



Credit Unions Act 1979

1979 CHAPTER 34

Registration as a credit union

1 [F¹ Registration.]

(1) [F² A society may be registered under the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”) as a credit union if—]

(a) it is shown to the satisfaction of the [F³FCA] that the conditions specified in subsection (2) below are fulfilled;

[F⁴(aa) the society has at least 21 members;]

(b) the rules of the society comply with section 4(1) below; F⁵ . . .

(c) the place which under those rules is to be the society’s registered office is situated in Great Britain;

[F⁶(d) the society has made an application [F⁷ for permission under Part 4A] of the Financial Services and Markets Act 2000 (in this Act referred to as “the 2000 Act”) to accept deposits; F⁸ ...]

[F⁹(e) the FCA is satisfied that, once registered under [F¹⁰ the 2014 Act], the society will satisfy, and continue to satisfy, the threshold conditions (within the meaning of section 55B(1) of the 2000 Act) for which the FCA is responsible in relation to the regulated activity of accepting deposits; and

(f) the PRA is satisfied that, once registered under [F¹¹ the 2014 Act], the society will satisfy, and continue to satisfy, the threshold conditions (within the meaning of section 55B(1) of the 2000 Act) for which the PRA is responsible in relation to the regulated activity of accepting deposits.]

and a society which is so registered by virtue of this section F¹² ... is in this Act referred to as, a “credit union”.

[F¹³(1ZA) See section 4 of the 2014 Act for the prohibition on registering a society with withdrawable share capital with the object of carrying on the business of banking.]

[F¹⁴(1A) The PRA must notify the FCA if it is satisfied as mentioned in paragraph (f) of subsection (1).

(1B) The FCA must not [F¹⁵ register a society under the 2014 Act as a credit union] unless—

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- (a) if the FCA is the appropriate regulator (within the meaning of section 55A of the 2000 Act), it proposes to give that society permission under Part 4A of the 2000 Act to accept deposits;
 - (b) if the PRA is the appropriate regulator (within the meaning of section 55A of the 2000 Act), the PRA proposes to give that society permission under Part 4A of the 2000 Act to accept deposits.
- (1C) The PRA must notify the FCA if it proposes to give that society permission under Part 4A of the 2000 Act to accept deposits.
- (1D) If the FCA^{F16} registers a society as a credit union], the appropriate regulator (within the meaning of section 55A of the 2000 Act) must determine any outstanding application of that credit union for permission under Part 4A of the 2000 Act to accept deposits as soon as reasonably possible thereafter.]
- (2) The conditions referred to in subsection (1)(a) above are—
- (a) that the objects of the society are those, and only those, of a credit union; and
 - [^{F17}(b) that the requirements of section 1A (common bonds appropriate to a credit union) and, where applicable, section 1B (further requirements where common bond relates to locality) are met.]
- [^{F18}(2A) The objects of a credit union are—
- (a) each of the mandatory objects specified in subsection (3), or
 - (b) each of those mandatory objects together with the optional object specified in subsection (3ZZA).]

(3) The [^{F19}mandatory] objects of a credit union are—

 - (a) the promotion of thrift among the members of the society by the accumulation of their savings;
 - (b) the creation of sources of credit for the benefit of the members of the society at a fair and reasonable rate of interest;
 - (c) the use and control of the members' savings for their mutual benefit; and
 - (d) the training and education of the members in the wise use of money and in the management of their financial affairs.

[^{F20}(3ZZA) The optional object of a credit union is to carry on one or more of the financial activities specified in section 1ZA(1) for the benefit of the members of the society.]

[^{F21}(3ZA) In [^{F22}subsections (3) and (3ZZA)] above references to members do not include corporate members.]

^{F23}(3A)

^{F23}(3B)

^{F23}(4)

^{F23}(5)

^{F23}(6)

Textual Amendments

- F1** S. 1 heading substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, [Sch. 4 para. 2\(6\)](#) (with [Sch. 5](#))

