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EXERCISE OF SANCTIONING POWERS

Sanctioning activities continued in a year marked by COVID-19, in which the time limits for sanctioning proceedings were suspended from 14 March to 1 June, owing to the declaration of the state of alert.

Nevertheless, proceedings continued to be initiated and resolved in 2020:¹ three proceedings were initiated; eight that had been initiated in 2019 were concluded; and one proceeding was resumed against a savings bank, its directors and management and the members of its audit committee, having been suspended for several years due to the concurrence with criminal proceedings in relation to the same facts.

Transparency and consumer protection continue to account for the highest number of sanctioning proceedings. Of the 12 proceedings under way during 2020, five were in this area (against three banks, one credit cooperative and one SLI). For instance, in the area of pre-contractual and contractual information offered to customers, conduct such as failing to duly provide the pre-contractual information in novations was sanctioned. Likewise, in the area of the Code of Good Practice (CGP) set out in the annex to Royal Decree-Law 6/2012 of 9 March 2012 on urgent measures to protect mortgagors experiencing financial hardship, actions sanctioned included the failure to duly provide information on the CGP and the possibility of requesting it be applied, not only ab initio, but throughout the processing of the request, and the application of a restructuring term other than 40 years where there is no record of the customer requesting a different term.

Sanctioning activities involving supervised institutions other than credit institutions and their shareholders also continued. Proceedings notably included those brought against one PI and its officers (including the de facto director), an ELMI's shareholders, who acquired a qualifying holding in concert, and two appraisal companies and their officers. Sanctions were imposed on one appraisal company and its officers for having insufficient human resources, shortfalls in its procedure for monitoring incompatibilities (as the owners of the properties under valuation were not included in the procedure), and valuation methodologies that did not fully comply with the requirements of sector-specific legislation.

Companies not authorised by the Banco de España were also sanctioned, either for conducting activities reserved to credit institutions or for failing to provide the information requested during an inspection.

¹ The Banco de España publishes information on sanctions on its website ([Sanctions imposed by the Banco de España](#)).