Building Societies Act 1986

1986 CHAPTER 53

An Act to make fresh provision with respect to building societies and further provision with respect to conveyancing services. [25th July 1986]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Modifications etc. (not altering text)

C1 Act modified (temp.) by S.I. 1986/2168, **art. 3(1)(2)(a)(b)**

C2 Act modified by S.I. 1986/2168, **art. 4(1)(2)(b)(3)** and by S.I. 1987/1498, **art. 7**

C3 Act applied (with modifications) and modified by S.I. 1988/1394, arts. 2, 7, Schs. 1, **2**
Act applied (N.I.) (1.10.1991) by S.I. 1989/2404, art. 12, **Sch. 1 Pt. I para. 6**; S.R. 1991/410, **art. 1(2)**
Act applied (N.I.) (1.10.1991) by S.I. 1990/1504, **art. 111**; S.R. 1991/438, **art. 2(d)**
Act applied (with modifications) (1.7.1992) by S.I. 1992/1547, arts. 5, 6, **Sch. 2**

C4 Act: definition applied (N.I.) (1.6.1992) by Northern Ireland (Emergency Provisions) Act 1991 (c. 24, SIF 39:1), ss. 55, 69(1)(2), **Sch. 4 para. 7(4)**; S.I. 1992/1181, **art. 2** (which 1991 Act was repealed (25.8.1996) by 1996 c. 22, ss. 59, 62(1), 63(3)(7), **Sch. 7 Pt. I**)

C5 Act: definition applied by Finance Act 1991 (c. 31, SIF 63:2), s. 51, **Sch. 10 para. 4(3)**

C6 Act: power to amend conferred (9.6.1997) by 1997 c. 32, **s. 32(5)(c)**; S.I. 1997/1427, **art. 2(g)**

PART I

THE BUILDING SOCIETIES COMMISSION

1 The Building Societies Commission.

(1) For the purposes of this Act there shall be established a body of Commissioners to be called the Building Societies Commission (in this Act referred to as "the Commission").

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) The Commission shall consist of not less than four and not more than ten members to be appointed by the Treasury and the Treasury shall appoint one member (to be known as the First Commissioner) to be the chairman, and another member to be the deputy chairman, of the Commission.

(3) Any appointment under subsection (2) above may be on either a full-time or a part-time basis.

(4) The general functions of the Commission shall be—

(a) to promote the protection by each building society of the investments of its shareholders and depositors;

(b) to promote the financial stability of building societies generally;

(c) to secure that the principal purpose of building societies remains that of raising, primarily from their members, funds for making advances to members secured upon land for their residential use;

(d) to administer the system of regulation of building societies provided for by or under this Act; and

(e) to advise and make recommendations to the Treasury or other government departments on any matter relating to building societies;

and the Commission shall have the other functions conferred on it by or under the subsequent provisions of this Act.

(5) The Commission shall have power to do anything which is calculated to facilitate the discharge of its functions, or is incidental or conducive to their discharge.

(6) The functions of the Commission, and of its officers and employees, shall be performed on behalf of the Crown.

(7) Schedule 1 to this Act has effect with respect to the Commission.

2 Financial provision for Commission.

(1) There shall be charged on building societies such a general charge towards the expenses of the Commission and such fees in respect of the exercise of its functions as are authorised under this section.

(2) The Treasury may, by regulations, make provision for—

(a) a general charge to be levied, with respect to each accounting year of the Commission, on every authorised building society to be paid at such rate computed by reference to such criteria, at such time and in such manner as may be prescribed; and

(b) fees of such amounts as may be prescribed to be paid by building societies in respect of the exercise of the Commission's functions in relation to them.

(3) The provision to be made from time to time under subsection (2) above, by way of the general charge and fees, shall be such as to produce an annual revenue of the Commission sufficient to meet its expenses properly chargeable to revenue account, taking one year with another.

(4) Regulations under subsection (2) above may include—

(a) provision for any fees payable by societies to be reduced or for payment of any fees to be waived by the Commission in circumstances determined by or under the regulations; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) such incidental, supplementary and transitional provision as appears to the Treasury to be necessary or expedient.

(5) The power to make regulations under subsection (2) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(6) The amounts received by the Commission under this section shall be applied as an appropriation in aid of money provided by Parliament for the expenses of the Commission under this Act, and in so far as not so applied, shall be paid into the Consolidated Fund.

(7) In this section—

"authorised", in relation to an accounting year of the Commission, means authorised at any time during that year; and

"prescribed" means prescribed in regulations under subsection (2) above.

Subordinate Legislation Made

P1 S.2(2) and S.116(2) power exercised by S.I. 1991/277.

3 Accounts of Commission and audit.

(1) The Commission shall keep proper accounts and proper accounting records and shall prepare in respect of each accounting year a statement of accounts in such form as the Treasury may direct.

(2) The statement of the accounts required by subsection (1) above may be combined with the statement of the accounts of the Chief Registrar which he is required to prepare as regards his functions.

(3) The Commission shall send to the Treasury and to the Comptroller and Auditor General, before the end of the period of seven months after the end of each accounting year, a copy of the statement of accounts for that year.

(4) The Comptroller and Auditor General shall examine, certify and report on every statement of accounts received by him from the Commission and shall lay a copy of the statement and of his report thereon before each House of Parliament.

(5) In this Part "accounting year", in relation to the Commission, means the period of twelve months ending with 31st March in any year, except that the Commission's first accounting year shall end on 31st March 1987.

4 Annual and other reports.

(1) It shall be the duty of the Commission to lay before the Treasury and before Parliament as soon as possible after the end of each accounting year a report on the discharge of its functions during that year.

(2) The annual report shall include a record of the terms of every determination of the powers of a building society published by the Commission under section 39 during that year.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) The Commission may lay before Parliament from time to time such other reports relating to the discharge of its functions, whether in relation to building societies generally or a particular building society, as it thinks fit.

PART II

CONSTITUTION OF BUILDING SOCIETIES

Establishment

5 Establishment, constitution and powers.

(1) A society may be established under this Act if its purpose or principal purpose is that of raising, primarily by the subscriptions of the members, a stock or fund for making to them advances secured on land for their residential use.

(2) A society is established under this Act on compliance by the persons establishing it with the scheduled requirements and is incorporated under this Act as from the date of registration by the central office.

(3) A society incorporated under this Act is referred to in this Act as a “building society".

(4) A society incorporated under the repealed enactments whose principal office, as registered with the central office immediately before the commencement of this section, was in the United Kingdom, shall be deemed to be registered (and accordingly as incorporated) under this Act.

(5) A building society shall have the powers conferred on building societies by or under the subsequent provisions of this Act subject, however, to—

(a) any specified restriction assumed by the society;

(b) the operation of any provision by virtue of which a power is not available to a building society;

(c) compliance with any requirement that, for a power to be exercisable by a building society, it must be adopted by the society; and

(d) the exercise by the Commission of any of its functions by virtue of which the society is precluded from exercising or is subject to restrictions on the exercise of any of its powers.

(6) Powers are adopted by a building society for the purposes of this Act by its compliance with the scheduled requirements and, subject to any provision of this Act to the contrary, may be adopted to any specified extent.

(7) Restrictions on its powers are assumed by a building society for the purposes of this Act by its compliance with the scheduled requirements.

(8) Schedule 2 to this Act has effect as respects the constitution, powers, and regulation of building societies and in that Schedule—

(a) Part I makes provision with respect to the constitution, memorandum, rules and certain incidents of membership;

(b) Part II makes provision for the purpose of precluding a society from anticipating the adoption of powers; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) Part III makes provision with respect to meetings, postal ballots and resolutions;

and in this section "scheduled", with reference to requirements for establishment or for the adoption of powers or the assumption of restrictions on powers, means contained in that Schedule and "specified", with reference to the adoption of powers or the assumption of restrictions on powers, means specified in the memorandum.

(9) Any obligation imposed by this Act or the rules of a building society to give or send notices or other documents to members is subject to paragraph 14 of that Schedule.

(10) In this Act, except sections 10 to 13, "land", in the expression "advance secured on land", means land in the United Kingdom, and, in so far as land in other countries or territories is, under any provision of this Act, land on which advances may be secured, land in that other country or territory.

Modifications etc. (not altering text)
C7 S. 5(8)(*c*) excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(2)**

6 Power to hold land etc. for purposes of its business.

(1) A building society may acquire and hold premises for the purpose of conducting its business.

(2) A building society may, otherwise than by acquisition, provide itself with premises for the purpose of conducting its business.

(3) A building society which has subsidiaries or other associated bodies, in addition to exercising the powers conferred by subsections (1) and (2) above as regards premises from which the society's business is to be conducted by a subsidiary or associated body, may exercise corresponding powers for the purpose of enabling a subsidiary or other associated body to conduct the business of that body from the premises.

