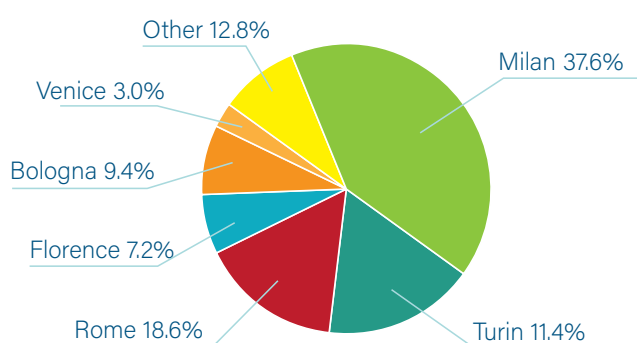
Data for 2022



9,200 complaints (-6% on 2021).
This decrease is mainly due to the decline
in complaints concerning the pandemic crisis

33% are related to loans, above all consumer credit
(especially salary or pension-backed loans)
and mortgage loans

Complaints processed by our branches:



Most frequent complaints by subject matter



Outcome of complaints:

41% of customers' requests
were fully or partially met by intermediaries

Dialogue with consumer associations

18 bilateral meetings and
3 plenary meetings

OVERVIEW

Trends. – In 2022, the Bank of Italy received over 9,200 complaints on the conduct of banks, financial companies and other operators supervised by the Bank of Italy in their dealings with customers (private complaints), 6 per cent fewer than in 2021. However, the number of complaints is still greater than what it was in the five years before the pandemic (13 per cent more than in 2019; around 8,150 complaints per year on average).

Issues reported. – Last year, reports relating to loan applications continued to account for the largest share (almost 33 per cent of the total). Complaints regarding deposits (e.g. savings and current accounts) remained stable compared with 2021 at 29 per cent. Some 17 per cent of complaints were related to payment instruments and services (-8 per cent year-on-year).

Reports on scams connected with payment services decreased by 19 per cent, although they remain a major issue. Reports on crypto-assets were low in number. They were mainly cases of alleged fraud that revealed customers' poor awareness of the risk profiles of these assets.

Some complaints were linked to the conflict in Ukraine: in response to reports on difficulties in opening payment accounts, we clarified that all customers legally residing in the European Union can apply for an account with basic features. Numerous complaints were submitted in relation to transactions involving the sale of tax credits ('Superbonus 110'): in about half of these cases, the sale was authorized following the complaint, sometimes after the financial intermediary sent reminders to the delegated external company.

After a decline in 2022, there was a significant increase in the number of complaints relating to applications for floating-rate mortgage renegotiations in the first quarter of 2023, linked to the increase in key interest rates. The rise in inflation also led to unilateral changes in contractual terms and conditions by some intermediaries, for which we received several complaints.

Outcome of complaints and response times. – As in 2021, 41 per cent of customers' requests were fully or partially met by banks and financial companies, partly thanks to the intervention of the Bank of Italy. Some 37 per cent of complaints were rejected by the intermediaries as they were considered unfounded. The remaining 22 per cent of complaints pertained to issues that did not fall under the Bank of Italy's remit.

The Bank of Italy's average response time fell by one third compared with the previous year (from 24 to 16 days).

* * *

This report provides an overview of the most important issues cited in complaints relating to the transparency and fairness of dealings between banks, financial intermediaries, other supervised entities and their customers.

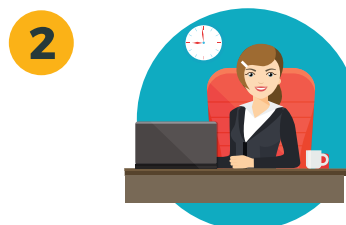
The report is divided into four chapters. The first chapter describes how to submit complaints and what the Bank of Italy can and cannot do. The second chapter provides statistics on complaints broken down by issue, geographical distribution, intermediaries and complainants. The third chapter elaborates on the main patterns observed. The fourth chapter focuses on our relations with consumer associations, which are an important interlocutor in our dialogue with customers.

How the Bank of Italy processes complaints

The Bank of Italy deals with complaints on banking products and services



1
It sends a copy to the intermediary inviting it to quickly respond to the customer and to provide them with the necessary information



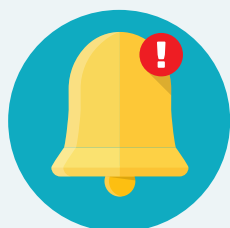
2
It replies to the customer confirming receipt of the report



3
It uses the information contained in complaints to perform its control, financial education and customer protection functions



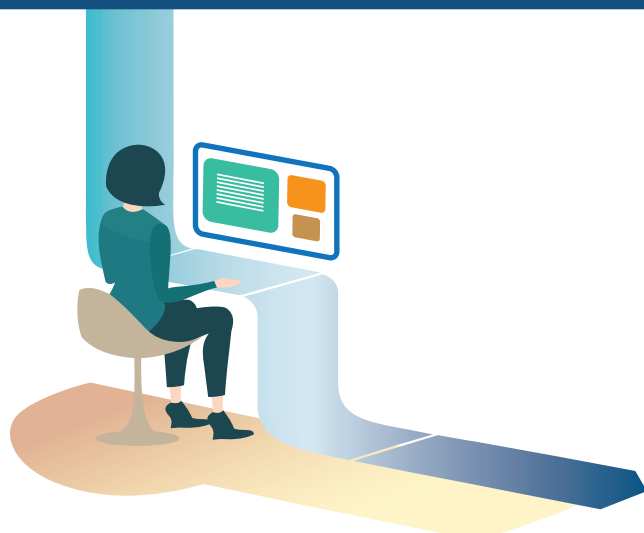
4
It sends complaints on matters outside of its competence to the relevant national or foreign authorities and informs customers



The Bank of Italy does not render decisions on:

- contractual relations between intermediaries and customers, unlike the Banking and Financial Ombudsman;
- matters that fall within the remit of individual intermediaries, such as the granting of loans.

Channels for submitting complaints



Online submission form



**Certified (PEC)
or standard e-mail**



**Hand-delivered
to a Bank of Italy branch**



Mail



Fax

1. SUBMITTING COMPLAINTS TO THE BANK OF ITALY

Who can submit a complaint and when

Any customer can report irregular or improper behaviour on the part of banks and supervised financial intermediaries registered in the *Supervisory registers and lists* concerning: (a) banking and financial transactions, products and services; (b) payment services. You should always contact your bank or financial provider first and raise the issue through a written complaint.

