

Postponement of loans repayment for entrepreneurs and natural persons

In agreement with the Slovak Bank Association, the Slovak government informed about news in repayment of loans in connection with the spreading of coronavirus. Another new feature will be the increasing in contactless payments from the current EUR 20 to EUR 50. The draft also provides the possibility of postponed payment of up to nine months free of charge. Banks will be obliged to postpone the repayment of the loan upon the client's request. The condition for postponement of installments due to the pandemic is that the applicant shall not be in delay in loan repaying for more than 30 calendar days as of the date of receipt of the application. Likewise, the debtor shall not be in default of at least EUR 100 for another loan with the same creditor.

The bank clients, who are natural persons, sole traders and small and medium-sized enterprises with up to 250 employees, may apply for the postponement of instalments. The application can be submitted by any of the loan debtors, which means that the application can be submitted not only by the person to whom the loan was granted, but also by the co-applicant. If the application complies with the requirements stipulated by law, the creditor, i.e. the bank, is obliged to allow the postponement of the installments and inform the debtor thereof. The granting of the postponement will be considered a change in the consumer agreement, but the debtor will not be in default with the postponed installments and the postponement shall not be considered a delay in the repayment of the loan in relation to the credit register. This means that the debtor will not create a negative enrollment in the credit register, which could otherwise cause problems for the clients in the future, for example in refinancing the loan. However, please note that the loan postponement does not apply to overdraft loans or credit cards.

At the same time, banks will have to inform the client of all the conditions for the postponement of installments. These are the data about the interest on the loan during the postponement period, the amount of interest or information on the procedure after the postponement. At the same time, the bank shall provide information that the debtor can start repaying the loan during the postponement of the installments and what will happen after the postponement of the installments' expiration. The creditor, i.e. the bank shall also include in the information other facts related to the postponement of repayments, which have an impact on the total cost of the loan. The aim is for the debtor to realize that there may be some obligations with the repayment and that postponing of installments does not mean the debt relief. This week the government will discuss the draft and then it should be approved by the National Council of the Slovak Republic.

If you have any questions, please do not hesitate to contact us.