(4) A building society may exercise the powers conferred by subsections (1) and (2) above as regards premises situated outside, as well as premises situated within, the United Kingdom.

(5) If the acquisition or provision of any premises is necessary for the purpose of the conduct of the business of a building society or a subsidiary or other associated body, the society may acquire or otherwise provide itself with and hold the premises under this section notwithstanding that part only of the premises is or will be required for that purpose.

(6) A building society—

(a) may dispose of property held under this section; and

(b) in the event that no part of the premises comes to be or, as the case may be, is any longer occupied for the conduct of the business of the society or a subsidiary or associated body, shall, subject to subsection (7) below, sell its estate or interest in the premises as soon as it is conveniently practicable to do so without undue loss.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(7) Subsection (6)(b) above does not require a building society to sell any property if the society may hold the property under section 17 and elects to do so by a resolution of the board of directors.

VALID FROM 01/12/1997

[F1 Making loans]

Textual Amendments

F1 S. 6 and cross-heading substituted for s. 6 (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 4**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(d)**

[F2 6A Loans secured on land.

(1) For the purposes of this Act a loan is secured on land if it is secured by—

(a) a mortgage of a legal estate in land in England and Wales or Northern Ireland;

(b) a heritable security over land in Scotland; or

(c) a qualifying security over land in an EEA country or territory other than the United Kingdom.

(2) For the purposes of this Act a loan is also secured on land if—

(a) it is secured by a mortgage of an equitable interest in land in England and Wales or Northern Ireland;

(b) the equitable interest is an equitable interest in land of a description, and is created in circumstances, prescribed in an order made by the Commission with the consent of the Treasury; and

(c) any conditions prescribed in the order are complied with;

and an order under this subsection may apply in relation to securities held by or on behalf of building societies or connected undertakings of a description specified in the order, or securities held by or on behalf of all such societies or undertakings other than those of a description so specified.

(3) For the purposes of this Act—

(a) a loan shall be treated as secured by a mortgage of a legal estate in registered land in England and Wales or Northern Ireland notwithstanding that the loan is made before the mortgagor is registered as proprietor of the estate; and

(b) a loan shall be treated as secured by a heritable security over land in Scotland notwithstanding that the loan is made before title to that land has been transferred to the debtor in the heritable security.

(4) The Commission may, with the consent of the Treasury, by order provide for any provisions of this Act to have effect in relation to loans secured on land outside the European Economic Area with such modifications as appear to the Commission to be appropriate.

(5) An order under subsection (2) or (4) above may make such incidental, supplementary and transitional provision as appears to the Commission to be necessary or expedient.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) The power to make an order under subsection (2) or (4) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(7) In this section and section 6B—

"EEA country or territory" means a country or territory in the European Economic Area;

"qualifying security", in relation to land in an EEA country or territory other than the United Kingdom and a loan, means a security over the land which—

(a) acknowledges, and requires repayment of, the loan; and

(b) secures repayment of the loan on the land;

and for the purposes of this section and that section, the Channel Islands, the Isle of Man and Gibraltar shall be treated as included in the European Economic Area.

(8) In this Act "land", in the expression "loan secured on land", means—

(a) land in an EEA country or territory; and

(b) in so far as land in any other country or territory is, under any provision of this Act, land on which loans may be secured, land in that other country or territory.**]**

Textual Amendments

F2 S. 6A inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 5**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(e)**

[F3 6B Loans fully secured on land.

(1) For the purposes of this Act a loan which is owed to a building society or a subsidiary undertaking of a building society and is secured on residential property or other land is fully secured on the land if—

(a) the principal of, and interest accrued on, the loan does not exceed the value of the requisite security; and

(b) no, or no more than one, mortgage of the land which has priority over the society's or undertaking's mortgage is outstanding in favour of an outside person.

(2) Where a mortgage of the residential property or other land which has priority over the society's or undertaking's mortgage is outstanding, the principal of the loan secured or, in the case of a loan by instalments, intended to be secured by that mortgage shall be deducted from the value of the requisite security for the purposes of subsection (1)(a) above.

(3) Where the loan is secured on residential property or other land in the United Kingdom, any outstanding charge over the land which—

(a) in the case of land in England and Wales, is registered in the appropriate local land charges register;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) in the case of land in Scotland, is recorded in the Register of Sasines, or registered in the Land Register, under section 108 of the [M1]Civic Government (Scotland) Act 1982 or Schedule 9 to the [M2]Housing (Scotland) Act 1987;

(c) in the case of land in Northern Ireland, is registered in the statutory charges register under section 87 of, and Schedule 11 to, the [M3]Land Registration Act (Northern Ireland) 1970,

shall be disregarded for the purposes of subsections (1)(b) and (2) above.

(4) Where, on the occasion on which a building society or a subsidiary undertaking of a building society makes or acquires a loan which is secured on land, the society or undertaking is satisfied that the loan is—

(a) a loan which is fully secured on residential property;

(b) a loan which is not so secured but is fully secured on land; or

(c) a loan which is not fully secured on land,

the loan shall be treated as such a loan for the purposes of this Act until such time (if any) as subsection (7) below applies.

(5) Subsection (4) above shall have effect in relation to a loan which the society or undertaking makes by two or more payments on different dates as if—

(a) the reference to the occasion on which the society or undertaking makes the loan were a reference to the occasion on which it makes the first of the payments;

(b) other references to the loan were references to it in its intended maximum amount; and

(c) the value of any security for the loan were its expected maximum value.

(6) Where a building society or a subsidiary undertaking of a building society makes or acquires a loan which is secured on land, the society or undertaking shall be deemed to be satisfied as mentioned in paragraph (c) of subsection (4) above until such time (if any) as it is satisfied as mentioned in paragraph (a) or (b) of that subsection.

(7) Where at any time, in the case of a loan treated as falling within paragraph (a), (b) or (c) of subsection (4) above, the society or undertaking—

(a) is satisfied—

(i) on a revaluation that the value of the requisite security has changed;

(ii) on notice given to it by the borrower that there has been a change in the use of the land;

(iii) that so much of the mortgage debt as represents the principal of the loan has changed;

(iv) that the principal of the loan secured by a prior mortgage has changed or has been repaid; or

(v) that the relative priority of the mortgage of the land on which the loan is secured has changed;

(b) is also satisfied that the change or repayment is such that, if it were to make a loan equal to the mortgage debt at that time, the loan would instead be a loan falling within another of those paragraphs; and

(c) in a case falling within paragraph (a)(i) above, elects that this subsection shall apply,

the loan shall be treated as such a loan for the purposes of this Act until such time (if any) as this subsection again applies.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) In this section—

"outside person", in relation to a building society or a subsidiary undertaking of a building society, means any person other than the following, namely—

(a) the society;

(b) a subsidiary undertaking of the society;

(c) a lending syndicate of which the society or such an undertaking is a member; and

(d) trustees of a trust under which the society or such an undertaking is a beneficiary;

"the requisite security", in relation to a loan secured on residential property or other land, means—

(a) the security constituted by the legal estate in, or the heritable or qualifying security over, the land; or

(b) in a case where an equitable interest in land in England and Wales or Northern Ireland is or is also taken as security, that constituted by that security or, as the case may be, the combined securities;

"trust" includes arrangements—

(a) which have effect under the law of a country or territory outside the United Kingdom; and

(b) under which persons acting in a fiduciary capacity hold and administer property on behalf of other persons,

and "beneficiary" and "trustees", in relation to such arrangements, shall be construed accordingly.

(9) In the application of subsections (1), (2) and (7) above to residential property or other land in Scotland or an EEA country or territory other than the United Kingdom, references to a mortgage of the land shall be construed as references to a heritable or, as the case may require, qualifying security over the land.**]**

Textual Amendments

F3 S. 6B inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 6**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(f)**

Modifications etc. (not altering text)

C8 S. 6B(4)(a) modified (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 46(1), 47(3), **Sch. 8 para. 6(1)(a)(b)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(y)(aa)(iii)**

C9 S. 6B(4)(b) modified (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 46(1), 47(3), **Sch. 8 para. 6(1)(c)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(y)(aa)(iii)**

C10 S. 6B(4)(c) modified (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 46(1), 47(3), **Sch. 8 para. 6(1)(d)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(y)(aa)(iii)**

Marginal Citations

M1 1982 c.45.

M2 1987 c.26.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

M3 1970 c.18 (N.I.).

[F4 6C Discharge of mortgages.

Schedule 2A to this Act, which contains supplementary provisions as to the discharge of mortgages, shall have effect.]

Textual Amendments

F4 S. 6C inserted (1.12.1997) by 1997 c. 32, **s. 7(1)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(a)**

Raising funds and borrowing

7 Power to raise funds and borrow money and limit on non-retail funds and borrowing.

(1) Subject to the provisions of this section and sections 8 and 9, a building society may—

(a) raise funds by the issue of shares to members, or

(b) borrow money and accordingly receive deposits from any person,

to be applied for the purposes of the society.