While it may be tricky to pinpoint the competent authority¹ for your enquiry, before you file a complaint with the Bank of Italy you should make sure it falls under its jurisdiction.² It is important that you send your complaint to the competent authority to ensure timely processing. In any case, when we receive a complaint that relates to a matter beyond the scope of our consumer protection action, we forward it to the competent authority, if not already involved, and inform the customer.

How to submit a complaint

The easiest, safest and fastest way to submit a complaint is the 'Online services' platform available on the Bank of Italy's website: all you have to do is select the 'File a complaint' box, which shows you how to fill in the form. You can access the service from your smartphone, tablet or personal computer. If you use the 'Online services' platform, your complaint is sent directly to the competent *Bank of Italy branch* and analysed and processed more quickly. The service is free of charge and you do not need the help of a lawyer. For further information, see the dedicated section on the Bank of Italy's website: *Submitting complaints*.

Why submit a complaint

Submitting a complaint facilitates dialogue between you and your intermediary. At the same time, it helps the Bank of Italy to carry out its regulatory, control and financial education functions, as complaints are an important source of information.

What we can do for customers when we receive a complaint

When we receive a complaint, we usually send a copy of the complaint to the intermediary involved, inviting them to respond clearly, promptly and comprehensively

¹ These include the Italian Companies and Stock Exchange Commission (CONSOB), the Italian Insurance Supervisory Authority (IVASS), the Italian Competition Authority (AGCM) and the Italian Financial and Credit Brokers Authority (OAM).

² For further information, see the dedicated section on the Bank of Italy's website.

to the customer and asking for a copy of the response.³ We also inform customers of their right to appeal to the Banking and Financial Ombudsman (Arbitro Bancario Finanziario, ABF) or a court of law.

What we cannot do for customers when we deal with a complaint

We do not render decisions on the contractual relations between intermediaries and customers, unlike judges or the ABF, nor can we influence decisions that individual intermediaries make autonomously, such as the granting of a loan. Moreover, we cannot inform individual customers about the outcome of any supervisory action or investigation involving intermediaries.

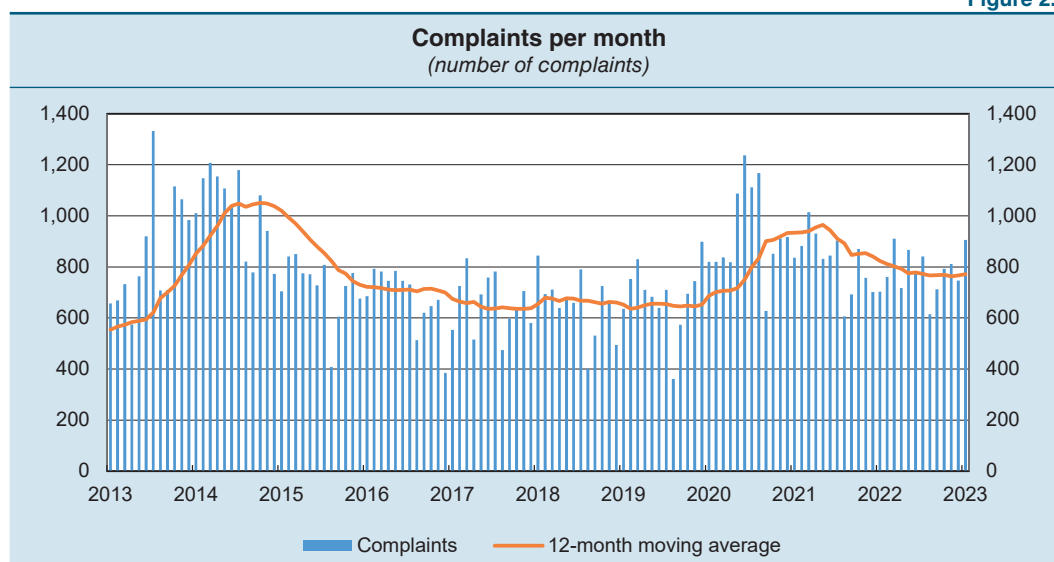
³ The Bank of Italy shall seek the complainant's consent before forwarding their complaint to the competent authority when: (a) the complaint has not been concurrently sent to the intermediary and the complainant expressly objects to this, or fears retaliation by the intermediary; (b) the overall assessment of the information provided indicates a security risk for special categories of the complainant's data – as defined in Articles 9 and 10 of the General Data Protection Regulation (GDPR – EU/2016/679) – which are not already known to the intermediary.

2. DATA AND STATISTICS

In 2022, the Bank of Italy received over 9,200 complaints, 6 per cent less than in the previous year. However, the number of complaints is still significantly greater than what it was in the five years before the pandemic (8,150 complaints per year, on average). Monthly trends are highly uneven (Figure 2.1).

The reduction in complaints compared with 2021 is largely due to the decline in those relating to government measures introduced to address the COVID-19 emergency (-88 per cent; see the *Report on the management of complaints from customers of banks and financial companies* for 2020, [only in Italian](#)), to the closure of branches (-90 per cent; see the *Report on the management of complaints from customers of banks and financial companies* for 2021), and to unilateral changes to the terms and conditions of current accounts (-73 per cent).

Figure 2.1



Subject matters

In 2022, complaints relating to loan applications were about 33 per cent of the total (Table 2.1).⁴ The decrease of over 13 per cent compared with the previous year was mainly due to the reduction in complaints about how applications for COVID-related moratoriums and secured loans were handled in the areas of mortgage loans and overdraft facilities.

Complaints relating to deposits, which fell slightly compared with 2021, accounted for 29 per cent of the total. Almost all of them concerned problems with current accounts being closed or blocked.

⁴ Complaints relating to mortgages concerned requests for contract renegotiations and for copies of documents. Those having to do with consumer credit were about problems with the termination of contracts, unduly withheld amounts, and the release of copies of documents.

Complaints about payment instruments and services accounted for 17 per cent of the total, down by 8 per cent compared with the previous year. There was a sharp fall in the number of complaints relating to cheques, partly because of their decreasing popularity.⁵ Around 40 per cent of the complaints involved payment cards⁶ (credit, debit and prepaid cards), especially for unauthorized transactions (of which almost two thirds were due to scams, mostly credential theft), while another 39 per cent were linked to incorrectly executed or settled credit transfers and cheques. The remaining 21 per cent concerned other payment instruments and reported issues with the execution of transactions (especially for direct debits) and the termination of payment account contracts.

