

February 1, 2021
Circular N° SBP-DR-0021-2021

General Manager

Subject: Increase of credit limit and collection of charges to cardholders for exceeding the credit limit.

Dear General Manager:

We wish to inform you hereby that in the complaint processes being handled by the Superintendency we have noticed that one of the repetitive situations that is affecting the relationship between banks and consumers is related to the automatic increase of credit card limit without prior notification to the cardholder.

In view of the above, we would like to remind you of compliance with Article 18 of Law 81 dated 31 December 2009, which states that the issuers or financial intermediaries must establish maximum limits to the general amount a cardholder can use through the credit card, which should not be higher than the amount equal to three times the monthly income showed by the cardholder.

It is also established that the cardholder may exceed his/her credit limit in the percentage or amount set by the issuing bank or credit entity in accordance with its parameters and limits, provided that said percentage or amount is expressly agreed in the contract.

From the foregoing it follows that, for the customer to exceed his/her credit limit, that is, for an overdraft, it must be expressly agreed in the contract up to what amount the cardholder can exceed his/her credit limit. Taking the above into consideration, we can indicate that if an overdraft must be expressly agreed by the parties, it is imperative that the cardholder authorizes such an increase in his/her credit limit, i.e. that the bank under no circumstance can automatically increase the credit limit to the cardholder.

In this regard, we kindly request banks to ensure that in cases where the cardholder's credit limit is increased, there is evidence that the cardholder has given his/her consent. The above, both in cases in which the cardholder requests an increase in the credit limit and the bank authorizes such an increase, as well as in cases in which the bank offers the customer an increase in his/her credit limit and he/she accepts it, there must be documentary evidence through which the cardholder's willingness to increase the credit limit of his/her credit card is proven.

For such purposes, banks can use the technological channels made available to their clientele to obtain and document their consent.

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On the other hand, we would like to remind you of compliance with Article 20 of Law 81 dated 31 December 2009, which states:

“Article 20. Charges for exceeding the credit limit. In the contract may be established the charges in the event that the primary or supplementary cardholder exceeds the maximum credit limit when using the card, as long as the primary cardholder had expressly authorized so. Nevertheless, the charge for this concept may be applied only once a month, calculated from cut-off date to cut-off date, even though the cardholder had exceeded more than once during that month. (...)” (emphasis is ours).

The aforementioned provision establishes that the cardholder must previously express his/her consent to set a maximum credit limit for overdraft at the time of signing the credit card contract. In the absence of the aforementioned client’s consent, the bank will not be able to collect charges to those cardholders who exceed their credit limit.

We would greatly appreciate your providing the necessary instructions to your staff.

Best regards,

*Digitally signed by [S]
NAME CASTILLO CHANG,
AMAURI ARIEL – ID 8-238-386
Date: 2021.02.01 17:36:38 - 05'00'*

Amauri A. Castillo
Superintendent

ARV/sac