(2) The power to raise funds by the issue of shares is a power to issue shares of one or more denominations, either as shares paid up in full or as shares to be paid by periodical or other subscriptions, and with or without accumulating interest; and funds so raised may be repaid when they are no longer required for the purposes of the society.

(3) Subject to subsection (14) below, the liabilities of a building society in respect of its non-retail funds and deposits shall not exceed at any time the prescribed percentage of the society's total liabilities at that time in respect of shares in or money deposited with the society.

[F5 (4) For the purposes of subsection (3) above, a building society's liabilities in respect of its non-retail funds and deposits are, subject to subsections (5) and (9) below, its liabilities in respect of the principal of and interest payable on or under—

(a) transferable bearer instruments

(aa) transferable non-bearer instruments

(b) F5

(bb) sums deposited otherwise than in excepting circumstances or in furtherance of a savings scheme with the society by, or by a trustee for, an institution which is—

(i) an authorised institution, for the purposes of, or

(ii) an overseas institution for the purposes of Part IV of,

the Banking Act 1987;

(c) shares in the society held by, or by a trustee for, and (to the extent the liabilities do not fall within (a), (aa), or (bb) above) sums deposited with the society by, or by a trustee for—

(i) any body corporate, otherwise than in excepting circumstances,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(ii) a friendly society registered under the Friendly Societies Act 1974 [F6or the Friendly Societies Act (Northern Ireland) 1970], otherwise than in furtherance of a savings scheme,

(iii) a trade union (within the meaning of the **[**F7Trade Union and Labour Relations (Consolidation) Act 1992**]**).

(d) shares in the society (to the extent the liabilities do not fall within (c) above) held by, and (to the extent the liabilities do not fall within (a), (aa), (bb) or (c) above) sums deposited with the society by—

(i) a body of persons or trust established for charitable purposes only,

(ii) the administrator of an approved retirement benefits scheme,

(iii) the manager or trustee of an appropriate personal pension scheme, or

(iv) the plan manager of a personal equity plan.**]**

(5) If a building society so elects with respect to any financial year its liabilities in respect of shares or deposits falling within paragraphs (c) or (d) (but no other provision) of subsection (4) above shall, subject to subsections (6) and (7) below, not be counted towards the limit in force under subsection (3) above.

(6) The liabilities of the society to any person shall not, by virtue of an election under subsection (5) above, be disregarded at any time during the financial year to which the election relates if at that time the liabilities to that person exceed the prescribed amount; and in that event all the society's liabilities to that person shall count towards the limit in force under subsection (3) above.

(7) To be effective for the purposes of subsection (5) above, an election must apply to the society's liabilities in respect of all its shareholders and depositors who fall within subsection (4)(c) and (d) above and notice of it must be given to the Commission before the beginning of the financial year to which it relates.

(8) A copy of the notice shall also be sent to the central office and the central office shall keep the copy in the public file of the society.

(9) The Commission may by order made with the consent of the Treasury amend subsection (4) above by adding to or deleting from it any description ofproperty or right or by varying any description of property or right for the time being specified in it and an order under this subsection may—

(a) define property or rights by reference to any criteria including the description of person who holds the property or rights,

(b) make any consequential amendment or repeal in that subsection, subsections (5) to (8) above or subsection (19) below, and

(c) make such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.

(10) In determining for the purposes of subsection (3) above the liabilities of a building society with which another body corporate is associated there shall, subject to subsection (13) below, be attributed to the society, in accordance with aggregation rules made by the Commission with the consent of the Treasury under this subsection, the whole or part of the liabilities of whatever description of the associated body, as provided in the rules and subject to any exceptions provided in the rules.

(11) The power to make aggregation rules under subsection (10) above includes power to make—

(a) different rules for different circumstances,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) provision for liabilities of societies to be disregarded; and

(c) such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.

(12) The power to make aggregation rules under subsection (10) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(13) The Commission may, on the application of a building society, approve rules to be applied for the purposes of subsection (3) above for the attribution to the society of liabilities of bodies associated with the society; and so long as the rules continue to be approved by the Commission they, and not the aggregation rules in force under subsection (10) above, shall apply for the attribution of liabilities for the purposes of subsection (3) above.

(14) Where money is lent to a building society by another such society in accordance with an authority given by the Commission under section 33 the liabilities in respect of the loan shall be disregarded for the purposes of subsection (3) above.

(15) The prescribed percentage for the purposes of subsection (3) above is 20 per cent. or such other percentage not exceeding 40 per cent. as is for the time being substituted for it by order of the Commission made with the consent of the Treasury.

(16) The prescribed amount for the purposes of subsection (6) above is £50,000 or such other amount as is for the time being substituted for it by order of the Commission made with the consent of the Treasury.

(17) The power to make an order under subsection (9), (15) or (16) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(18) If the liabilities of a building society to which subsection (3) above applies exceed at any time the limit in force under that subsection the powers conferred on the Commission by section 36 shall become exercisable in relation to the society, but exceeding the limit shall not affect the validity of transactions effected in excess of it.

[[F8](19) In this section—

"appropriate personal pension scheme" means a personal pension scheme within the meaning of the Social Security Act 1986 in respect of which an appropriate scheme certificate under section 2 thereof (appropriate schemes) is for the time being in force;

"excepting circumstances" means circumstances in which shares or rights of a depositor—

(i) are held by the holder as nominee on behalf only of an individual, a Scottish partnership, or a combination of individuals, of such partnerships, or of both;

(ii) are subject to a relevant trust in the income of which no person who is neither an individual nor a Scottish partnership has any interest; or

(iii) were held by an individual as beneficial owner at the time of his death (or represent investments so held or dividends or interest thereon) and the holder is acting as personal representative of that individual;

"intermediary" means–

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(i) as regards the interpretation of a savings scheme in connection with paragraph (bb) of subsection (4), an institution which is within the ambit of that paragraph, or

(ii) as regards the interpretation of a savings scheme in connection with subparagraph (ii) of paragraph (c) of subsection (4), a friendly society which is within the ambit of that subparagraph;

"personal equity plan" means a plan the operation of which is subject to conditions set out in the regulations for time being in force under Schedule 8 to the Finance Act 1986 (personal equity plans);

"relevant trust" means a trust which is neither a trust established for charitable purposes only nor a trust of shares held or sums deposited by—

(i) the administrator of an approved retirement benefits scheme,

(ii) the manager or trustee of an appropriate personal pension scheme, or

(iii) the plan manager of a personal equity plan;

"retirement benefits scheme" means a retirement benefits scheme within the meaning of Chapter II of Part II of the Finance Act 1970 (occupational pension schemes) and "approved" means approved for the time being by the Commissioners of Inland Revenue for the purposes of that chapter;

"savings scheme" means a scheme under which–

(a) shares in or rights of a depositor with the society represent sums of money placed with an intermediary by an individual under a contract under which–

(i) those sums were to be invested by the intermediary in shares of or deposited with the society, and no other society; and

(ii) those sums not to be withdrawn from the society by the intermediary except either–

(aa) on maturity of the contract by reason of the death of the individual, or the effluxion of a period of time specified in the contract, or

(bb) at the written request of the individual or any assignee of that individual's rights under the contract and within one month of the receipt by the intermediary of such request, or within a maximum of six months of such receipt if under the contract the intermediary has the right to defer for that period the withdrawal of funds placed with the intermediary for investment in or deposit with the society, or

(cc) where the intermediary has the right to deduct an amount from the investment with the society to cover charges specified in the contract and amounts surplus to the requirements of the contract;

(b) the intermediary is obliged to produce, when requested to do so by the society, and on a date nominated by the society,

(i) a statement of the total sums invested or deposited with that society by the intermediary in furtherance of contracts made under the terms of the scheme set out in subparagraphs (i) and (ii) of paragraph (a) above, together with a certificate signed by the auditor of the intermediary confirming that the statement constitutes a true account;

(ii) any written request mentioned in subparagraph (ii) of paragraph (a) above;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"transferable bearer instrument" means an instrument which embodies a right, transferable by delivery of the instrument, to receive an amount referable to a deposit with the society; and

"transferable non-bearer instrument" means an instrument which embodies a right—

(i) which may, under the terms of the instrument, be held by any person, or by any person other than a person of a description specified in the instrument,

(ii) express provision for the transfer of which is included in the instrument, and

(iii) the transfer of which, under the terms of the instrument, does not require the consent of any person,

to receive an amount referable to a deposit with the society.**]**

Textual Amendments

F5 S. 7(4) amended by S.I. 1990/2363, **arts. 3(2)**, 3(3) and has effect as set out in Part I of the Schedule to that S.I.