Complaints relating to investment instruments and services accounted for around 11 per cent of the total.

Table 2.1

Complaints by topic				
	Number		Change	Composition
	2021	2022	2021-22 (per cent)	2022 (per cent)
Loans	3,506	3,041	-13.3	32.9
Mortgage loans	1,194	883	-26.0	29.0
Consumer credit other than salary or pension-backed loans	719	726	1.0	23.9
Salary or pension-backed loans	563	651	15.6	21.4
Current account overdrafts	221	162	-26.7	5.3
Other forms of credit	809	619	-23.5	20.4
Deposits	2,810	2,684	-4.5	29.0
Current account	2,637	2,525	-4.2	94.1
Other deposit instruments	173	159	-8.1	5.9
Payment instruments and services	1,744	1,605	-8.0	17.3
Payment cards	698	637	-8.7	39.7
Credit transfers	465	429	-7.7	26.7
Cheques	249	199	-20.1	12.4
Other payment instruments and services	332	340	2.4	21.2
Investment instruments and services	951	982	3.3	10.6
Asset management and securities portfolios	457	415	-9.2	42.3
Own securities	86	169	96.5	17.2
Other financial instruments and services	408	398	-2.5	40.5
Reporting to a credit reporting agency other than the Central Credit Register (CR)	137	390	184.7	4.2
Other	726	551	-24.1	6.0
Total	9,874	9,253	-6.3	100.0

⁵ For further information, see 'Payment System', Banca d'Italia, Statistics Series, 23 May 2023.

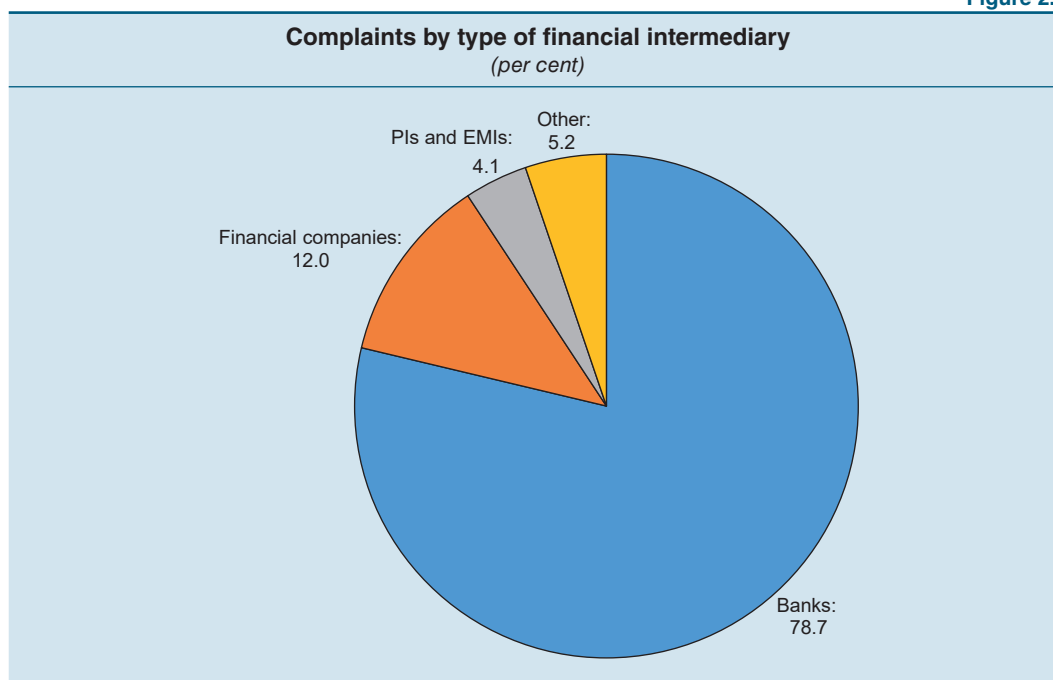
⁶ For the definition of 'payment card', see the 'Payment instruments' section on the Bank of Italy's website.

Types of intermediaries involved

Most of the complaints lodged in 2022 continued to concern banks (79 per cent). Almost 12 per cent involved financial companies; 4 per cent involved electronic money institutions (EMIs) and payment institutions (PIs; Figure 2.2).⁷ The sharp increase in complaints against EMIs and PIs continued (from 270 to nearly 400), mainly due to complaints involving EMIs and relating to payment cards (especially prepaid cards), which more than doubled compared with 2021.

In absolute terms, last year saw a decline in the number of complaints regarding both Italian banks (down by around 8 per cent) and branches of foreign banks (down by almost 20 per cent, reversing the upward trend recorded in recent years). In 2022, as in the previous year, the number of complaints per 10,000 customers was significantly higher for branches of foreign banks than for Italian banks (1.9 against 1.0 on average), in line with the difference observed in the three-year period 2019-21 (1.8 on average for each of the three years, against 1.1).⁸ Since 2018, the data relating to branches of foreign banks have been strongly influenced by disputes concerning a limited number of intermediaries on specific matters (closure or restricted operations of current accounts). Among Italian banks, those set up as joint stock companies accounted for the largest share.

Figure 2.2



⁷ For the definition of financial companies, EMIs and PIs, see the 'Methodological notes'.

⁸ The average is calculated only for those banks for which the number of customers was available. However, the average for the three-year period is highly influenced by the number of complaints per 10,000 customers in 2021, when the difference between branches of foreign banks and Italian banks was much greater than in previous years (2.5 and 1.1, respectively; see the *Report on the management of complaints from customers of banks and financial companies* for 2021).

Types of complaints and complainants

In keeping with the previous year, complainants were mostly men (63 per cent),⁹ with regional differences in gender distribution: males accounted for about 71 per cent of complainants in the South and Islands.

More than half of those who filed a complaint chose not to hire a lawyer (as stated on the Bank of Italy's online platform, complainants are not required to seek legal assistance) and around 40 per cent of these complainants (mainly men) used the '[Online services for the public](#)' website (almost 30 per cent in 2021).

About 80 per cent of reports were submitted by consumers, whose complaints were mainly about current account services and consumer credits (26 and 17 per cent, respectively; Table 2.2).