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- F2** Words in s. 1(1) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(a)** (with Sch. 5)
- F3** Word in s. 1(1)(a) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(a)** (with Sch. 12)
- F4** S. 1(1)(aa) inserted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(b)** (with Sch. 5)
- F5** Word in s. 1(1)(b) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(2)(a)(ii)**
- F6** S. 1(1)(d)(e) inserted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(2)(a)(iii)**
- F7** Words in s. 1(1)(d) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(b)** (with Sch. 12)
- F8** Word in s. 1(1)(d) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(c)** (with Sch. 12)
- F9** S. 1(1)(e)(f) substituted (1.4.2013) for s. 1(1)(e) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(d)** (with Sch. 12)
- F10** Words in s. 1(1)(e) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(c)** (with Sch. 5)
- F11** Words in s. 1(1)(f) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(d)** (with Sch. 5)
- F12** Words in s. 1(1) omitted (1.8.2014) by virtue of Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(e)** (with Sch. 5)
- F13** S. 1(1ZA) inserted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(3)** (with Sch. 5)
- F14** S. 1(1A)-(1D) substituted (1.4.2013) for s. 1(1A)(1B) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(3)** (with Sch. 12)
- F15** Words in s. 1(1B) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(4)** (with Sch. 5)
- F16** Words in s. 1(1D) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(5)** (with Sch. 5)
- F17** S. 1(2)(b) substituted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **12(2)** (with arts. 24, 25, 26)
- F18** S. 1(2A) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(2)**; S.I. 2023/779, reg. 4(eee)
- F19** Word in s. 1(3) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(3)**; S.I. 2023/779, reg. 4(eee)
- F20** S. 1(3ZZA) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(4)**; S.I. 2023/779, reg. 4(eee)
- F21** S. 1(3ZA) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **12(3)** (with arts. 24, 25, 26)
- F22** Words in s. 1(3ZA) substituted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(5)**; S.I. 2023/779, reg. 4(eee)
- F23** S. 1(3A)-(6) omitted (8.1.2012) by virtue of The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **12(4)** (with arts. 24, 25, 26)

[^{F24}1ZA Specified financial activities

- (1) The financial activities specified for the purposes of the optional object of a credit union (see section 1(**3ZZA**)) are—
 - (a) entering into conditional sale agreements, as the seller;
 - (b) entering into hire purchase agreements, as the person from whom goods are bailed or (in Scotland) hired;
 - (c) insurance distribution activities.

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- (2) The Treasury may by regulations specify requirements or restrictions in relation to the carrying on by a credit union of a financial activity specified in subsection (1).

Textual Amendments

F24 Ss. 1ZA, 1ZB inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), Sch. 14 para. 3; S.I. 2023/779, reg. 4(eee)

1ZB Power to specify further financial activities

- (1) The Treasury may by regulations—
- amend section 1ZA so as to specify further financial activities for the purposes of the optional object of a credit union;
 - make such amendments of this Act, or any other enactment, as appear to them to be appropriate in consequence of any provision made under paragraph (a).
- (2) Amendments made by regulations under subsection (1) may, in particular, provide that a credit union may carry on a financial activity specified in the regulations if the credit union has the optional object specified in section 1(3ZZA).
- (3) Regulations under section 1ZA(2) made in relation to a financial activity specified in regulations under subsection (1) may, in particular, make provision about fees or other charges payable in respect of the activity or activities that are ancillary to the activity.
- (4) Before making regulations under this section, the Treasury must consult such persons as appear to them to be appropriate.
- (5) A statutory instrument containing (whether alone or with other provision) regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.]

Textual Amendments

F24 Ss. 1ZA, 1ZB inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), Sch. 14 para. 3; S.I. 2023/779, reg. 4(eee)

[^{F25}1A. Common bonds appropriate to a credit union

- (1) Under the rules of the society admission to membership must be restricted to persons who fall within one or more common bonds appropriate to a credit union (whether or not any other qualifications for admission to membership are required under the rules).
- (2) The common bonds appropriate to a credit union are—
- following a particular occupation;
 - being employed by a particular employer;
 - residing or being employed in a particular locality;
 - being a member of a bona fide organisation or being otherwise associated with other members of the society for a purpose other than that of forming a society to be registered as a credit union;
 - any other common bond for the time being approved by the [^{F26}FCA].