F6 Words in s. 7(4)(c)(ii) repealed (*prosp.*) by Friendly Societies Act 1992 (c. 40), ss. 120(2), 126(2), **Sch. 22 Pt. I** (with ss. 7(5), 93(4))

F7 Words in s. 7(4)(c)(iii) substituted (16. 10. 1992) by Trade Union and Labour Relations (Consolidation) Act 1992 (c. 52), ss. 300(2), 302, **Sch. 2 para.35**

F8 S. 7(19) amended by S.I. 1990/2363, **art. 3(4)** and has effect as set out in Part II of the Schedule to that S.I.

Modifications etc. (not altering text)

C11 S. 7(3) modified (*temp.*) by S.I. 1986/2168, **art. 8(1)**

C12 S. 7(3) excluded by S.I. 1986/2169, **art. 7(3)**

C13 S. 7(4) extended (1.1.1993) by S. I. 1992/3218, reg. 82(1), **Sch. 10 Pt. I para.22(a)**

C14 S. 7(4) amended by S.I. 1990/2363, **arts. 3(2)**, 3(3)

C15 S. 7(7) modified by S.I. 1986/2169, **art. 7(1)**

C16 S. 7(19) amended by S.I. 1990/2363, **art. 3(4)**

8 Proportion of liabilities to be in form of shares.

(1) Subject to subsection (2) below, a building society shall secure that the amount of the principal of, and interest payable on, sums deposited with the society does not at any time exceed 50 per cent. of the aggregate of that amount and the principal value of, and interest payable on, shares in the society.

(2) The following liabilities shall be disregarded for the purposes of this section—

(a) deposits of such descriptions as may be prescribed for those purposes by the Commission by order made with the consent of the Treasury,

(b) deferred shares, and

(c) loans made to the society in accordance with an authority given by the Commission under section 33.

(3) In determining for the purposes of subsection (1) above the liabilities in respect of deposits of a building society with which another body corporate is associated there shall, subject to subsection (5) below, be attributed to the society, in accordance with

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

aggregation rules made by the Commission with the consent of the Treasury under this subsection, the whole or part of the liabilities of whatever description of the associated body, as provided in the rules and subject to any exception provided in the rules.

(4) The power to make aggregation rules under subsection (3) above includes power to make—

(a) different rules for different circumstances,

(b) provision for liabilities of societies to be disregarded, and

(c) such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.

(5) The Commission may, on the application of a building society, approve rules to be applied for the purposes of subsection (1) above for the attribution to the society of liabilities of bodies associated with the society; and so long as the rules continue to be approved by the Commission they, and not the aggregation rules in force under subsection (3) above, shall apply for the attribution of liabilities for the purposes of subsection (1) above.

(6) If a building society receives deposits in excess of the limit permitted under this section the powers conferred on the Commission by section 36 shall become exercisable in relation to the society, but exceeding the limit shall not affect the validity of transactions effected in excess of it.

(7) The power to make an order under subsection (2)(a) or rules under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Modifications etc. (not altering text)
C17 S. 8(1) modified (*temp.*) by S.I. 1986/2168, **art. 8(2)**

9 Initial authorisation to raise funds and borrow money.

(1) Except to the extent permitted by subsection (3) below, a building society shall not raise money from members or accept deposits of money unless there is in force an authorisation of the Commission granted under this section or treated as granted under this section by any provisions of this Act.

(2) Authorisation under this section shall, if granted, be granted unconditionally or subject to conditions as provided by subsection (4) or (5) below.

(3) Authorisation is not required for—

(a) the acceptance of payments by way of subscription for deferred shares unless the aggregate of the payments exceeds the amount produced by multiplying the prescribed minimum for qualifying capital by the factor of 2 or such other factor as may be substituted for it by order of the Commission made with the consent of the Treasury;

(b) the acceptance of payments for amounts due in respect of shares which represent interest on, or the repayment of, advances made to the holders of shares;

(c) borrowing from a banking or finance company, or from a director or other officer of the society, if the society has obtained the consent in writing of the Commission; or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(d) borrowing under section 33.

(4) The Commission, on an application duly made for authorisation under this section, shall grant unconditional authorisation to the building society if it is satisfied that—

(a) the society has qualifying capital of an amount which is not less than the prescribed minimum;

(b) the chairman of the board of directors and any executive directors, the chief executive, the secretary and the managers (if any) are each fit and proper persons to hold their respective offices in the society;

(c) the board of directors, with the chief executive and secretary, have the capacity and intention to direct the affairs of the society in accordance with the criteria of prudent management and, in so far as those criteria fell to be satisfied before the date of the application, have secured that they were satisified; and

(d) the investments of shareholders and depositors will be adequately protected without the imposition of conditions.

(5) If the Commission, on an application so made, is not satisfied of the matters specified in subsection (4) above in relation to the society, it shall—

(a) if those matters are or include the matters specified in paragraphs (a) and (b), refuse to grant authorisation;

(b) in any other case, if it is satisfied that the imposition of conditions would secure the protection of the investments of shareholders and depositors, grant authorisation subject to such conditions to be complied with by the society as the Commission thinks fit to impose to secure that purpose; or

(c) if not satisfied, refuse to grant authorisation.

(6) The conditions that may be imposed under subsection (5) above on granting authorisation to a society may—

(a) relate to any activities of the society, whether or not those referred to in subsection (1) above; and

(b) require the society to take certain steps or to refrain from adopting a particular course of action or to restrict the scope of its business in a particular way.

(7) Without prejudice to the generality of subsection (6) above, conditions imposed under subsection (5) above may—

(a) impose limitations on the issue of shares, acceptance of deposits or the making of advances or other loans;

(b) require the society to take steps with regard to the conduct of the business of any subsidiary or associated body; and

(c) require the removal of any director or other officer.

(8) The provisions of Schedule 3 to this Act regulating—

(a) the making and determination of applications for authorisation,

(b) the furnishing of information or additional information in connection with such applications, and

(c) the imposition of conditions of authorisation,

apply in relation to authorisation under this section.

(9) Conditions imposed under subsection (5) above—

(a) may be varied from time to time (and notwithstanding any pending appeal) by agreement between the Commission and the society; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) may be revoked at any time by the Commission if it is satisfied that the investments of shareholders and depositors will be adequately protected without the conditions;

but paragraph (b) above is without prejudice to the power of the Commission, under Part VI, to impose other conditions.

(10) On granting authorisation to abuilding society under this section the Commission shall inform the central office of the fact and the central office shall record that fact, and the date on which the authorisation was granted, in the public file of the society.

(11) If, in contravention of subsection (1) above, a building society raises money from members or accepts deposits of money, then—

(a) the society shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum; and

(b) any officer of the society who is also guilty of the offence shall be liable—

(i) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both, and

(ii) on summary conviction, to a fine not exceeding the statutory maximum;

but such a contravention does not affect any civil liability arising in respect of the acceptance or of the money accepted.

(12) Failure by a society to comply with conditions imposed under this section on granting authorisation to the society shall render it liable, if other conditions are not imposed on it under Part VI, to have its authorisation revoked under that Part.

(13) For the purposes of this section, in relation to a building society—

"business" includes business the society proposes to carry on;

"the prescribed minimum", in relation to qualifying capital, is £100,000 or such other sum as the Commission may specify by order made with the consent of the TreasuryX;

"qualifying capital", in relation to a building society applying for authorisation, means,

(a) the aggregate of the nominal value of the qualifying deferred shares issued at the date of the application and the amount of the reserves as shown in the last balance sheet of the society less any accumulated deficit as so shown; or

(b) where there is no balance sheet of the society, the nominal value of the qualifying deferred shares issued at the date of application; and

"qualifying deferred shares" means deferred shares other than deferred shares which, by virtue of regulations under section 45(5), are not included in capital resources aggregated with reserves for the purposes of the first criterion in subsection (3) of that section.

(14) Any power of the Commission to make an order under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

VALID FROM 09/06/1997

[F9X1 Restrictions on powers]

Editorial Information

X1 Cross-heading ("Restrictions on powers") is prospectively inserted with ss. 9A, 9B by 1997 c. 32, **ss. 10**, 47(3); This cross-heading is dated 9.6.1997 to provide a heading for s. 9B which is commenced 9.6.1997 by S.I. 1997/1427, **art. 2**; S. 9A and the cross-heading are commenced 1.12.1997 by S.I. 1997/2668, art. 2, **Sch. Pt. II(i)**

Textual Amendments

F9 S. 9A and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 10**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(i)**

VALID FROM 01/12/1997

[F10 9A Restrictions on certain transactions.

(1) Subject to subsections (2) to (4) below, a building society shall not do, and shall secure that each of its subsidiary undertakings does not do, any of the following things, namely—

(a) act as a market maker in securities, commodities or currencies;

(b) trade in commodities or currencies; and

(c) enter into any transaction involving derivative investments;

but a contravention of this subsection shall not invalidate any transaction or other act.