Table 2.2

Main products by type of complainant in 2022 (per cent)				
Products and services	Type of complainant			
	Private consumer	Private non-consumer	Firm	Other
Current account	26.0	29.5	36.9	26.9
Consumer credit/unsecured loans (1)	17.1	12.0	3.0	4.3
Mortgage loans	10.0	10.6	7.2	4.5
Other	9.9	12.0	9.4	14.7
Payment cards	7.9	5.4	1.6	1.9
Credit transfers and cheques	6.2	6.2	11.9	6.1
Other investment instruments and services	5.9	2.2	2.2	25.9
Other forms of credit	5.6	9.3	15.0	5.3
Asset management and securities portfolios	5.0	4.2	1.3	1.9
Other payment instruments and services	3.4	3.7	6.0	5.1
Other deposit instruments	2.0	1.0	0.2	1.6
Current account overdrafts	1.1	4.0	5.3	1.9

(1) For private consumers, consumer credit. For other types of complainants, unsecured loans used for business purposes, i.e. loans granted to firms or professionals for the purchase of capital goods.

Outcomes

In 41 per cent of cases, customers' requests were fully or partially met by intermediaries, partly thanks to the intervention of the Bank of Italy. This percentage is almost unchanged compared with 2021 (see the *Report on the management of complaints from customers of banks and financial companies* for 2021). In 37 per cent of cases, complaints were rejected by the intermediaries, mostly because they were considered unfounded or because they related to facts with potential criminal implications.

⁹ The analysis of complainants only included consumers.

For the remaining 22 per cent of complaints, the outcome is unknown, for example because they pertained to issues that did not fall under the Bank of Italy's remit.¹⁰

Collaboration with other Italian and foreign authorities

When we receive a complaint that involves a non-supervised entity or that relates to a matter beyond the scope of our consumer protection action, we forward it to the competent authority, if not already involved, and inform the customer.

Over 600 complaints were forwarded in 2022, about 14 per cent more than in the previous year. We forwarded about 80 per cent of these complaints to other national authorities and oversight bodies such as CONSOB, IVASS and OAM.

Some 35 reports were sent to foreign consumer protection authorities and mainly pertained to complaints to foreign intermediaries that do not have branches in Italy.

In the first half of 2022, the Bank of Italy carried out a comparative analysis of the management of complaints by foreign consumer protection authorities (see the box 'A comparative analysis of complaint management: main findings').

A COMPARATIVE ANALYSIS OF COMPLAINT MANAGEMENT: MAIN FINDINGS

By carrying out a comparative analysis with the involvement of 15 foreign consumer protection authorities,¹ good practices were identified in several areas.

Complaint management procedures. – More than half of the authorities surveyed (such as the Bank of Italy) have complaint management procedures designed to facilitate dialogue between intermediaries and customers.² The other authorities only use complaints as a source of information for their supervisory functions.

Access channels and services offered to costumers. – All authorities managing complaints, with the exception of the Bulgarian one, publish information in a section of their website to help customers who are having issues with an intermediary, mainly through guided online procedures. In Portugal, the Livro de Reclamações

¹ Austria (Die Österreichische Finanzmarktaufsicht); Bulgaria (Bulgarian National Bank); France (Autorité de Contrôle Prudentiel et de Résolution); Germany (Bundesanstalt für Finanzdienstleistungsaufsicht); Ireland (Central Bank of Ireland); Lithuania (Lietuvos Bankas); Luxembourg (Commission de Surveillance du Secteur Financier); Norway (Finanstilsynet); the Netherlands (Autoriteit Financiële Markten); Poland (Komisja Nadzoru Finansowego); Portugal (Banco de Portugal); Spain (Banco de España); Sweden (Finansinspektionen); United Kingdom (Financial Conduct Authority); United States (Consumer Financial Protection Bureau).

² Most of these authorities usually handle complaints without ruling on the matter. The only exceptions are the Bulgarian National Bank (only for payment service issues) and the Luxembourg and Spanish authorities, which act as alternative dispute resolution bodies when dealing with complaints (in Italy, the Banking and Financial Ombudsman plays a similar role).

¹⁰ More than half of these reports were sent to the competent authority.

(‘complaints book’) allows customers to submit a report to an intermediary and the national consumer protection authority at the same time. Several authorities offer a call centre service to answer general questions, including with real-time feedback.

Synergies with other supervisory authorities and disclosure of information to the public. – While all the authorities interviewed use complaints as a source of information for their supervisory function, just over half of them use this information also for financial education. Only the Bank of Italy, Banco de España and the US Consumer Financial Protection Bureau publish annual reports to inform customers about the progress of the complaints and the main issues raised, with the aim of making the public aware of the rights and protection they enjoy in their dealings with intermediaries.

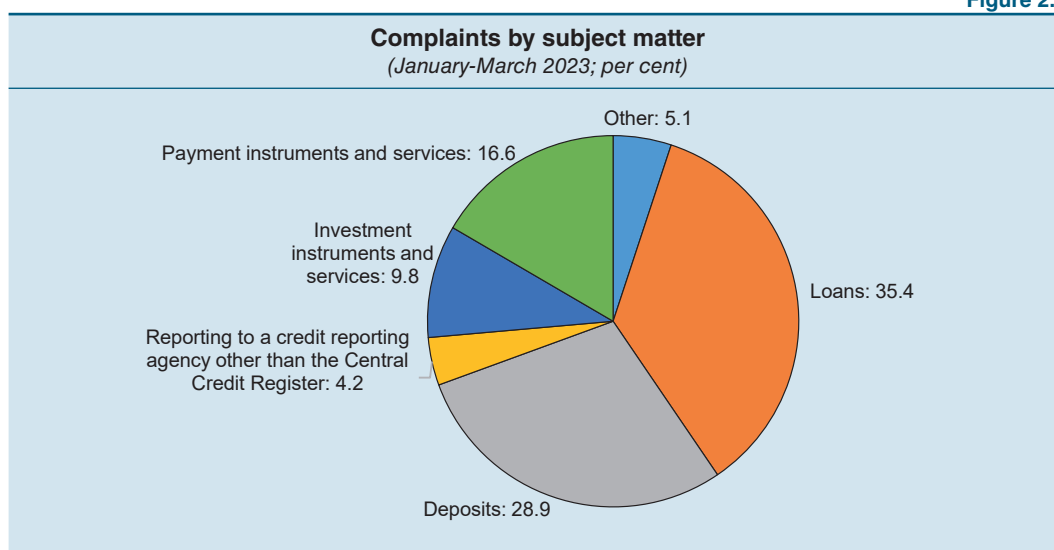
Relations with consumer associations. – Most authorities supplement the information contained in complaints with information gathered through their dialogue with consumer associations. Over half of the authorities also meet with associations representing non-consumers.

