

DOI: 10.5281/zenodo.18231785

THE LEGAL GUARANTEES FOR PROTECTING THE RIGHTS OF CONSUMER LOAN BORROWERS IN JORDANIAN LAW: A COMPARATIVE STUDY

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Received: 24/07/2025

Accepted: 28/10/2025

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ABSTRACT

In recent times, there has been a significant increase in the demand for loans to satisfy consumer desires for goods, primarily due to the accessibility of consumer loans without taking into account the potential risks involved. Given the absence of legal regulations governing these loans, it became imperative to conduct a study on this subject and examine the legal provisions pertaining to such loans. Alternatively, it was necessary to explore general loan regulations to identify provisions applicable to this specific type of loan. Therefore, the objective of my study is to shed light on the legal safeguards that can be relied upon to protect the rights of borrowers of these loans by analyzing the provisions of Jordanian law and comparing them with those of other jurisdictions. The study focuses on examining the legal safeguards designed to protect consumers' rights from the arbitrary practices of banks and financing companies, recognizing the consumer as the party with less bargaining power in the contractual relationship. Additionally, the study also encompasses the legal safeguards put in place to protect the rights of banks and financing companies, ensuring their ability to collect debts from borrowers. Furthermore, practical applications of these legal provisions are explored in the study. Ultimately, the study arrives at several conclusions and provides various recommendations aimed at establishing adequate safeguards and fostering a secure environment for individuals engaging with these loans.

KEYWORDS: Consumer Loan, Financing Companies, Interest Rate, Banking Inquiry.

1. INTRODUCTION

The accessibility of financial loans from small financial companies and institutions scattered throughout the governorates of the Kingdom has led individuals to rely on these sources for borrowing. These companies offer loans with flexible repayment terms, making it convenient for small-scale individuals to obtain the funds they need. However, it is important to note that these loans come with high-interest rates, which can sometimes exceed 20%. As a result, consumer loans have taken on a social significance, as they directly impact the lives of individuals. People often seek these loans without fully considering the potential risks involved. Driven by their urgent desires, individuals hastily enter into loan agreements with banks to finance their purchases, often neglecting to thoroughly examine the contract's details and intricacies. This can lead to a multitude of obligations for the consumer, which they may struggle to fulfill in the future.

Consumer loans in Jordanian law are not subject to specific legislation. However, Article (3) of the Licensing and Presence Instructions for Microfinance Companies for the year (2016) does mention consumer loans. According to this article, financing companies are allowed to provide consumer loans to enhance the living conditions of customers, as long as they adhere to the regulations set by the Central Bank. Due to the absence of explicit provisions regarding consumer loans in Jordanian law, we have analyzed this subject by applying the general principles outlined in different laws to this type of contract.

The consumer loan agreement can be characterized as a contractual arrangement in which the bank, financial institution, or seller undertakes to provide credit to the consumer borrower, who, in return, pledges to reimburse the cost of the goods intended for personal or family use through scheduled or postponed payments spanning a mutually agreed-upon timeframe.

1.1. Importance of the Study

The proliferation of consumer loans in recent times has necessitated a comprehensive examination of this topic, particularly in light of the potential risks faced by borrowers. It is crucial to analyze the legal provisions that safeguard consumers from the potential injustices perpetrated by financing institutions when granting these loans, taking into account the inherent power imbalance between the consumer and the lender.

Besides, it examines measures designed to make sure that banks and other financing companies repay

loans, so that fair conditions are created for all members of society.

1.2. Study Problem

A legal problem of great importance to consumers concerns the legal protection they receive when they borrow money and goods. The particular circumstances of this study focus on consumer loans and their increasing availability to the general public. The importance of the information obviously necessitates an examination of the safeguards by which legal protection of the borrowers is maintained. As the existing laws make no specific provisions for the industry in question, we must examine other provisions that may apply to consumer loans. Hence, there is a pressing need for comprehensive regulatory measures to address the specific terms and regulations of consumer loan contracts and safeguard borrowers against potential risks.

1.3. Study Methodology

In this research endeavor, an analytical, deductive, and comparative methodology is adopted to examine legal texts and derive rulings pertaining to specific issues. This involved a comprehensive analysis, study, and comparison of the texts with their corresponding counterparts in diverse legislations.

