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Finantsinspektsioon started misdemeanour proceedings to monitor a creditor that it supervises following reports published in the media.

“A financial market that functions correctly under the rule of law is the foundation for the trust that society must have in the sector. The blatant and cynical violations of the basic rules of the credit market that have been reported in the media undermine the reputation of the whole market, whether they are committed by regulated entities or unregulated financial intermediaries. Finantsinspektsioon decided to use misdemeanour proceedings to investigate the circumstances of the reported breach and will react decisively to the evidence gathered and the applicable law”, said chair of the Finantsinspektsioon management board Kilvar Kessler.

“The media reports prove that the fine of 32,000 euros that they may receive for a misdemeanour is no deterrent to some market participants. Finantsinspektsioon submitted a draft law to the ministry at the start of this year that would substantially increase the fines and simplify the procedures following the example of other European countries, as this would support the fair operation of the financial market and protection for consumers. We have been highlighting this problem for 17 years now without result, so our proposal would put this into law in an accelerated manner”, he continued. Finantsinspektsioon only has the right to start misdemeanour proceedings against companies that it has issued operating authorisations to and that it supervises. The Creditors and Credit Intermediaries Act requires creditors to assess the credit capacity of borrowers before signing a loan contract with them. The law allows companies that breach this requirement to be fined up to 32,000 euros, and there may not be more than two years between the event of the breach and the decision to issue the fine.

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