Artificial intelligence. – At the time of the survey, the Bank of Italy was the only authority using artificial intelligence to analyse the information contained in private complaints through the EspTech IT procedure, which is based on advanced text mining and machine learning techniques (see the [Report on the management of complaints from customers of banks and financial companies](#) for 2021).

Some data for the first quarter of 2023

In the first three months of 2023, we received over 2,800 complaints, up by 18 per cent compared with the same period of the previous year. This increase is largely attributable to loans (Figure 2.3). Recent key interest rate hikes have resulted in higher instalment amounts for existing floating-rate mortgages, which in turn have led to a rise in mortgage renegotiation applications (see Chapter 3, ‘Mortgage renegotiations’).

Figure 2.3



3. FOCUS ON SOME COMPLAINTS FROM CUSTOMERS

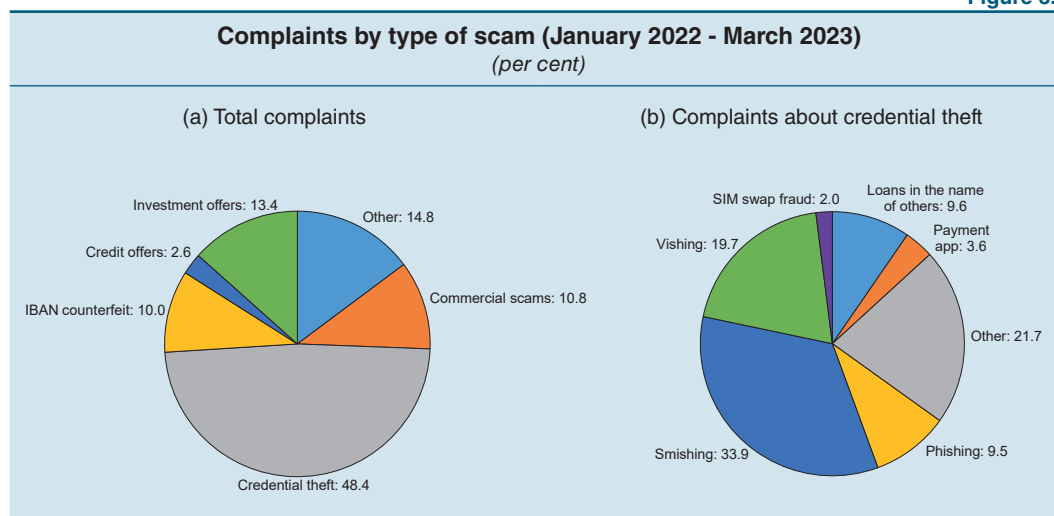
In this chapter we illustrate the most important issues in terms of number of reports and impact on customers. We also present the measures taken by the Bank of Italy to improve customer protection and raise consumers' awareness of their rights.

Scams involving payment services

In 2022, the Bank of Italy received 502 complaints about payment service scams, down by 19 per cent on 2021 (see the *Report on the management of complaints from customers of banks and financial companies* for 2021). In the first quarter of 2023, there were 126 reports, in line with the corresponding period of 2022. However, the number of complaints is very limited, relative to the number of daily cashless transactions.¹¹

Some 48 per cent of complaints of scams involved cases of alleged theft of account login credentials, of authentication codes for payment transactions, and of identification data to take out loans without the victims knowing (Figure 3.1.a). Roughly two thirds of credentials were stolen using smishing, vishing and – to a lesser extent – phishing techniques through e-mails and SIM swap fraud (Figure 3.1.b; see the *Report on the management of complaints from customers of banks and financial companies* for 2021).

Figure 3.1



In some cases, the victims were tricked into making payments to fraudsters (authorized push payment – or APP – fraud). This fraud category includes the following: commercial scams (11 per cent of total scam reports) relating, among others, to goods purchased online and not delivered;¹² fake investment offers (13 per cent),

¹¹ In 2022, there were over 11.5 billion cashless transactions (see Table a13.13 in the Appendix to the *Annual Report* for 2022, only in Italian).

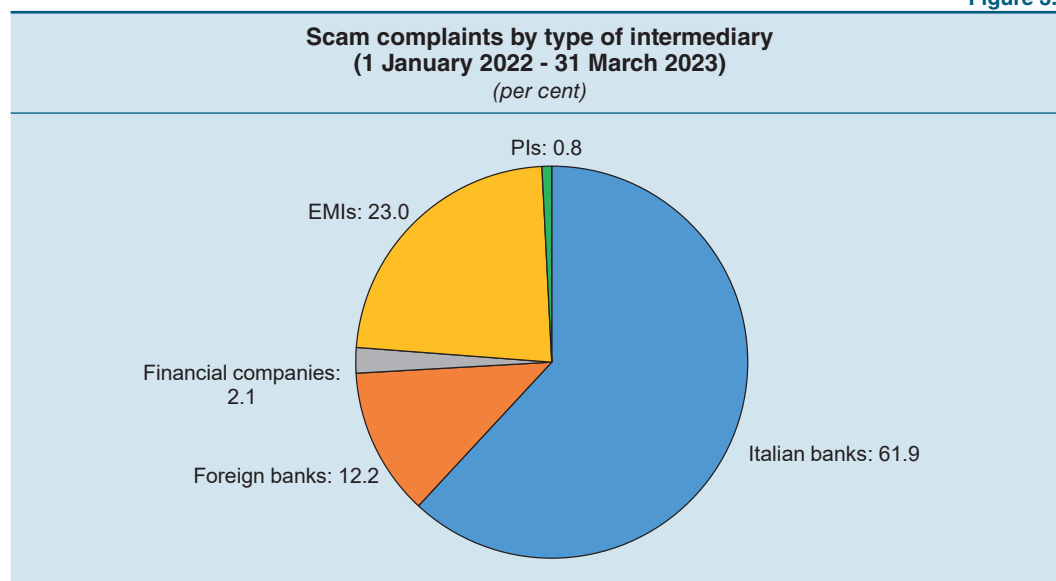
¹² Commercial scams also include e-commerce platforms' disruptions and anomalies.

credit transfers with counterfeit International Bank Account Numbers (IBANs), e.g. through fake invoices¹³ (10 per cent); and fake credit offers¹⁴ (3 per cent).