1.4. Study Plan

This study investigates the legal safeguards that have been put in place to safeguard the rights of individuals who have taken out consumer loans. The analysis is structured around three primary areas. The first area of interest is an examination of the legal safeguards existing to shield consumers from abuse by banks and other financial institutions. The second area examines the legal safeguards that have been established to protect the interests of banks and financing companies. Lastly, the study delves into practical examples and real-life applications of these legal protections.

2. PROTECTING CONSUMER RIGHTS FROM THE ARBITRARINESS OF BANKS AND FINANCING COMPANIES

Legislation functions to safeguard the rights of consumers, recognizing them as the more vulnerable party in loan agreements. Consequently, its objective is to establish safeguards that guarantee their rights and shield them from the arbitrary actions of banks and financial institutions across multiple dimensions.

2.1. *The Right to Obtain Accurate Information*

As the consumer has entered into the contract voluntarily, the bank has to ensure that there are no defects with the consumer's consent. This means that the bank must make available in full all information and data about the loan before the consumer is bound to the contract. That is, the consumer must know the content and conditions of the contract before signing. Consequently, it is incumbent upon the bank to furnish the consumer with complete details regarding the loan that is to be extended. The act of informing necessitates the provision of customary information pertaining to the financing process, encompassing the parties involved, the subject matter, the outcomes, the implications, and the contextual circumstances (Mahdi, 2012).

In a similar vein, the Egyptian legislator mandates that the financier provide the borrower with comprehensive information pertaining to the financing agreement on a semi-annual basis, and promptly update the borrower in the event of any modifications to said information (Hathal, 2021). This mandatory notice ensures that the consumer enters the contract with full knowledge of all its terms and conditions.

In order to safeguard the consumer's consent and allow them ample time to review the terms and determine their ability to fulfill the obligations, the bank provides a designated period for contemplation before the contract is signed. Throughout this period, the bank is obligated to maintain the validity of the offer and is prohibited from retracting it, even after the expiration of the contemplation period. This provision, which aims to protect the consumer's interests, is also enshrined in Article 4 of Executive Decree No. 06-306 in Algerian legislation (Al-Jamoui, 2022). Similarly, the French legislator mandates that the credit grantor must keep the offer valid for a minimum of 15 days from the date of announcement, granting the consumer complete freedom to thoroughly evaluate the offer (Grifli, 2017). Furthermore, the French legislator explicitly prohibits the lender from receiving any form of payment until the contemplation period has elapsed and the final contract has been duly signed.

The safeguarding of the consumer's consent prior to entering into a contract is greatly influenced by the opportunity for contemplation and reflection, which grants sufficient time for the examination of contracts presented by the distributor of a product or service. Consequently, legal doctrine underscores the importance of the consumer's entitlement to deliberate and assess, as it serves as a complement to their right to receive information, enabling them to

evaluate the advantages inherent in the prospective contract (Abu Orabi, 2009).

In addition, the lawmaker imposes limitations on banks, whereby they are only permitted to deduct a maximum of 30% from the consumer's income. This measure is implemented to safeguard individuals from becoming excessively burdened by debt and to mitigate the risk of defaulting on payments. Likewise, Algerian legislation specifies that the total monthly repayments for borrowers should not surpass one-third of their net monthly salary. Furthermore, for individuals under contract, the payments are capped at 25% of their contractual salary.

2.2. *Protecting the Consumer from Excessive Interest Rates*

In order to safeguard consumers from exorbitant interest rates imposed by lending institutions on loans issued to borrowers, legislative measures have been implemented to establish a maximum interest rate of 9%. This implies that interest rates cannot surpass this threshold. In Jordan, individuals are permitted to negotiate their desired interest rate, as long as it does not exceed 9%. Similarly, Algerian legislation grants banks and financial institutions the freedom to determine credit and debit interest rates. However, it is important to note that the total effective interest rates on loans provided by these institutions must not surpass the usurious interest rate set by the Bank of Algeria (Zrwaq, 2017).

In order to safeguard borrowers from the imposition of exorbitant and inequitable interest rates by credit institutions, the French legislator intervened by enacting provisions within the Consumer Code that establish usurious interest rates across various credit sectors. These rates are stipulated in a decree issued by the Minister of Economy and are subject to seasonal fluctuations, being determined based on indicators established by the Bank of France, which rely on average effective interest rates. The legislation expressly prohibits the charging of excessive interest rates and imposes civil penalties on lenders, necessitating the reimbursement of any amounts that surpass the legally prescribed rate (Boudali, 2019).