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- (3) If the rules of a credit union so provide, a person who is a member of the same household as, and is a relative of, another person who is a member of the credit union and falls directly within a common bond is treated as also falling within that common bond.
- (4) For the purposes of this section, a body corporate or a person applying for membership in his capacity as a partner in a partnership or an officer or member of the governing body of an unincorporated association—
- (a) falls within the common bond specified in paragraph (a) of subsection (2) if the principal business of the body corporate, partnership or unincorporated association—
 - (i) requires it to employ or otherwise engage persons who follow that occupation, or
 - (ii) relates to that occupation in some other way;
 - (b) falls within the common bond specified in paragraph (b) of that subsection if the body corporate, partnership or unincorporated association—
 - (i) employs the persons who qualify for membership under that common bond, or
 - (ii) provides services, or is otherwise related, to that employer;
 - (c) falls within the common bond specified in paragraph (c) of that subsection if the body corporate, partnership or unincorporated association has a place of business in, or other significant connection with, that locality; and
 - (d) falls within the common bond specified in paragraph (d) of that subsection if the body corporate, partnership or unincorporated association is a member of a bona fide organisation or otherwise associated with other members of the society for the purpose specified in that paragraph.
- (5) The [F27FCA] may accept as sufficient evidence that the requirement of this section is met a statutory declaration to that effect given by three members and the secretary of the society.

Textual Amendments

- F25** Ss. 1A, 1B inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **13** (with arts. 24, 25, 26)
- F26** Word in s. 1A(2)(e) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 3** (with Sch. 12)
- F27** Word in s. 1A(5) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 3** (with Sch. 12)

1B. Further requirements where common bond relates to locality

- (1) The requirements of this section must be met where—
- (a) the rules of a society provide for one or more common bonds involving a connection with a locality, or
 - (b) the rules of a society provide for one or more common bonds of such other description as may be specified.
- (2) The requirements are—
- (a) that the conditions in subsection (3) are met, or

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- (b) that extraordinary circumstances exist justifying registration of the society as a credit union.
- (3) The conditions are—
 - (a) that the number of potential members of the society does not exceed two million or such higher figure as may be specified; and
 - (b) that it is reasonably practicable for every potential member to participate in votes of the society, serve on the society's committee and have access to all the services offered by the society.
- (4) The [F28FCA] may accept as sufficient evidence that the conditions in subsection (3) are met a statutory declaration to that effect given by three members and the secretary of the society.
- (5) In this section “specified” means specified by order made by the Treasury.]

Textual Amendments

- F25** Ss. 1A, 1B inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **13** (with arts. 24, 25, 26)
- F28** Word in s. 1B(4) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 4** (with Sch. 12)

2 Supplementary and transitional provisions as to registration.

- [F29(1) The following provisions of the 2014 Act do not apply in relation to registration as a credit union—
- (a) section 2 (societies that may be registered);
 - (b) section 4(2) (taking of certain deposits not to be regarded as carrying on the business of banking);
 - (c) section 14 (content of a society's rules).
- (2) Section 3(2) of the 2014 Act (registration) applies to registration as a credit union as if the reference to compliance with the requirements of that Act were, subject to subsection (1) of this section, to compliance with the provisions as to registration of that Act and this Act.]
- (3) A society whose objects are wholly or substantially [F30the mandatory objects] of a credit union within the meaning of section 1(3) above [F31(whether or not the society also has the optional object specified in section 1(3ZZA) above)] shall not be registered under [F32 the 2014 Act] otherwise than as a credit union and, except in the case of a registration made before the commencement of this Act, any such registration shall be void.
- (4) A society which at the commencement of this Act is registered under the 1965 Act but whose objects are wholly or substantially those of a credit union within the meaning of section 1(3) above shall take all reasonable steps to have its existing registration cancelled and become registered as a credit union.
- (5) Where in accordance with subsection (4) above a society's existing registration is cancelled on its registration as a credit union, the society shall, notwithstanding anything in section 16(7) or section 3 of the 1965 Act, be taken for all purposes to be the same body corporate before and after the change of registration.

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^{F33}(6)

Textual Amendments

- F29** S. 2(1)(2) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 3(2)** (with Sch. 5)
- F30** Words in s. 2(3) substituted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 4(a)**; S.I. 2023/779, reg. 4(eee)
- F31** Words in s. 2(3) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 4(b)**; S.I. 2023/779, reg. 4(eee)
- F32** Words in s. 2(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 3(3)** (with Sch. 5)
- F33** S. 2(6) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1)(2), Sch. 3 Pt. IV para. 266, **Sch. 4** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**

3 Use of name “credit union”, etc.

- (1) The name of every society registered as a credit union shall contain the words “credit union”^{F34}or, if the rules of the society state that its registered office is to be in Wales, either those words or the words “undeb credyd”].
- (2) Subject to subsection (3) below, a person shall not, unless registered as a credit union,
- (a) use in reference to himself a name, title or descriptive expression containing the words “credit union” or ^{F35}[“undeb credyd or] any cognate term or any derivative of those words; or
 - (b) represent himself as being a credit union;
- and any person who contravenes this subsection shall be guilty of an offence and liable on summary conviction to a fine not exceeding ^{F36}[level 4 on the standard scale].

