

In Ireland, the legislation in relation to FX lending is covered under the requirements of the Consumer Credit Regulations 2010, which implement the Consumer Credit Directive, apply to both euro and foreign currency lending between €200 and €75,000. The Regulations stipulate that lenders are required to provide consumers with all necessary information (in the form of a 'Standard European Consumer Credit Information' sheet) to compare different offers and to make an informed decision, in adequate time before being bound by such an agreement.

In the case of mortgages or loans for over €75,000, the Central Bank of Ireland's Consumer Protection Code (the "Code") provides that prior to offering, recommending, arranging or providing a product regulated firms must provide information to a consumer about the main features and restrictions of the product to assist the consumer in understanding the product. Regulated firms must also carry out a 'knowing the consumer' and suitability assessment before providing a product or service. Regulated firms are required to provide consumers with a Suitability Statement which includes information on the consumer's attitude to risk and sets out how the risk profile of the product is aligned with the consumer's attitude to risk. A requirement to carry out an assessment of affordability is also contained in the Code. An affordability assessment must include, in the case of mortgages, the results of a test on the consumer's ability to repay the instalments, over the duration of the agreement, on the basis of a 2% interest rate increase, above the interest rate offered to the consumer. The Central Bank of Ireland has updated the Central Bank's Code Guidance (pg 14) which is published on the Central Bank's website by including a specific item that indicates that where lenders provide foreign currency lending, they should highlight the additional risks associated with such lending. The 2012 Code Guidance Document was updated to clarify that regulated entities providing foreign currency loan products to 'consumers' should be cognisant of the risks inherent in the product as well as the consumer's attitude to risk under the 'Knowing the Consumer and Suitability' requirements of the Code.