

# 6

## EXERCISE OF SANCTIONING POWERS

## THE EXERCISE OF SANCTIONING POWERS



### COROLLARY OF SUPERVISION

As a corollary of supervisory powers, sanctioning powers continued to be exercised in 2021, a year in which work was carried out on 12 proceedings



### PUBLICATION OF SANCTIONS BY THE BANCO DE ESPAÑA

Except in exceptional cases, the sanctions imposed due to serious and very serious offences are published on the Banco de España website



### TRANSPARENCY AND CUSTOMER PROTECTION

Area which accounts for the largest number of sanctioning proceedings initiated: five in 2021 to four banks and one branch in Spain of one foreign credit institutions.

Also, the processing of one proceeding initiated in previous years continued



### PRUDENTIAL SCOPE

In 2021, three new sanctioning proceedings were initiated, of which two related to appraisal companies and the other to an SLI. Also, the processing of three proceedings initiated in previous years continued.

## EXERCISE OF SANCTIONING POWERS

**Sanctioning powers, as a corollary of supervisory powers, continued to be exercised in 2021, both in the area of transparency and customer protection and in the prudential area.** Table 6.1 shows, by subject matter, the proceedings on which work was performed in 2021.

**Thus, as in previous years, transparency and customer protection continues to be the area which accounts for the largest number of sanctioning proceedings initiated, with five proceedings opened in 2021, plus another proceeding opened in 2020 which continued to be processed in 2021.** The five proceedings opened in 2021 correspond to four banks and the branch in Spain of a foreign credit institution. The sanctions imposed in this area relate to conducts such as including in the loan application document credit lines unrelated to the financing originally intended by the customer, which, moreover, were not clearly and separately disclosed in the pre-contractual information document; or inaccurately submitting the information to be reported to the Banco de España in the “Interest rates on lending transactions in Spain with the resident private sector” reporting contained in Annex 9 of Circular 5/2012.

**Noteworthy in the prudential area were the proceedings conducted against appraisal companies and their directors and executives.** These are basically due to alleged misconduct relating to their organisation, methodology and quality control procedures and, in general, their internal control mechanisms. Two such proceedings were initiated in 2021. In addition, another proceeding initiated the previous year is still being conducted.

**A further two proceedings relate to the same need to ensure, inter alia, the adequacy of internal control mechanisms in this prudential area.** One

Table 6.1

### NUMBER OF PROCEEDINGS PROCESSED BY SUBJECT MATTER

Data at 31 December

	2021		
	Transparency and customer protection	Prudential	Total
Proceedings processed in 2021	6	6	12
<i>Of which, initiated in 2021</i>	5	3	8

SOURCE: Banco de España.

proceeding which was initiated against a savings bank and its directors and executives was resumed in 2020 after having been suspended due to the concurrence with criminal proceedings in relation to the same facts, and another proceeding was initiated against an SCI in 2021.

**It should also be noted that, in the prudential area, the Bank's sanctioning powers have also been extended to the shareholders of an ELMI.** The proceeding is justified on the grounds that they acquired a qualifying holding in the institution without complying with the prior notification obligations vis-à-vis the Banco de España.

Lastly, it is worth recalling that, in accordance with Article 115 of Law 10/2014, except in exceptional cases, sanctions imposed by the Banco de España for serious and very serious infringements are published on its website within a maximum of 15 working days from the date on which they become final in administrative proceedings.