Furthermore, the intervention of the legislator was evident in the implementation of the Central Bank Law, which explicitly prohibits banks from raising the interest rate without authorization. Once a specific rate has been agreed upon, banks are legally bound to adhere to it and are not permitted to unilaterally increase it. The Court of Cassation has issued several rulings clarifying that any new interest

rates set by the Central Bank only apply to contracts that are entered into after the issuance of the new rates. Consequently, any changes or increases in interest rates do not retroactively affect contracts that were established prior to the implementation of the amendment. They solely impact new contracts that are formed subsequent to the issuance of the amendment. This aligns with the provisions stated in Article (44) of the Central Bank Law, which explicitly states that the instructions and orders issued by the Central Bank, including decisions regarding interest rate hikes, do not possess retroactive power.

The protection of the borrower from the exploitation of banks is a fundamental principle upheld by the law, which deems the maximum prescribed interest rate as a rule pertaining to public order. This notion has been reinforced by a significant ruling from the Jordanian Court of Cassation, the highest judicial authority in the country, which was issued in late 2019. The case involved a plaintiff who had obtained a housing loan from a bank, only to have the interest rate unexpectedly increased in accordance with the terms of the contract.

The Court of Cassation, in its verdict, unequivocally condemned the bank's actions, asserting that any new interest rates implemented by the Central Bank should only be applicable to new contracts. Furthermore, the court emphasized that contracts entered into prior to the interest rate hike should continue to be governed by the initially agreed-upon rate, regardless of any provision in the contract that grants the bank the authority to unilaterally raise the interest rate without obtaining the borrower's consent. Such a clause, the court declared, contravenes public order and is thus deemed null and void based on the precedents set by the Jordanian Court of Cassation.

2.3. Right of Withdrawal

Within a specified timeframe following the conclusion of a loan agreement, consumers are afforded the legal right to withdraw from said agreement. This right serves as a means for consumers to carefully reconsider their decision before fully committing to the contract. In order to facilitate this process, lending institutions are obligated to maintain an open offer during this period.

The presence of this right reflects the legislator's intention to strike a balance between the interests of both parties involved in the contract, ultimately enhancing consumer protection against impulsive choices influenced by advertising or the allure of

favorable terms, often presented by sellers or producers. This protection assumes particular significance in the current era of advanced marketing techniques, which may hinder consumers from making well-informed and deliberate decisions (Zaabi, 2013; Masa'ada & Khassawneh, 2012).

In the context of Algerian law, consumers possess the right to retract their agreement within a span of eight days subsequent to the signing of the contract (Mahar, 2022). Conversely, French consumer law does not stipulate a fixed withdrawal period; rather, the duration of this period is contingent upon the seller's duty to provide information. According to Article L121-29-1 of the French Consumer Code, the withdrawal period spans fourteen days from the date of contract finalization, receipt of the goods, or provision of the service. Throughout this timeframe, the lender is prohibited from accepting any form of payment, and the conclusion of a definitive contract is precluded until the expiration of the withdrawal period (Faris & Al-Baik, 2017).

In a similar vein, consumer protection laws in Morocco afford borrowers the privilege of exercising their right to withdraw from a loan agreement within a period of seven days following acceptance of the offer. Correspondingly, the French legislature mandates that the fulfillment of any contractual obligations resulting from the agreement be suspended during this withdrawal period. Should the consumer choose to exercise their right to withdraw within the specified timeframe, they will not be subject to any penalties, and the contractual relationship between the parties will be dissolved, restoring them to their original state. Consequently, the bank is absolved of any obligations towards the borrower and is precluded from seeking any form of compensation for the withdrawal (Khalafi, 2013; Maansari, 2021).

In contrast to other legal systems, the Jordanian legislation does not include a provision that allows consumers to withdraw from a loan contract once it is finalized. According to Jordanian law, once the loan contract is entered into, it becomes binding and cannot be revoked by either party. However, it is possible for either party to include a condition for withdrawal in accordance with the general principles of the Civil Code.

Nevertheless, the regulations governing fair and transparent practices explicitly require lenders to provide borrowers with a cooling-off period before accepting their offer. According to Article (5) of these regulations, banks must give customers a reasonable amount of time to examine carefully all the terms of the contract prior to signing it.

