

# FINANCIAL TIMES

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## BNP division faces Swiss franc loan probe

Michael Stothard in Paris [Author alerts](#) 



BNP Paribas's personal finance subsidiary has been placed under formal investigation for allegedly deceiving thousands of customers about the risks of taking Swiss franc loans just before the eurozone sovereign debt crisis.

Clients of the French bank's division took out so-called HelvetImmo loans between 2008 and 2009 in Swiss francs, when interest rates were comparatively low but the

repayments had to be made in euros.

This quickly posed problems for customers as from 2010 to 2011 the value of the haven franc rose 20 per cent against the euro, making repayments significantly more expensive.

This year the Swiss National Bank scrapped its cap on the Swiss franc and the currency gained another 20 per cent, adding to the problems for the 4,655 clients who bought the product.

BNP, the eurozone's second-largest bank by market capitalisation, is not the only lender to have faced a backlash after issuing foreign currency loans. Last year the Hungarian government forced its banks to compensate consumers who lost out from such products.

The problems have been most severe in eastern Europe, where many people took out Swiss franc mortgages because they were expected to be cheaper and more stable than loans in local currencies.

BNP customers began to file complaints over the HelvetImmo products as early as 2011, according to judicial sources. Customers said they had not been properly informed about the risks when they took the products.

An examining magistrate was appointed in 2013 to look into the case, and the formal investigation into allegations of misleading marketing at BNP was opened in the middle of April this year, the sources said.

BNP on Tuesday confirmed it has been put under investigation and would "co-operate transparently with the investigating magistrates to demonstrate its good faith".

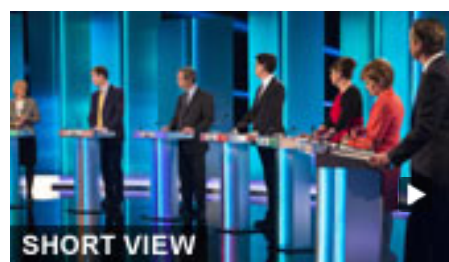
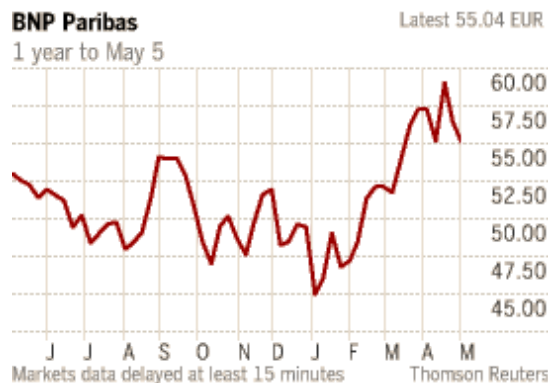
The personal finance division said: "It was clearly indicated in the [HelvetImmo] product that there was a currency

risk.” From 2010, when the bank stopped offering the product, a solution had been found for about half of its clients who had taken out the loans, it said, without elaborating on what those solutions were.

The legal process comes as BNP is attempting to restore its reputation after being forced to pay \$8.9bn to US authorities for sanctions violations last year.

The news comes days after Thierry Laborde, the head of BNP Paribas personal finance, was promoted to deputy chief operating officer of BNP Paribas and head of the group’s retail banking business.

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