Around 15 per cent of complaints involved other types of unauthorized transactions, including through payment card theft, forged signatures on stolen or counterfeit cheques, or guarantees signed in the name of others without their knowledge.

These complaints were addressed to the following types of intermediaries: Italian banks (62 per cent); foreign banks (12 per cent); EMIs (23 per cent); financial companies (2 per cent); and PIs (1 per cent; Figure 3.2).

Figure 3.2



About one fifth of complaints were received by intermediaries, with shares ranging from 8 per cent for commercial scams to 62 per cent for loans in the name of others. In the latter cases, both the funding and negative reports to credit reporting agencies (CRAs)¹⁵ were cancelled. The complaints were rejected when the reported transactions had been carried out in compliance with statutory procedures.¹⁶

The Bank of Italy analyses complaints and, if necessary, informs investigative or other competent authorities and forwards them the documents required to continue the investigation. It also shares relevant information for the protection of

¹³ In some cases, which are outside the scope of APP fraud, IBANs are counterfeited by hackers by accessing the victim's device through malware and manipulating their transactions.

¹⁴ Financing offered by unauthorized companies, which collect fees from borrowers without granting them credit.

¹⁵ CRAs are private entities that manage databases that collect information on people's access to finance and credit performance. Banks and financial companies can search these databases before granting loans and feed them with the information they collect throughout the contract term.

¹⁶ For example, banks confirmed the debiting of amounts to their customers in cases where the transactions had been carried out in accordance with the provisions of Legislative Decree 11/2010 on payment services and the behaviour of customers with regard to their login credentials had been disputed.

IT security with the Computer Emergency Response Team for the Italian financial sector (CERTFin).¹⁷

We publish information on how consumers can protect themselves from scams and dispute a fraudulent payment.

Crypto-assets

The number of reports on crypto-assets is small: we received 17 complaints in 2022 (compared with 27 in 2021) and 7 in the first quarter of 2023. Almost all were about alleged fraud, often perpetrated by bogus financial advisors who call their victims to offer purportedly profitable online investments.

In our responses, we provided information on the characteristics and risks of these instruments, referencing key announcements and initiatives by the European authorities and the Bank of Italy,¹⁸ as well as our financial education portal '[L'Economia per tutti](#)'. Special emphasis was placed on the lack of legal and contractual protection, on operational and hacking risks, on the volatility of crypto-assets and on scam threats.

CONSOB was involved in complaints concerning investment in crypto-assets.

Consumer associations too have been paying increasing attention to the dangers of buying crypto-assets and the resulting risks of fraud. A general meeting with consumer associations on this topic was held on 11 May 2022 (see Chapter 4, 'Relations with consumer associations').

The Markets in Crypto-Assets (MiCA) Regulation, published in the Official Journal of the European Union on 9 June 2023, introduced a common regulatory framework for the issuance and offer of crypto-assets and for the provision of crypto-asset services in the European Union.¹⁹

Early termination of consumer credit agreements

In 2022, the Bank of Italy received 63 reports relating to the repayment of fees that were not owed following the early termination of consumer credit agreements (of which 52 relating to).

¹⁷ CERTFin, co-chaired by the Italian Banking Association (ABI) and the Bank of Italy, pursues the objective of increasing the cyber risk management capacity of the Italian financial sector.

¹⁸ For further information, see the Bank of Italy's web pages 'Warning on the use of virtual currencies' ([only in Italian](#)); 'European authorities warn consumers against the risks of virtual currencies' ([only in Italian](#)); 'CONSOB and the Bank of Italy warn against the risks posed by crypto-assets' ([only in Italian](#)); 'Bank of Italy communication on Distributed Ledger Technologies in finance and crypto-assets'.

¹⁹ Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on crypto-asset markets amending Regulations (EU) 1093/2010 and (EU) 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

These complaints – which followed the decision of the Court of Justice of the European Union of 11 September 2019 (Lexitor judgment) – almost halved from the previous year (they were 110 in 2021), partly as a result of a legislative amendment introduced in the second half of 2021, whereby all fees had to be refunded for consumer credit agreements signed after 25 July 2021 (see the box ‘The decisions of the Court of Justice of the European Union and of the Italian Constitutional Court in the Lexitor case’).²⁰

THE DECISIONS OF THE COURT OF JUSTICE OF THE EUROPEAN UNION AND OF THE ITALIAN CONSTITUTIONAL COURT IN THE LEXITOR CASE

For consumer credit agreements, Article 125-sexies of the Italian Consolidated Law on Banking (TUB) provides that the customer may repay the outstanding debt early, in whole or in part, at any time. The provision originally stated that the consumer was entitled to repayment ‘of interest and costs owed for the remaining contract term’, without specifying the type of costs to be reimbursed or the criteria for calculating the amount to be refunded.¹ In complying with these rules, intermediaries returned recurring fees to customers, i.e. for services that accrue over the course of the contractual relationship (e.g. instalment collection fees).

In 2019, the Lexitor judgment of the Court of Justice of the European Union ruled that, in accordance with the Consumer Credit Directive, the customer is entitled to the reimbursement of all charges in the event of early termination, including up-front fees for services provided at the time of signing the agreement (e.g. credit application fees).

Following the Lexitor judgment, the Law converting Decree Law 73/2021 (‘Support-bis’ decree) amended Article 125-sexies of the TUB, requiring intermediaries to refund all fees only for future contracts. The previous rules continued to apply to any agreements signed before 25 July 2021 (thereby limiting the repayment of recurring costs).²

In December 2022, the Italian Constitutional Court declared that the new transitional rules were partly against the Constitution and ruled that customers were entitled to the refund of all fees paid for the remaining contract term, including for contracts signed before 25 July 2021.

In line with the decisions of the Constitutional Court,³ with respect to the criteria for quantifying the sums to be reimbursed to customers, the Italian Banking

¹ In this regard, the Bank of Italy’s measure of 29 July 2009 as amended (provisions on the transparency of banking and financial transactions and services) is also relevant.

² Article 11-octies(2) of Decree Law 73/2021.

³ For more details, see the Banking and Financial Ombudsman’s website: ‘Panel Meeting of 13 February 2023’ ([only in Italian](#))

²⁰ Date of entry into force of the new Article 125-sexies, TUB.

and Financial Ombudsman referred to the case law that developed following the Lexitor judgment (proportional criterion for recurring fees and interest curve criterion for other costs, unless provided otherwise in the agreement).