2.4. Protection of Debtors Unable to Repay

In order to protect debtors from debt collectors and banks if they were unable to repay their debt, the Jordanian legislator developed customs regulations for such people and wrote them down in Art. (11) Instructions on fair and transparent transactions with customers, which describes in detail the specifics of the case of debtors and creating the possibility of changing the debt repayment schedule, and also prohibiting the bank from charging the debtor after one year from the date on which he stopped repaying the loan. This creates a legal barrier intended to protect debtors against potential rights violations and/or injustice or unfair treatment. The bank has the exclusive authority to collect any services or commission from debtors if they fail to repay the loan. Moreover, the regulations give the debtor the opportunity to file a complaint if he feels that he has been subjected to injustice or unfair treatment in connection with the repayment of the debt.

Moreover, the judge may grant the insolvent debtor, under certain conditions, a period of indulgence, based on mitigating circumstances known to him, after applying the principle of "Nadra Al-Maysira" (Compensation for Ease of Repayment). This, in turn, allows the court to extend the repayment deadline in favor of the debtor, which sets the limit of judicial easement at the discretion of the judge and depending on the circumstances. The Moroccan legislator also included a blessing for the grace period in Art. 243 of the Moroccan Code of Obligations and Contracts, which reflects the same basic principle.

Enforcing these protections would mean that less wealthy people would be unable to meet their legal obligations to lenders and would not be subject to undue pressure or stigma. It promotes fairer and more equitable financial markets.

3. LEGAL GUARANTEES FOR PROTECTING FINANCING COMPANIES

Numerous legal guarantees ensure that financing companies can secure their rights from consumers. These guarantees include:

3.1. The Bank's Right to Conduct Credit Inquiries on the Client

The lending organization will assess the credit risk associated with extending a loan to a potential borrower by collecting and verifying information about a consumer wishing to apply for a loan from various external sources. Based on the collected information, a decision is made to accept or reject a

consumer loan. To facilitate this process, the Central Bank has established regulations and guidelines for banks and financial institutions, enabling them to access the necessary information about their clients. The bank relies on the documentation provided by the applicant, supplemented by additional information obtained through discussions and negotiations prior to any transaction, typically related to credit approval. Moreover, the bank may gather information about the client's current status through ongoing interactions, particularly if these interactions span over an extended period. This enables the bank to assess the client's dependability and trustworthiness (Briber & Maskin, 2024).

The responsibility of the bank to conduct investigations highlights its duty in the process of loan approval, including assessing the client's credibility, evaluating their capacity to fulfill financial commitments, and validating the accuracy of the client's financial statements. The Jordanian Credit Information Law imposes a legal obligation on banks to carry out inquiries regarding the client prior to granting any banking services, deeming this requirement as a professional obligation as stated in Article 18 of the law, which asserts that Banks are required to conduct inquiries about the client in accordance with the provisions of this legislation.

The significance of this right is also underscored in Article 8 of the 2012 Instructions on Fair and Transparent Transactions with Clients, wherein paragraph (A) outlines the requirement for the bank to acquire a declaration from both the client and the guarantor regarding their financial obligations. Additionally, the bank must gather all relevant information and data necessary to assess the client's ability to repay before granting credit. The paragraph further asserts that prior to entering into a contract with the client, the bank must furnish the client with a credit offer that has been duly signed. This offer should encompass details such as the amount of credit, duration, total value (comprising principal, interest, and costs), the client's total payment obligations throughout the specified period, the effective annual percentage rate, and any other conditions deemed pertinent by the bank.

3.2. Account Localization

Account localization serves as a crucial safeguard for banks against the risk of non-repayment. To implement this measure, borrowers are required to open a bank account with the lending institution, which then becomes the designated channel for receiving their monthly salary. This arrangement enables the bank to deduct the loan repayments

directly from the borrower's account, effectively establishing a lien on the funds held within. In the event of loan default, the bank issues a notification to the borrower, and if payment is not forthcoming, the bank has the authority to seize all the funds in the designated account. It is important to note, however, that account localization is a privilege exclusive to banks and does not extend to financial institutions, as stipulated by Article 71 of the Algerian Monetary and Credit Law. Consequently, financial institutions employ alternative methods of repayment, such as direct debits, which are particularly suitable for recurring payments, including loan installments. This process necessitates prior authorization from the debtor, granting permission for the creditor to deduct funds from their account for the purpose of repayment (Batrun et al., 2016).

