



Consumer Credit Act 1974

1974 CHAPTER 39

PART VI

MATTERS ARISING DURING CURRENCY OF CREDIT OR HIRE AGREEMENTS

[^{F1}Sums in arrears and default sums

[^{F1}86B Notice of sums in arrears under fixed-sum credit agreements etc.

- (1) This section applies where at any time the following conditions are satisfied—
 - (a) that the debtor or hirer under an applicable agreement is required to have made at least two payments under the agreement before that time;
 - (b) that the total sum paid under the agreement by him is less than the total sum which he is required to have paid before that time;
 - (c) that the amount of the shortfall is no less than the sum of the last two payments which he is required to have made before that time;
 - (d) that the creditor or owner is not already under a duty to give him notices under this section in relation to the agreement; and
 - (e) if a judgment has been given in relation to the agreement before that time, that there is no sum still to be paid under the judgment by the debtor or hirer.
- (2) The creditor or owner—
 - (a) shall, within the period of 14 days beginning with the day on which the conditions mentioned in subsection (1) are satisfied, give the debtor or hirer a notice under this section; and
 - (b) after the giving of that notice, shall give him further notices under this section at intervals of not more than six months.
- (3) The duty of the creditor or owner to give the debtor or hirer notices under this section shall cease when either of the conditions mentioned in subsection (4) is satisfied; but if either of those conditions is satisfied before the notice required by subsection (2)(a) is given, the duty shall not cease until that notice is given.

Changes to legislation: Consumer Credit Act 1974, Section 86B is up to date with all changes known to be in force on or before 11 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (4) The conditions referred to in subsection (3) are—
 - (a) that the debtor or hirer ceases to be in arrears;
 - (b) that a judgment is given in relation to the agreement under which a sum is required to be paid by the debtor or hirer.
- (5) For the purposes of subsection (4)(a) the debtor or hirer ceases to be in arrears when—
 - (a) no [^{F2}payments], which he has ever failed to [^{F3}make] under the agreement when required, [^{F4}are] still owing;
 - (b) no default sum, which has ever become payable under the agreement in connection with his failure to pay any sum under the agreement when required, is still owing;
 - (c) no sum of interest, which has ever become payable under the agreement in connection with such a default sum, is still owing; and
 - (d) no other sum of interest, which has ever become payable under the agreement in connection with his failure to pay any sum under the agreement when required, is still owing.
- (6) A notice under this section shall include a copy of the current arrears information sheet under section 86A.
- (7) The debtor or hirer shall have no liability to pay any sum in connection with the preparation or the giving to him of a notice under this section.
- (8) Regulations may make provision about the form and content of notices under this section.
- (9) In the case of an applicable agreement under which the debtor or hirer must make all payments he is required to make at intervals of one week or less, this section shall have effect as if in subsection (1)(a) and (c) for ‘two’ there were substituted ‘four’.
- (10) If an agreement mentioned in subsection (9) was made before the beginning of the relevant period, only amounts resulting from failures by the debtor or hirer to make payments he is required to have made during that period shall be taken into account in determining any shortfall for the purposes of subsection (1)(c).
- (11) In subsection (10) ‘relevant period’ means the period of 20 weeks ending with the day on which the debtor or hirer is required to have made the most recent payment under the agreement.
- (12)
- (12) [^{F5}In this section “applicable agreement” means an agreement which falls within subsection (12A) or (12B).
- (12A) An agreement falls within this subsection if—
 - (a) it is a regulated agreement for fixed-sum credit; and
 - (b) it is not—
 - (i) a non-commercial agreement;
 - (ii) a small agreement; or
 - (iii) a green deal plan [^{F6}(within the meaning of section 1 of the Energy Act 2011)].
- (12B) An agreement falls within this subsection if—
 - (a) it is a regulated consumer hire agreement; and

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(b) it is neither a non-commercial agreement nor a small agreement.]

[In this section—

- ^{F7}(13) (a) “ payments ” in relation to an applicable agreement which is a regulated agreement for fixed-sum credit means payments to be made at predetermined intervals provided for under the terms of the agreement; and
- (b) “ payments ” in relation to an applicable agreement which is a regulated consumer hire agreement means any payments to be made by the hirer in relation to any period in consideration of the bailment or hiring to him of goods under the agreement.]]

Textual Amendments

- F1** S. 86B and preceding cross-heading inserted (16.6.2006 for certain purposes and otherwise 1.10.2008) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {9}, 71(2) (with Sch. 3 para. 6); [S.I. 2006/1508](#), [art. 3\(1\)](#), Sch. 1; [S.I. 2007/3300](#), [art. 3\(3\)](#), Sch. 3
- F2** Word in s. 86B(5)(a) substituted (31.10.2008) by [The Legislative Reform \(Consumer Credit\) Order 2008 \(S.I. 2008/2826\)](#), [art. 8\(a\)](#)
- F3** Word in s. 86B(5)(a) substituted (31.10.2008) by [The Legislative Reform \(Consumer Credit\) Order 2008 \(S.I. 2008/2826\)](#), [art. 8\(a\)](#)
- F4** Word in s. 86B(5)(a) substituted (31.10.2008) by [The Legislative Reform \(Consumer Credit\) Order 2008 \(S.I. 2008/2826\)](#), [art. 8\(a\)](#)
- F5** Ss. 86B(12)-(12B) substituted for s. 86B(12) (E.W.S.) (28.1.2013) by [Energy Act 2011 \(c. 16\)](#), [ss. 28](#), [121\(1\)](#); [S.I. 2013/125](#), [art. 3\(b\)](#)
- F6** Words in s. 86B(12A)(b)(iii) omitted (E.W.S.) (28.2.2014) by virtue of [The Consumer Credit Act 1974 \(Green Deal\) \(Amendment\) Order 2014 \(S.I. 2014/436\)](#), [arts. 1\(2\)](#), [8\(2\)](#) (with [art. 1\(3\)](#))
- F7** S. 86B(13) inserted (31.10.2008) by [The Legislative Reform \(Consumer Credit\) Order 2008 \(S.I. 2008/2826\)](#), [art. 8\(b\)](#)

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 25(2A)(b)(ia) inserted by [2010 c. 28 Sch. 2 para. 36](#)