Following the Constitutional Court ruling, reports in this area increased slightly in the first quarter of 2023, year on year.

Sale of loan protection insurance

In 2022, the Bank of Italy received 26 reports on alleged anomalies in the sale of loan protection insurance, which was initially offered as optional and later required by intermediaries as a condition for securing the loan.

There had been 17 reports in 2021.²¹ The growing trend continued in the first quarter of 2023, with 10 complaints (versus 7 in the corresponding period of 2021).

As early as March 2020, the Bank of Italy and IVASS had jointly urged banks, financial intermediaries and insurance brokers to ensure compliance with the legislation on the sale of loan protection insurance.²² Supervisory authorities remain vigilant on this issue, both in Italy and in Europe, also in response to recent moves by the European Insurance and Occupational Pensions Authority (EIOPA)²³ on this front.

Mortgage renegotiation

The number of complaints on mortgage renegotiations, which had fallen considerably in 2022 (to 94, from 228 in 2021), rebounded strongly in the first quarter of 2023 (to 123).

This increase was driven by mortgage renegotiation applications to cope with higher floating-rate mortgage instalments. The latter have edged up as the ECB Governing Council has been raising key interest rates to counter inflation since July 2022.

To curb the effects of rising interest rates, Law 197/2022 granted borrowers the right to convert floating-rate mortgage loans into fixed-rate loans, subject to specific requirements. Customers also retain the option of subrogating mortgage loans to other banks offering better conditions.

²¹ These reports concerned mortgages and personal loans other salary or pension-backed loans.

²² For more details, see Banca d'Italia and IVASS, 'Sale of loan protection insurance' ([only in Italian](#)), communication of 17 March 2020, and the Bank's website: 'Joint communication from the Bank of Italy and IVASS on the sale of loan protection insurance' ([only in Italian](#)).

²³ EIOPA conducted a survey on loan protection insurance sold through banks in Europe in order to assess the impact of the distribution of this kind of products on consumers. In October 2022, it urged insurance companies and banks – as insurance distributors – to comply with applicable legislation and to tackle any situations that were detrimental to consumers.

In the first quarter of 2023, there were 74 reports relating to the renegotiation of floating-rate mortgages pursuant to Law 197/2022.

The ‘buy now, pay later’ (BNPL) scheme

In 2022, the Bank of Italy received four reports on a form of credit known as ‘buy now, pay later’ (BNPL), which allows consumers to purchase goods or services and pay for them at a later stage, including by instalment (see the *Report on the management of complaints from customers of banks and financial companies* for 2021). Customers mostly complained about accounting errors or failure to account for instalment payments, resulting in various kinds of operational inefficiencies (e.g. credit card applications being denied or customers being reported in credit databases).

As there is currently no specific regulation of BNPL, rules and safeguards may vary depending on how the transaction is designed. Last year, the Bank of Italy issued a communication ([only in Italian](#)) to draw consumers’ attention to the forms of BNPL most widely used in the Italian market, their potential risks and the protections provided by banking transparency rules (see the box ‘The Bank of Italy’s communication on BNPL schemes’). This topic is also covered by a factsheet on our financial education portal.²⁴

THE BANK OF ITALY’S COMMUNICATION ON BNPL SCHEMES

With its communication of 28 October 2022, the Bank of Italy stepped in on the issue of BNPL, as easy access to this service – combined with the fact that it is normally used to purchase low-value consumer goods – could lead uninformed consumers to enter into potentially unsustainable transactions, resulting in exposure to the risk of over-indebtedness.

The Bank of Italy clarified that, for BNPL schemes offered by a bank or a financial intermediary, customer protection is enforced primarily through the general rules on banking transparency, under the Bank of Italy’s supervision. BNPL providers are required, among other things, to inform customers about the transactions and services they offer, including terms and conditions and pre-contractual disclosure in accordance with national rules, and to enter into written agreements. Customers can report any problems to the intermediary; following an unsatisfactory response, they may file a complaint with the Bank of Italy and/or appeal to the Banking and Financial Ombudsman.

In specific circumstances, namely when the amount to be paid by instalment is €200 or higher and the customer is charged transaction fees, the consumer credit regulation shall also apply.¹ In such cases, consumers will be entitled,

¹ Except where the fees are of an insignificant amount and the credit is to be repaid within three months.

²⁴ For further information, see the Bank of Italy’s portal ‘L’Economia per tutti’: ‘Buy now pay later’.

among other things, to: (a) receive a pre-contractual document called Standard European Consumer Credit Information (SECCI); (b) withdraw from the credit agreement within 14 days; (c) repay the debt early; (d) receive from the intermediary a refund of all amounts paid, if the seller does not provide the agreed goods or services.

Unilateral changes to contractual terms and conditions

The number of reports relating to unilateral changes to contract provisions fell substantially, from 190 in 2021 to 61 in 2022. It continued to decline in the first quarter of 2023, to 10 versus 27 in the corresponding period of 2022.

As required by law, intermediaries have justified unilateral changes with higher liquidity management costs and, more recently, higher procurement costs for goods and services, due to the market environment (interest rates were very low in the first half of 2022, before rising steadily in the second half of the year) and inflation.

In its communication ([only in Italian](#)) of 15 February 2023, the Bank of Italy asked credit institutions to weigh carefully any contractual changes that were unfavourable to customers and were based on inflation trends, and urged them to consider reviewing past changes.

However, judicial authorities – and the Banking and Financial Ombudsman for out-of-court dispute settlement²⁵ – will retain the power to establish whether a bank's decision to amend contract provisions was fair. The cases in which intermediaries can make unilateral changes to contractual conditions are illustrated on our portal 'L'Economia per tutti'.²⁶

Issues arising from the war in Ukraine

In 2022, the Bank of Italy received 56 reports (11 in the first quarter of this year) from Russian, Belarusian, Ukrainian and Italian companies and citizens in relation to the conflict in Ukraine. The largest share (45 per cent) stemmed from difficulties in accessing banking services (e.g. unilateral decisions to close bank accounts, denied bank account applications and blocked accounts, whether on a temporary basis or otherwise). Some 34 per cent of reports reflected difficulties in making payments from or to Russian accounts; 16 per cent reported problems in selling complex financial products, including shares or bonds of Russian companies, or in exchanging roubles for euros. These reports were also sent to CONSOB, the supervisory authority for transparency and fairness in investor relations.