3.3. Retention of Ownership Clause

In accordance with the Jordanian Civil Code, it is permissible for the seller and buyer to agree that ownership of the sold item will not be transferred until the full price has been paid. It is important to note that this condition specifically pertains to the transfer of ownership and not the completion of the sale itself. The sale is deemed completed. However, ownership is transferred only when the buyer pays the agreed price. A conditional contract creates a conditional right. Article 487 of the Civil Code states that the seller may make the transfer of ownership conditional upon the delivery of the item to the buyer, e.g. by requiring that the transfer of ownership take place only after the buyer has paid the full price. The goods have not yet passed ownership, the sale is already perfected.

3.4. Guarantee

This guarantee, enshrined in law, protects banks and other financing agencies in the event of debt recovery. This particular contractual guarantee has a profound impact on society because it offers benefits to the creditor and the debtor. The guarantee makes it easier for the debtor to borrow money; for the creditor, it gives him a sense of greater security when granting a loan, because he is less exposed in the event of default, as he can pursue claims against the other party indicated in the guarantee agreement. The guarantee is intricately linked to the principal obligation, relying on it for its existence, termination, validity, nullity, and even its attributes. Consequently, it imposes a personal obligation upon the guarantor to fulfill the principal obligation should the debtor fail to do so.

In the context of installment sales, guarantees play

a crucial role in ensuring the security and creditworthiness of the parties involved. In the event that the debt payment becomes due, the creditor is empowered to demand payment from the guarantor. Under Jordanian law, the creditor has the option to seek payment from either the original debtor, the guarantor, or both. The creditor retains the discretion to initiate the payment demand process either solely against the debtor, solely against the guarantor, or simultaneously against both parties. Furthermore, if the debt remains unpaid, the creditor has the authority to seize assets belonging to the guarantor. In the event that the guarantor fulfills the debt payment, they possess the right to seek reimbursement from the debtor. However, it is imperative for the guarantor to possess the financial means to fulfill the guaranteed debt, as an insolvent guarantor renders the guarantee valueless (Briber & Maskin, 2024).

In the context of consumer loan agreements, creditors have the option to request a financially stable guarantor who can provide assurance for debt repayment by utilizing their own assets in the event that the borrower fails to meet their repayment obligations. Under Iraqi law, specifically the Iraqi Housing Fund Law, borrowers are obligated to present a guarantor who can guarantee repayment to the lender in situations where the borrower defaults or is unable to fulfill their repayment obligations. Half of the amount of the guarantor's monthly income must cover the monthly installment amount, thus making the guarantee a compulsory requirement. This condition is explicitly stated in both the Iraqi Housing Fund Law and the Iraqi Real Estate Bank Law, as it serves as a prerequisite for the approval of a real estate loan.

Within the legal framework of Jordan, the inclusion of personal guarantees is not obligatory, as it is a matter of choice. Certain banks may impose the requirement of a guarantor, while others may not. Likewise, under Egyptian law, the provision of guarantees is not mandatory, affording contract parties the flexibility to substitute them with alternative forms of security (Hathal, 2021).

3.5. Mortgage

The utilization of mortgages has become prevalent among individuals seeking to borrow money as a means to guarantee repayment of debts, providing assurance to creditors. This financial instrument serves the purpose of securing debt repayment and facilitating financial transactions between parties. Not limited to individuals, mortgages are also utilized by financing companies

and banks to ensure the fulfillment of their own debts. In situations where loans are obtained for consumer purposes, such as the acquisition of property or vehicles, creditors employ mortgages by registering them with the appropriate registration authority. It is important to note that a legal mortgage is only established upon registration, granting the buyer the right to utilize the mortgaged property until the loan, which the mortgage is based on, is fully repaid, including the purchase price.

According to the laws in Iraq, specifically the Iraqi Housing Fund Law and the Iraqi Real Estate Bank Law, credit institutions are obligated to initiate the process of registering a lien in the records of the real estate registration departments for properties that they accept. This registration of the lien functions as a means of providing legal mortgage security. In the context of Egyptian legislation, the Mortgage Finance Law mandates that the borrower (investor) must formally establish a mortgage on the property that is being financed. This serves as a guarantee for the financier to safeguard their rights that arise from the mortgage loan contract.