(2) No transaction entered into by a building society, or a subsidiary undertaking of a building society, shall be taken into account for the purposes of subsection (1)(a) above if—

(a) it relates only to securities or currencies or both and the amount or value of the consideration given by the society or undertaking does not exceed £100,000; or

(b) it is entered into in the society's or undertaking's capacity as the manager of a collective investment scheme.

(3) No transaction so entered into shall be taken into account for the purposes of subsection (1)(b) above if—

(a) it relates only to currencies and the amount or value of the consideration given by the society or undertaking does not exceed £100,000; or

(b) it is ancillary or incidental to another transaction entered into by the society or undertaking.

(4) Nothing in subsection (1)(c) above shall apply in relation to any transaction entered into by a building society, or a subsidiary undertaking of a building society, if—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) it is entered into in the society's or undertaking's capacity as the manager of a collective investment scheme;

(b) it is entered into for the purpose of limiting the extent to which the society, or a connected undertaking of the society, will be affected by changes in any of the following factors, namely—

(i) interest rates;

(ii) exchange rates;

(iii) any index of retail prices;

(iv) any index of residential property prices; and

(v) any index of the prices of securities; or

(c) it involves a derivative investment falling within paragraph (d) of the definition in subsection (9) below and it is entered into for the purpose of limiting the extent to which any person will be affected by changes in any interest or exchange rate applicable to—

(i) a loan owed by him to;

(ii) shares held by him in; or

(iii) a deposit of his with,

the society, or a connected undertaking of the society.

(5) Nothing in subsection (1)(c) above shall apply in relation to any transaction entered into by a subsidiary undertaking of a building society, if it is entered into in the undertaking's capacity—

(a) as a body authorised under section 3 or 4 of the [M4]Insurance Companies Act 1982 (authorised insurance companies) to carry on insurance business of a class specified in Schedule 1 to that Act (classes of long term business); or

(b) as an EC company which is authorised under Article 6 of the first long term insurance Directive;

and in this subsection expressions which are also used in that Act have the same meanings as in that Act.

(6) A building society shall also do all that is reasonably practicable to secure that neither it nor any of its subsidiary undertakings (either alone or with any or any others of those undertakings)—

(a) holds at any time more than 5 per cent of the issued share capital; or

(b) is at any time entitled to exercise, or to control the exercise of, more than 5 per cent of the voting power at any general meeting,

of an undertaking which is, at that time, doing any of the things which the society is prohibited from doing by subsection (1) above, or an undertaking whose subsidiary undertaking is, at that time, doing any of those things.

(7) The monetary limit in subsection (2) or (3) above refers to the time when the transaction is entered into; and where the amount or value of the consideration there referred to is not in sterling, it shall be converted at the rate of exchange prevailing at that time.

(8) For the purposes of subsection (2) or (3) above, two or more transactions which form part of a larger transaction or series of transactions shall be treated as a single transaction.

(9) In this section—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"collective investment scheme" has the same meaning as in the [M5]Financial Services Act 1986;

"commodity" means any produce of agriculture, forestry or fisheries, or any mineral, either in its natural state or having undergone only such processes as are necessary or customary to prepare the produce or mineral for the market;

"derivative investment" means any investment of a description falling within one or more of the following paragraphs of Part I of Schedule 1 to the Financial Services Act 1986, namely—

(a) paragraph 4 (instruments entitling to shares or securities);

(b) paragraph 7 (options);

(c) paragraph 8 (futures); and

(d) paragraph 9 (contracts for differences etc);

"market maker" means, subject to subsection (10) below, a person who holds himself out as willing at all normal times to buy or sell at a price specified by him securities, commodities or currencies of a particular description;

"securities" means shares, stock, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme and other securities of any description.

(10) A building society, or subsidiary undertaking of a building society, shall not by reason of holding itself out as willing to issue its own securities be regarded for the purposes of this section as acting as a market maker in such securities.

(11) The Treasury may by order vary subsections (1) to (10) above by adding to or deleting from them any provision or by varying any provision contained in them.

(12) The Commission may, with the consent of the Treasury, by order—

(a) substitute for the amount specified in subsection (2) or (3) above, or for the percentage specified in subsection (6) above, such other amount or percentage as it thinks appropriate; or

(b) vary subsection (4)(b) above by adding to or deleting from it any reference to a factor or by varying any reference to a factor contained in it.

(13) An order under subsection (11) or (12) above may make—

(a) different provision for different cases or purposes; and

(b) such supplementary, transitional and saving provision as appears to the Treasury or, as the case may be, the Commission to be necessary or expedient;

and the power to make such an order is exercisable by statutory instrument.

(14) No order shall be made under subsection (11) above unless a draft of the order has been laid before and approved by a resolution of each House of Parliament.

(15) A statutory instrument containing an order under subsection (12) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.**]**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F10 S. 9A and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 10**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(i)**

Marginal Citations

M4 1982 c.50.
M5 1986 c.60.

[F11 9B Restriction on creation of floating charges.

(1) A building society shall not create a floating charge on the whole or part of its undertaking or property.

(2) A floating charge created in contravention of this section shall be void.]

Textual Amendments

F11 S. 9B inserted (9.6.1997) by 1997 c. 32, **s. 11**; S.I. 1997/1427, **art. 2**

PART III

ADVANCES, LOANS AND OTHER ASSETS

Modifications etc. (not altering text)

C18 Pt. III (ss. 10–23) modified by S.I. 1987/1942, **art. 3**
Pt. III (ss. 10-23) modified (1.1.1996) by S.I. 1995/3066, **art. 5**

Class 1 advances and class 2 advances secured on land

10 Advances secured on land.

(1) A building society may make advances to members (in this Act referred to as "advances secured on land") secured by—

(a) a mortgage of a legal estate or, as provided under subsection (6) below, an equitable interest in land in England and Wales or Northern Ireland, or

(b) a heritable security over land in Scotland,

and for that purpose may (in England and Wales or Northern Ireland) hold land with the right of foreclosure.

(2) Advances secured on land may, in accordance with sections 11 and 12—

(a) be fully or partly secured by a mortgage of the legal estate or equitable interest in land in England and Wales or Northern Ireland, or

(b) be fully secured by a heritable security over land in Scotland,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

and in this Part "the basic security" means the security constituted by the legal estate in or heritable security over the land or, in a case where an equitable interest in land in England and Wales or Northern Ireland is or is also taken as security by virtue of this section, that constituted by that security or, as the case may be, the combined securities; and a reference to the land which is to secure an advance or on which an advance is secured is a reference to the estate or interest or the heritable security which constitutes or will constitute the basic security.

(3) The power to make an advance secured on land includes power, subject to the restriction imposed by subsection (4) below, to make, as a separate advance, an advance which is to be applied in or towards payment of the deposit for the purchase of the land (in this Part referred to as "an advance for a deposit for the purchase of land.")

(4) The restriction referred to is that an advance for a deposit for the purchase of land must not exceed 10 per cent. of the total amount to be paid for the purchase of the land.

(5) An advance shall be treated for the purposes of this Act as secured by a mortgage of a legal estate in registered land in England and Wales or Northern Ireland notwithstanding that the advance is made before the borrower is registered as proprietor of the estate.

(6) A building society may advance money on the security of an equitable interest in land in England and Wales or Northern Ireland if the equitable interest is an equitable interest in land of a description and is created in circumstances prescribed in an order made by the Commission with the consent of the Treasury under this subsection and any conditions prescribed in the order are complied with.

(7) Any powers conferred on building societies by an order under subsection (6) above may be conferred on building societies of a description specified in the order or all building societies other than those of a description so specified.

(8) The power to make an order under subsection (6) above includes power—

(a) to prescribe the circumstances in which the power conferred by section 17(10) on building societies of the description specified therein is to be available to them; and

(b) to make such incidental, supplementary and transitional provision as the Commission considers necessary or expedient.

(9) An instrument containing an order under subsection (6) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(10) The power to make advances secured on land includes power to make them on terms that include provision as respects the capital element in the mortgage debt (with or without similar provision as respects the interest element)—

(a) that the amount due to the society may be adjusted from time to time by reference to such public index of prices other than housing prices as is specified in the mortgage;

(b) that the amount due to the society may be adjusted from time to time by reference to such public index of housing prices as is specified in the mortgage;

(c) that the amount due to the society at any time shall be determined by reference to a share, specified or referred to in the mortgage, in the open market value of the property at that time;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

and, in cases where the amount due to the society in respect of capital exceeds the amount advanced, references in this Act to the repayment of an advance include references to payment of the excess.

(11) Advances secured on land shallbe classified for the purposes of the requirements of this Part for the structure of commercial assets into—

(a) class 1 advances, and

(b) class 2 advances;

and in this Act "advances fully secured on land" means advances which are class 1 or class 2 advances, and any reference to "fully secured" shall be construed accordingly.