²⁵ Coordination Committee, Decision 9642/2022. For more details, see *The Banking and Financial Ombudsman Annual Report* for 2022.

²⁶ For further information, see the Bank of Italy's portal 'L'Economia per tutti': 'The costs of current accounts and banks' leeway to change them' ([only in Italian](#)).

In line with its complaints policy, the Bank of Italy replied to all complainants and asked the banks involved to provide clarity. According to their feedback, the problems reported were largely due to more stringent checks on citizens from the areas affected by the conflict. More specifically, anti-money laundering and counter-terrorist financing due diligence, and tighter controls on payments to and from Russia may have delayed the execution of transactions.²⁷

In cases where Russian, Belarusian or Ukrainian citizens complained about difficulties in opening bank accounts, we asked the banks in question to provide clarity and informed complainants that all consumers legally resident in the European Union can open a bank account with basic features²⁸ (see the *Report on the management of complaints from customers of banks and financial companies* for 2021). In March 2022, we launched a bilingual English-Ukrainian section for Ukrainian refugees in Italy on our portal 'L'Economia per tutti', explaining how to access basic banking services.²⁹

²⁷ Banca d'Italia, CONSOB, IVASS, UIF, 'Call for compliance with the restrictive measures adopted by the EU in response to Russia's military aggression in Ukraine', press release, 7 March 2023 ([only in Italian](#)). For more information, see the sanctions update on the UIF website: '[EU financial sanctions alert](#)'.

²⁸ This instrument, introduced into the legal system approximately six years ago, is outlined in Article 126-noviesdecies of the TUB.

²⁹ For further information, see the Bank of Italy's portal L'Economia per tutti: '[Access to basic bank services for Ukrainian refugees in Italy](#)'. [Information](#) on how to open a bank account with basic features for Ukrainian refugees in Italy is also available in Ukrainian.

4. RELATIONS WITH CONSUMER ASSOCIATIONS

In 2022, the Bank of Italy continued to liaise with consumer associations through both bilateral and general meetings.³⁰ These discussions have helped to increase the wealth of information available to our supervisory function and to better target financial education initiatives.

In October 2022, we had bilateral meetings with 18 consumer associations, while in May, September and November, we held general meetings with these organizations. A further round of bilateral meetings with 18 consumer associations took place in March 2023, followed by a general in-person meeting in May.

Consumer associations illustrated the financial challenges faced by many consumers as a result of rising inflation and interest rates; they particularly stressed the difficulties of bank and financial customers to secure a loan and their inability to service existing debt. According to consumer association representatives, this trend has gathered pace in recent months owing to the considerable increase in floating-rate mortgage instalments. This has led to heightened exposure to the risks of over-indebtedness, partly due to a careless use of revolving cards³¹ and to the proliferation of BNPL schemes for buying goods and services online.

They also pointed to limited access to banking services and products, especially for young people on temporary job contracts and for the most vulnerable groups (i.e. the elderly and people with disabilities).³²

All the associations confirmed that digital payment fraud and scams in crypto-asset transactions grew, especially among young people (including minors).

In our in-depth meetings on consumer reports, we confirmed our availability to launch financial education initiatives to raise awareness of certain instruments (e.g. crypto-assets, revolving credit and BNPL), their risk profiles and the consumer protection options available.

A general meeting was held in May 2023 on the consequences of inflation for bank and financial customers, with a focus on the effects on mortgage renegotiations and unilateral changes in contractual conditions (see Chapter 3, 'Focus on some complaints from customers'). During the meeting, we also discussed the difficulties in accessing mortgage loans for young people guaranteed by the Mortgage Suspension Fund for first-home purchase. On these issues too, the Bank of Italy has undertaken to roll out targeted financial education initiatives together with consumer associations.

³⁰ The associations involved are part of the National Council of Consumers and Users (CNCU) set up within the Ministry of Enterprises and Made in Italy (for more details, see the Ministry's website: 'The National Council of Consumers and Users', [only in Italian](#)).

³¹ Revolving credit cards allow users to pay in instalments over several months, with a generally higher real interest rate than other types of financing.

³² Based on our findings, access for the last two categories is made even more difficult by bank branch closures, especially in more remote locations (see the *Report on the management of complaints from customers of banks and financial companies* for 2021).

METHODOLOGICAL NOTES

Bank accounts with basic features: A bank account with basic features is different from an ordinary current account. It is a payment account for consumers only, pursuant to a decree of the Ministry of Economy and Finance, which offers a number of payment transactions and services for an all-inclusive annual fee. Banks, Poste Italiane and other payment service providers are required to offer it. Consumer applications for ordinary current accounts may be rejected by financial intermediaries at their discretion. By contrast, applications for basic accounts can only be rejected for compelling reasons, i.e. if applicants do not meet the requirements (consumer status, legal residence in the European Union) or if they hold another payment account. However, financial intermediaries are in any case required to comply with anti-money laundering and counter-terrorism financing measures.

Private complaints: complaints sent to the Bank of Italy – including for information only – by a customer, a payment service user or any other person acting on behalf of an individual customer or in the interest of customers in general, reporting illegal or unfair conduct on the part of one or more supervised intermediaries regarding contractual relations, including potential ones, for the provision of banking or financial services. Complaints on alleged irregularities in the information recorded in the Central Credit Register (CR) or in the Interbank Register of Bad Cheques and Payment Cards (CAI) and whistleblowing reports do not fall within the scope of private complaints.

Financial companies: companies other than banks granting credit in various forms (including through the provision of collateral) or providing services in securitization transactions and listed in the Bank of Italy's register pursuant to Article 106 of the Consolidated Law on Banking (TUB).

Electronic Money Institutions (EMIs): intermediaries which are authorized, together with banks, to issue electronic money under mutual recognition. EMIs can also offer payment services, grant short-term credit in connection with the provision of payment services other than electronic money and carry out other commercial activities.

Payment Institutions (PIs): intermediaries which are authorized, together with banks and EMIs, to provide payment services under mutual recognition. PIs can grant short-term credit in connection with the payment services they provide and carry out other commercial activities.

Private consumers: according to the definition provided in the Consumer Code, a private consumer is 'a natural person who acts for purposes unrelated to their business, trade, craft or profession' (Article 3(1)(a), Legislative Decree 206/2005).

Private non-consumers: individuals (such as professionals and craftspeople) and certain types of companies that are not legal persons and which produce goods or services.