It is worth mentioning that in several states, such as Egypt and Iraq, the nature of legal mortgages has undergone a transformation from being purely contractual agreements to being statutory guarantees. Initially, mortgages originated from a mutual understanding between the debtor and creditor, aiming to secure a debt and offer contractual safeguards for the mortgagee's rights. In Egypt and Iraq, the laws governing mortgage loan contracts impose an obligation on the borrower to mortgage the property for the lender's benefit. Conversely, in Jordan, the specifics of this matter are contingent upon an agreement reached between the borrower and the bank, and legal mortgages, along with all their provisions, are subject to the overarching regulations outlined in Jordanian legislation (Al-Awji, 2011).

4. PRACTICAL REALITIES

The decrease in personal income coupled with the escalation of product costs has necessitated the utilization of consumer loans by both merchants and individuals. Consequently, there has been a surge in interest surrounding the acquisition of goods through installment arrangements, spanning across various categories such as food, apparel, mobile devices, and household appliances. The financial hardships experienced by individuals have rendered them unable to make upfront payments for their purchases, thereby making installment plans a viable alternative. In particular, young individuals who are

on the cusp of marriage and harbor aspirations for luxury items, such as high-end clothing or advanced mobile phones, have increasingly turned to these loans in order to satisfy their desires.

Furthermore, certain individuals employ this approach as a means of acquiring immediate cash flow by reselling goods procured through installment payments at a reduced price, thus indirectly utilizing it for personal borrowing requirements. Nevertheless, an overreliance on these loans gives rise to a multitude of adverse outcomes, including heightened individual indebtedness, the accumulation of payments and interest charges. Nonetheless, there exist favorable facets, such as the augmentation of economic activity and the bolstering of sectors like real estate, automobiles, electrical and electronic appliances, and furniture, thereby fostering economic expansion and relieving strain on personal expenditures.

However, individuals who turn to these loans to fulfill their consumer needs encounter substantial practical risks, particularly because purchases are frequently made from unregulated merchants. These merchants often take advantage of the buyer's desperation for the goods, charging interest rates as exorbitant as 30% to 35%, and in certain instances, even as high as 50%. These agreements, which lack legal supervision, are essentially a form of commercial activity conducted by the merchant. Unfortunately, the law does not impose any penalties on merchants who exploit the needs of citizens by imposing excessive interest rates.

5. CONCLUSION

The study examined the legal guarantees established by legislators to protect the rights of consumers in consumer loans. It arrived at several conclusions and made recommendations as follows:

5.1. Results

- In spite of the practical significance and extensive utilization of these loans, as well as the multitude of risks they entail for borrowers, there is a notable absence of specific legislation regulating their provisions. Rather, their governance is fragmented across various laws.
- To ensure a consent that is free from defects and satisfactory, the Jordanian legislator acted in a prudent manner by imposing an obligation on banks to provide consumers with comprehensive information related to loans.
- In order to safeguard consumers from exorbitant interest rates, the Jordanian

legislative body has established a ceiling for interest rates, mandating that loan interest should not surpass 9%. It is important to note, however, that this regulation exclusively pertains to banks and financial institutions, and does not extend to loans arranged between private individuals.

- In the Jordanian legal framework, consumers are not afforded the right to rescind a loan contract subsequent to its execution. Unlike certain jurisdictions, such as France, Morocco, and Algeria, where consumers are granted a specified timeframe to revoke the contract, once a loan agreement is signed in Jordan, it becomes legally binding and irrevocable.
- In the Jordanian legal framework, there is no compulsory requirement for consumers to furnish a guarantor as a means of ensuring the repayment of debts; rather, this provision is left to the discretion of the lender. This is in stark contradistinction to the law in Iraq, in which consumers must provide a full

guarantor in order to guarantee the repayment of a debt.

5.2. Recommendations

- It is of particular importance for legislators to take this into account and to create legal regulation to protect consumers from financing companies that offer the loans.
- It is very important for the laws which regulates loans made among individuals to put a cap on the interest rate that might be demanded by a loaner. This provision mimics the position of interest-based loans by banks and other finance companies. These rules will protect vulnerable individuals from being victimized by high interest demands and the overall nature of the loan transaction.
- Legislation is necessary to protect people from exploitative creditors, who exploit the financial needs of a group of people who are dependent on loans but could not access loans from a bank or creditor.

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