(12) Nothing in this section or section 11 or 12 is to be taken as precluding a society from taking other security for an advance secured on land than such security as is required for an advance to be a class 1 or class 2 advance under those sections; but the value of the other security shall be disregarded for the purpose of classifying the advance as a class 1 or class 2 advance.

Modifications etc. (not altering text)

C19 S. 10 excluded by S.I. 1987/1498, art. 7, **Sch. 2 para. 1**

C20 S. 10 restricted (1. 7. 1992) by S.I. 1992/1547, arts.5, 6, **Sch. 2**

11 Class 1 and class 2 advances

(1) The provisions of this section and section 12 define what is a class 1 advance and what is a class 2 advance for the purpose of the requirements of this Part for the structure of commercial assets and when an advance may, for those purposes, be treated partly as a class 1 advance and partly as a class 2 advance.

(2) Class 1 advances are advances as to which the society when it makes the advance is satisfied that the advance is an advance secured on land and that—

(a) the borrower is an individual;

(b) the land is for the residential use of the borrower or a dependant of his of a prescribed description;

(c) the amount advanced will not exceed the value of the basic security (after deducting from that value any mortgage debt of the borrower to the society outstanding under a mortgage of the land); and

(d) subject to subsection (5) below, no other mortgage of the land which is to secure the advance is outstanding in favour of a person other than the society;

and which are not made on terms as respects the capital element of the mortgage debt authorised by section 10(10)(b) or (c).

(3) Subject to any order made under section 12(1), the requirement in subsection (2)(b) above shall be treated as satisfied if no less than 40 per cent. of the area of the land is used for residential purposes by the borrower or a dependant of his of a prescribed description.

(4) Class 2 advances are advances as to which the society when it makes the advance—

(a) either is not satisfied that the requirements for the time being of subsection (2) above are fulfilled or is satisfied that any of them is not fulfilled, but

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) is satisfied that the advance is an advance secured on land, and

(c) is satisfied, where the amount advanced will exceed the value of the basic security (after deducting from that value any mortgage debt of the borrower outstanding under a mortgage of the land), that the excess will be secured by the taking of security of a prescribed description in addition to the basic security, and

(d) is satisfied that no, or no more than one, other mortgage of the land which is to secure the advance is outstanding in favour of a person other than the society.

(5) The requirement in subsection (2)(d) and (4)(d) above shall be treated as satisfied if the advance is made on terms that the other mortgage is redeemed or postponed to the basic security.

(6) An advance for a deposit for the purchase of land is also a class 1 or class 2 advance according as it is made with a view to the making of a class 1 or class 2 advance secured on the land.

(7) Advances which would be class 2, and not class 1, advances by reason only that the extent of the residential use of the land is not such as to satisfy the requirement in subsection (2)(b) above shall be treated as class 1 advances if and to the extent prescribed by an order under section 12(5).

(8) For the purposes of the requirements of this Part for the structure of commercial assets—

(a) class 1 advances constitute class 1 assets, and

(b) class 2 advances constitute class 2 assets,

and accordingly the aggregate amount of mortgage debts outstanding in respect of class 2 advances counts in accordance with section 20 towards the limit applicable to class 2 assets under that section.

(9) For the purposes of subsections (2) and (4) above, where a building society makes an advance by instalments, any reference to the time when the society makes the advance is a reference to the time when it pays the first of the instalments, disregarding for this purpose any instalment which is to be applied towards payment of the deposit in respect of the purchase of the land which is to secure the advance.

(10) Subject to subsection (11) below, any land to which a building society becomes absolutely entitled by foreclosure or by release or other extinguishment of a right of redemption—

(a) shall as soon as may be conveniently practicable be sold or converted into money; and

(b) shall, until the sale or conversion, constitute a class 1 asset if the advance secured on the land was a class 1 advance and a class 2 asset if it was a class 2 advance.

(11) Where a building society which has for the time being adopted the powers conferred by section 17 becomes entitled to land as mentioned in subsection (10) above, and the land is land that may be held under that section, then, if the society—

(a) elects to hold the land under that section, or

(b) without such an election, retains the land after the expiry of the period of twelve months immediately following the date on which it so becomes entitled to the land.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

the society shall be taken to hold the land under that section.

(12) An election under subsection (11) above shall be made by resolution of the board of directors and shall be irrevocable.

(13) If a building society contravenes subsection (10) above the society shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale and so shall any officer who is also guilty of the offence.

(14) For the purposes of this Act, the mortgage debt at any time, in relation to an advance secured on land, is the total amount outstanding at that time in respect of—

(a) the principal of the advance;

(b) interest on the advance; and

(c) any other sum which the borrower is obliged to pay the society under the terms of the advance.

(15) The reference in subsection (10) above to land to which a building society becomes absolutely entitled by foreclosure includes a reference to land which a building society has acquired by virtue of a decree of foreclosure under section 28 of the [M6]Conveyancing and Feudal Reform (Scotland) Act 1970.

Modifications etc. (not altering text)

C21 S. 11(1)(2)(4)–(7)(9)–(13)(15) excluded by S.I. 1987/1498, art. 7, **Sch. 2 para. 2**

C22 S. 11(1)-(7), (9)-(13)(15) restricted (1. 7. 1992) by S.I. 1992/1547, **arts. 5**,6, Sch. 2

C23 S. 11(2)(*b*) extended by S.I. 1986/2169, **art. 5(2)**

C24 S. 11(3) excluded by S.I. 1986/2169, **art. 5(2)** and by S.I. 1987/1498, art. 7, **Sch. 2 para. 2**

Marginal Citations

M6 1970 c. 35.

12 Class 1 and class 2 advances: supplementary provisions.

(1) The Commission, by order in a statutory instrument, may as respects class 1 advances—

(a) specify the circumstances in which land is for a person's residential use,

(b) specify who are to be a person's dependants, and

(c) make such other incidental and supplementary and such transitional provision as the Commission considers necessary or expedient,

for the purposes of section 11(2); and in that subsection "prescribed" means prescribed in an order under this subsection.

(2) Without prejudice to the generality of subsection (1)(c) above, an order may prescribe evidence on which a building society is to be entitled to be satisfied (in the absence of evidence to the contrary) that the requirements of section 11(2) are fulfilled as respects an advance secured on land.

(3) The Commission, by order in a statutory instrument, may as respects class 2 advances—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) specify descriptions of security falling within this subsection which, for the purposes of paragraph (c) of section 11(4), may be taken for class 2 advances in addition to the basic security; and

(b) make such other incidental or supplementary and such transitional provision as it considers necessary or expedient for the purposes of paragraph (c) or (d) of that subsection;

and in that subsection "prescribed" means prescribed in an order under this subsection.

(4) The descriptions of additional security which fall within subsection (3)(a) above are guarantees, indemnities or other contractual promises made by virtue of, or by a public body established by or under, any enactment for the time being in force.

(5) The Commission, by order in a statutory instrument, may, as respects advances to be secured on land which is to any extent to be used for the residential use of borrowers or persons who are dependants of theirs for the purposes of section 11(2)—

(a) require so much of the amount to be advanced as is determined by or under the order to be treated as a class 1 advance;

(b) specify the circumstances in which and the conditions subject to which advances are to be so treated; and

(c) make such incidental, supplementary and transitional provision as the Commission considers necessary or expedient.

(6) The Commission shall not make an order under this section, except with the consent of the Treasury.

(7) An instrument containing an order under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(8) For the purpose of facilitating the repayment to a building society of a class 1 advance or a class 2 advance, the society may make to the borrower, by way of addition to the advance, a further advance of or towards the cost of a single premium payable in respect of an appropriate policy of life assurance; and a sum added to an advance under this subsection shall be treated as not forming part of the advance for the purpose of determining whether the requirements of section 11(2) or (4) are satisfied with respect to the advance.

(9) Where an advance secured on land in England and Wales or Northern Ireland is made, then, for the purpose of determining whether the land is subject to a prior mortgage for the purposes of section 11(2)(d) or (4)(d) above, any outstanding charge over the land which is registered—

(a) in the case of land in England and Wales, in the appropriate local land charges register, and

(b) in the case of land in Northern Ireland, in the statutory charges register under section 87 of, and Schedule 11 to, the [M7]Land Registration Act (Northern Ireland) 1970,

shall be disregarded.

(10) If at any time when a class 1 advance or a class 2 advance secured on land is outstanding the building society—

(a) is satisfied on a revaluation that the value of the basic security has changed,

(b) is satisfied that so much of the mortgage debt as represents the principal of the advance has changed,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) is satisfied on notice given to it by the borrower that there has been a change in the use of the land, or

(d) agrees to a change in the relative priority of the mortgage on which the advance is secured,

and is satisfied that the change is such that, if it were to make an advance equal to the mortgage debt at that time, the advance would instead be a class 2 advance or a class 1 advance, as the case may be, the advance shall be reclassified as from that time.

