

Has Loan Acquisition Become Easier?

A new law on credit servicers and credit purchasers of non-performing loan agreements, which came into force this May, has introduced new opportunities for acquiring certain loans.

It is now possible to purchase non-performing loans from credit institutions or from lenders that do not qualify as credit institutions. No license from the Hungarian National Bank (MNB) is required for such acquisitions. However, credit purchasers are required to appoint a credit servicer—through a written agreement—for managing these non-performing loans and enforcing claims.

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Legal entities that are already licensed by the MNB to conduct activities such as loan purchasing or lending are permitted to perform credit servicing without needing a separate license for this specific function.

As of May 31, credit servicers must also pay a supervisory fee to the regulatory authority, with the applicable rates defined by law.

It is important to note that those engaging in credit servicing activities under the scope of this law were granted a 180-day transitional period. After this period, they may only continue their activities if they obtain an MNB license.

Licensed credit servicers based in an EEA (European Economic Area) member state may also operate in Hungary as cross-border service providers. This intention must be reported to the Hungarian supervisory authority, with procedural details outlined in the legislation.

While acquiring overdue loans from credit institutions has indeed become somewhat easier, it is essential to emphasize that credit purchasers who do not hold the appropriate license may not perform credit servicing activities themselves. They are required to appoint a licensed credit servicer. Additionally, the law imposes several obligations on credit purchasers—for instance, they must notify the supervisory authority, at the latest by the time credit servicing activities commence or change, providing the name and address of the credit servicer.