^{F37}(3) Subsection (2) above does not apply to—

- (a) the use, in reference to itself, of a name, title or descriptive expression by any body corporate which falls within subsection (3A) below;
- (b) the use by any person or unincorporated association with reference to himself (or itself) of a name which has been approved in writing by the ^{F38}[FCA]; or
- (c) the use by any officer or employee of—
 - (i) a credit union,
 - (ii) a body corporate which falls within subsection (3A) below, or
 - (iii) a person or association which has obtained approval under paragraph (b) above,of a title or descriptive expression indicating his office or post with that credit union, body, person or association.]

^{F39}(3A) A body corporate falls within this subsection if its head office is not in England, Wales or Scotland and it—

- (a) has ^{F40}[permission under Part 4A of the 2000 Act] to accept deposits;
- (b) is exempt from the prohibition imposed by section 19 of that Act in respect of accepting deposits;
- (c) has permission under that Act to accept deposits by virtue of qualifying for authorisation under Schedule 3 or 4 to that Act; or

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- (d) is subject to legal provisions that are similar to the relevant provisions.
- (3B) For the purposes of subsection (3A)(d) above, a body corporate is to be treated as being subject to legal provisions that are similar to the relevant provisions if it is subject to legal provisions which—
- (a) provide that the main activities carried on by the body are accepting deposits from, and lending money to, persons who are members or shareholders of the body;
 - (b) require the body to obtain authorisation or approval before it commences business;
 - (c) require the members and shareholders of the body to be linked by reference to some common characteristic or circumstance; and
 - (d) provide that those from whom the body accepts deposits must be shareholders or members of the body (although the legal provisions may allow for some exceptions to this proposition).
- (3C) In determining, for the purposes of subsection (3A)(d) above, whether a body corporate is subject to legal provisions that are similar to the relevant provisions, regard must be had as to whether the legal provisions to which it is subject require the body to obtain authorisation or approval before it commences business and whether those provisions—
- (a) impose limits on the objects which the body may or must have,
 - (b) impose limits on the membership of the body,
 - (c) impose restrictions on the kind of activities which the body may carry on,
 - (d) impose limits or conditions on the body's ability to accept deposits,
 - (e) impose limits on the value of the shares which any one shareholder may have in the body,
 - (f) impose limits on the body's ability to lend money,
- which are similar to those imposed by the relevant provisions.
- (3D) In this section—
- (a) “legal provisions” includes laws, regulations and administrative provisions;
 - (b) “relevant provisions” means—
 - (i) the provisions of this Act; and
 - (ii) any provision of or made under [^{F41} the 2014 Act] or the 2000 Act so far as it relates to credit unions.]
- (4) For the purposes of [^{F42} section 10(3) and (4) of the 2014 Act] (societies which may be permitted to have a name which does not contain the word “limited”) the objects of a credit union shall not be regarded as wholly charitable or benevolent.

Textual Amendments

- F34** Words in s. 3(1) added (21.12.1993) by 1993 c. 38, ss. 29(2), 36(1).
- F35** Words in s. 3(2) inserted (21.12.1993) by 1993 c. 38, ss. 29(3), 36(1).
- F36** Words substituted by virtue of (E.W.) Criminal Justice Act 1982 (c. 48, SIF 39:1), s. 46 and (S.) Criminal Procedure (Scotland) Act 1975 (c. 21, SIF 39:1), s. 289G
- F37** S. 3(3) substituted (13.2.2003) by Regulatory Reform (Credit Unions) Order 2003 (S.I. 2003/256), arts. 1, 4(2)
- F38** Word in s. 3(3)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 6 para. 5(2) (with Sch. 12)

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- F39** S. 3(3A)-(3D) inserted (13.2.2003) by Regulatory Reform (Credit Unions) Order 2003 (S.I. 2003/256), arts. 1, **4(3)**
- F40** Words in s. 3(3A)(a) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 5(3)** (with Sch. 12)
- F41** Words in s. 3(3D)(b)(ii) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 4(2)** (with Sch. 5)
- F42** Words in s. 3(4) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 4(3)** (with Sch. 5)

Commencement Information

- I1** S. 3(2)(3) in force at 1.9.2003 by S.I. 2003/306, **art. 2**

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