(11) Nothing in subsection (10) above re "quires a building society to revalue its securities from time to time.

(12) Every building society shall establish and maintain a system to ensure the safe custody of all documents relating to property mortgaged to the society.

(13) In this section “appropriate policy of life assurance", with reference to an advance, means a policy of insurance which satisfies the following requirements, that is to say—

(a) the life assured is that of the person to whom the advance is made or his spouse, his son or his daughter, and

(b) it provides, in the event of the death, before the advance has been repaid, of the person on whose life the policy is effected, for payment of a sum not exceeding the amount sufficient to defray the sums which are, at and after the time of the death, payable to the society in respect of the advance and any addition made in respect of the premium.

Modifications etc. (not altering text)

C25 S. 12(1)–(11)(13) excluded by S.I. 1987/1498, art. 7, **Sch. 2 para. 3**

C26 S. 12(1)-(11)(13) restricted (1. 7. 1992) by S.I. 1992/1547, **arts. 5**,6, Sch. 2

C27 S. 12(12) excluded (*temp*) by S.I. 1986/2168, **art. 12(2)**(*a*)

C28 S. 12(12) excluded by S.I. 1986/2168, **art. 12(1)**(*a*)

Marginal Citations

M7 1970 c. 18 (N.I.)

13 Security for advances: valuation and supplementary and related provisions.

(1) It shall be the duty of every director of a building society to satisfy himself that the arrangements made for assessing the adequacy of the security for any advance to be fully secured on land which is to be made by the society are such as may reasonably be expected to ensure that—

(a) an assessment will be made on the occasion of each advance whether or not any previous assessment was made with a view to further advances or re-advances;

(b) each assessment will be made by a person holding office in or employed by the society who is competent to make the assessment and is not disqualified under this section from making it;

(c) each person making the assessment will have furnished to him a written report on the value of the land and any factors likely materially to affect its value made by a person who is competent to value, and is not disqualified under this section from making a report on, the land in question;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

but the arrangements need not require each report to be made with a view to a particular assessment so long as it is adequate for the purpose of making the assessment.

(2) In relation to any land which is to secure an advance, the following persons are disqualified from making a report on its value, that is to say—

(a) the directors and any other officer or employee of the society who makes assessments of the adequacy of securities for advances secured on land or who authorises the making of such advances;

(b) where the society has made, or undertaken to make, to any person a payment for introducing to it an applicant for the advance, that person;

(c) where the advance is to be made following a disposition of the land, any person having a financial interest in the disposition of the land and any director, other officer or employee of his or of an associated employer; and

(d) where the advance is to be made following a disposition of the land, any person receiving a commission for introducing the parties to the transaction involving the disposition and any director, other officer or employee of his.

(3) In relation to any land which is to secure an advance where the advance is to be made following a disposition of the land, the following persons are disqualified from making an assessment of the security or authorising the making of the advance, that is to say—

(a) any person, other than the building society making the advance, having a financial interest in the disposition of the land and any director, other officer or employee of his or of an associated employer; and

(b) any person receiving a commission for introducing the parties to the transaction involving the disposition and any director, other officer or employee of his.

(4) Any person who, being disqualified from doing so—

(a) makes a report on any land which is to secure an advance,

(b) makes an assessment of the adequacy of the security for an advance, or

(c) authorises the making of an advance,

and in the case of a person making a report does so knowing or having reason to believe that the report will be used or is likely to be used for the purposes of the advance, shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale.

(5) For the purposes of this section, any two employers are associated if one is a body corporate of which the other (directly or indirectly) has control or if both are bodies corporate of which a third person directly or indirectly has control; and the expression "associated employer" shall be construed accordingly.

(6) In this section "commission" includes any gift, bonus or benefit and, for its purposes, a person shall be taken to have a financial interest in the disposition of any land if, but only if, he would, on a disposition of that land, be entitled (whether directly or indirectly, and whether in possession or not) to the whole or part of the proceeds of the disposition.

(7) Schedule 4 to this Act, which contains supplementary provisions as to mortgages, shall have effect.

Modifications etc. (not altering text)

C29 S. 13 modified by S.I. 1986/2169, **art. 6**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

C30 S. 13(7) excluded by S.I. 1987/1498, art. 7, **Sch. 2 para. 4**
C31 S. 13(7) restricted (1. 7. 1992) by S.I. 1992/1547, **arts. 5**,6, Sch. 2

Other advances secured on land

14 Power to make advances secured on land overseas.

(1) The appropriate authority may, with a view to conferring on building societies or building societies of particular descriptions powers to make advances to members secured on land outside the United Kingdom corresponding to the powers to make advances secured on land within the United Kingdom, by order—

(a) designate countries or territories outside the United Kingdom as countries or territories as respects which advances under this section may be made secured on the land;

(b) specify, or provide for the specification by direction of the Commission under the order of, the forms of security on land which may be taken for advances under this section, in any prescribed circumstances and subject to any prescribed conditions;

(c) determine, or provide for the determination under the order of, the classification of the advances (and accordingly of the mortgage debts) as class 1 advances or class 2 advances for the purposes of the requirements of this Part for the structure of commercial assets;

(d) provide for the application of the provisions of this Part applicable to advances secured on land to advances under this section with such modifications as appear to be appropriate;

(e) provide for any other provisions of this Act to have effect in relation to advances under this section with such modifications as appear to be appropriate; and

(f) make such incidental, supplemental or transitional provision as appears to be necessary or expedient.

(2) Any powers conferred on building societies under this section may be conferred on building societies of a specified description or all building societies other than those of a specified description.

(3) Where, by virtue of an order under subsection (1) above, advances are made by a building society on the security of land outside the United Kingdom, the aggregate amount of mortgage debts outstanding in respect of such of those advances as are class 2 advances under the order shall count in accordance with section 20 towards the limit applicable to class 2 assets under that section.

(4) Subsection (3) above is subject to any provision contained in the order.

(5) The “appropriate authority" for making an order under subsection (1) above is—

(a) as regards the relevant British overseas territories, the Commission acting with the consent of the Treasury, and

(b) as regards other countries or territories, the Treasury.

(6) An order under this section made as regards any of the relevant British overseas territories may make all or any of the powers conferred thereby exercisable by building societies without the need for adoption, but, in the absence of such a provision any

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

power conferred under this section must, in order to be exercisable by a building society, be adopted by the society.

(7) The power to make an order under subsection (1) above is exercisable by statutory instrument and, as regards the procedure applicable to such an order,—

(a) if the instrument designates other countries or territories than any of the relevant British overseas territories, the order shall not be made unless a draft of it has been laid before and approved by resolution of each House of Parliament, and

(b) if the instrument designates any relevant British overseas territory and no other country or territory, the instrument shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(8) In this section—

"relevant British overseas territories" means the Channel Islands, the Isle of Man and Gibraltar;

"security on land" includes any right or power in or over land to secure the payment of a debt and "secured on land" has a corresponding meaning;

"specified" means specified in an order under subsection (1) above;

and any reference to a provision of this Part is a reference to that provision as applied to advances under this section.

VALID FROM 03/01/1995

[F12 14A Power to participate in secured syndicated lending.

(1) Subject to subsection (2) below, a building society may participate in syndicated lending—

(a) as a member of the lending syndicate, or

(b) as a person whose rights as a participant arise under an arrangement with a member of the lending syndicate ("a sub-participant").

(2) Subsection (1) above only applies if—

(a) the syndicated lending is appropriately secured, and

(b) where the society's participation is as a sub-participant, the society's rights as such a participant are appropriately secured.

(3) The Commission may, with the consent of the Treasury, by order—

(a) make provision with respect to what constitutes appropriate security for the purposes of subsection (2)(a) or (b) above;

(b) make provision with respect to the classification, for the purposes of the requirements of this Part for the structure of commercial assets, of a society's participation under this section in syndicated lending; and

(c) provide for the application of the provisions of this Part, with such modifications as appear to the Commission to be appropriate, to a society's participation under this section in syndicated lending.

(4) The power conferred by subsection (3) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(5) A building society may only exercise the power conferred by this section if it has adopted it.**]**

Textual Amendments

F12 S. 14A inserted (3.1.1995) by 1994 c. 40, **ss. 17(1)**, 82(2)(a)

Other commercial assets

15 Loans for mobile homes.

(1) Subject to the provisions of this section, a building society may make mobile home loans to individuals, whether or not they are members of the society.

(2) A mobile home loan is a loan made for the purchase of a mobile home and secured by such security as the Commission may, with the consent of the Treasury, prescribe by order in a statutory instrument.

(3) No such loan shall be made unless the building society, when it makes the loan, is satisfied that—

(a) the borrower or a dependant of his of a prescribed description is or will be entitled under an agreement to which the [M8]Mobile Homes Act 1983 applies to station the mobile home on land forming part of a protected site;

(b) the mobile home is for the residential use of the borrower or a dependent of his of a prescribed description;

(c) the amount lent will not exceed the amount likely to be realised on a sale of the mobile home on the open market; and

(d) subject to subsection (4) below, no other security prescribed under subsection (2) above which is to secure the loan is outstanding in favour of a person other than the society.

(4) The requirement in subsection (3)(d) above shall be treated as satisfied if the loan is made on terms that the other loan is redeemed or postponed to it.

(5) A building society shall not make a mobile home loan to an individual if the principal exceeds—

(a) the limit for the time being imposed by or under subsection (7) below; or

(b) the balance remaining after deducting from that limit the aggregate of any other sums outstanding in respect of loans made under this section or section 16 by the society to that individual **[**[F13]and any facility limits agreed for the time being between the society and that individual**][**[F14]and also the cost of leasable chattels bailed under any current leasing agreement between the society and that individual**]**;

and if two or more loans under this section or this section and section 16 are made simultaneously by the society to the same individual they shall be treated for the purposes of this subsection as a single loan of an amount equal to the aggregate of the principal of each of those loans.

(6) Joint borrowers under this section shall be treated, for the purpose of the limit on loans under this section, as a single individual and any sums outstanding in respect of loans

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

made under this section or section 16 by the society to any one of the joint borrowers **[**F15and also the cost of leasable chattels bailed under any current leasing agreement between the society and any one of the joint borrowers are**]**to be taken into account in determining the balance available for any further loan to him or to him and any joint borrower with him **[**F16, and so is any facility limit which is agreed for the time being between the society and any one of the joint borrowers**]**.

(7) The limit on loans to any one individual under this section is £10,000 or such sum as the Commission may, with the consent of the Treasury, specify by order in a statutory instrument.

(8) Loans under this section constitute class 3 assets for the purposes of the requirements of this Part for the structure of commercial assets and accordingly the aggregate of the amounts outstanding in respect of—

(a) the principal of loans under this section,

(b) the interest on those loans, and

(c) any other sums which borrowers are obliged to pay the society under the terms of those loans,

counts in accordance with section 20 towards the limits applicable to class 3 assets under that section.

(9) The power conferred by this section is not available to a building society which does not for the time being have a qualitying asset holding, but the cessation of its availability does not require the disposal of any property or rights.

(10) The power conferred by this section on a building society, if available to it, must in order to be exercisable, be adopted by the society.

(11) An instrument containing an order under subsection (2) or (7) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(12) In this section—

[F17"facility limit" has the meaning which it has for the purposes of the Building Societies (Limited Credit Facilities) Order 1987;**]**

[F18"leasable chattels", "bailed" and "leasing agreement" have the meanings which they respectively bear in Part III of Schedule 1 to the Building Societies (Commercial Assets and Services) Order 1988 and "cost", in respect of any leasable chattel bailed by a building society, means the price at which it was acquired by the society;**]**

"mobile home" has the same meaning as "caravan" in Part I of the M9Caravan Sites and Control of Development Act 1960;

"prescribed", in relation to descriptions of dependants of borrowe rs, means such as are for the time being prescribed in an order under section 12(1) as respects class 1 advances; and

"protected site" has the same meaning as in the M10Mobile Homes Act 1983.

Textual Amendments

F13 Words inserted by S.I. 1987/1975, art. 8(1), **Sch. 1 para. 1**

F14 Words inserted by S.I. 1988/1141, art. 4(1), **Sch. 2 para. 1**

F15 Words substituted by S.I. 1988/1141, art. 4(1), **Sch. 2 para. 2**

F16 Words inserted by S.I. 1987/1975, art. 8(1), **Sch. 1 para. 2**

F17 Definition inserted by S.I. 1987/1975, art. 8(1), **Sch. 1 para. 3**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

F18 Definitions inserted by S.I. 1988/1141, art. 4(1), **Sch. 2 para. 3**

Marginal Citations

M8 1983 c. 34
M9 1960 c. 62
M10 1983 c. 34.

16 Power to lend to individuals otherwise than by class 1 or class 2 advances etc.

(1) Subject to the provisions of this section, a building society may, with or without security and whether or not at interest, lend money to individuals, whether or not they are members of the society.

(2) Advances fully secured on land do not constitute loans under this section except that an advance for a deposit for the purchase of land shall, if the purchase is not completed within the period of six months beginning with the date of the advance, be treated after the end of that period as a loan under this section and shall accordingly cease to be a class 1 or class 2 advance.

(3) Mobile home loans do not constitute loans under this section **[**F19and neither do bridging loans made under Part IV of Schedule 1 to the Building Societies (Commercial Assets and Services) Order 1988**]**.

(4) The power to lend money under this section includes power, as regards members of and depositors with the society, to lend on overdraft on such terms as the society thinks fit.

(5) Subject to subsection (9) below a building society shall not make a loan to an individual under this section if the principal exceeds—

(a) the limit for the time being imposed by or under subsection (8) below; or

(b) the balance remaining after deducting from that limit the aggregate of any other sums outstanding in respect of loans made under this section by the society to that individual **[**F20and any facility limits agreed for the time being between the society and that individual**][**F21and also the cost of leasable chattels bailed under any current leasing agreement between the society and that individual**]**;

and if two or more loans under thissection or this section and section 15 are made simultaneously by the society to the same individual they shall be treated for the purposes of this subsection as, in the case of loans under this section, a single loan of an amount equal to the aggregate of the principal of each of those loans and, in the case of loans under this section and section 15, as made on different occasions such that loans under section precede those made under that section.

(6) Subsection (5) above shall have effect (subject to subsection (9) below) in a case where a building society has made a loan under section 15 as if it precluded a building society from making a loan to an individual under this section if the principal exceeds—

(a) the limit referred to in paragraph (a) of it; or

(b) the balance referred to in paragraph (b) of it; or

(c) the balance remaining after deducting from the limit imposed by or under subsection (7) of that section the aggregate of any sums outstanding in respect of loans made under that section and under this section by the society to that individual **[**F22and any facility limits agreed for the time being between the

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

society and that individual**]**[F23and also the cost of leasable chattels bailed under any current leasing agreement between the society and that individual**]**.

(7) Joint borrowers under this section shall be treated, for the purpose of the limit on loans under this section, as a single individual and any sums outstanding in respect of loans made under this section or section 15 by the society to any one of the joint borrowers **[**F24and also the cost of leasable chattels bailed under any current leasing agreement between the society and any one of the joint borrowers are**]** to be taken into account in determining the balance available for any further loan to him or to him and any joint borrower with him **[**F25, and so is any facility limit which is agreed for the time being between the society and any one of the joint borrowers**]**.

(8) The limit on loans to any one individual under this section is £5,000 or such other sum as the Commission may, with the consent of the Treasury, specify by order in a statutory instrument.

(9) The limit on loans to any one individual under this section does not apply to an advance for a deposit for the purchase of land which has come to be treated as a loan under this section and accordingly no account shall be taken of it for the purposes of subsection (5) above.

(10) An order under subsection (8) above may specify different sums as the limit in relation to individuals in different circumstances.

(11) Loans under this section constitute class 3 assets for the purposes of the requirements of this Part for the structure of commercial assets and accordingly the aggregate of the amounts outstanding in respect of—

(a) the principal of loans under this section,

(b) the interest on those loans,and

(c) any other sums which borrowers are obliged to pay the society under the terms of those loans,

counts in accordance with section 20 towards the limits applicable to class 3 assets under that section.

(12) The power conferred by this section is not available to a building society which does not for the time being have a qualifying asset holding, but the cessation of its availability does not require the disposal of any property or rights.

(13) The powers conferred by this section on a building society, if available to it, must, in order to be exercisable, be adopted by the society.

(14) An instrument containing an order under subsection (8) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(15) If at any time when a loan under this section which is secured by a mortgage of any land is outstanding, the building society is satisfied—

(a) on a revaluation, that the value of the security has changed,

(b) on notice given to it by the borrower that there has been a change in the use of the land, or

(c) on such notice, that there has been a change in the relative priority of the mortgage,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

and that the change is such that, if it were to make a loan equal to the mortgage debt at that time and on that security, the loan would be a class 1 advance or, as the case may be, a class 2 advance, then the outstanding loan shall be reclassified as from that time.

(16) Nothing in subsection (15) above requires a building society to revalue its securities from time to time.

[F26(17) In this section—

"facility limit" has the meaning which it bears in the Building Societies (Limited Credit Facilities) Order 1987; and

"leasable chattels", "bailed" and "leasing agreement" have the meanings which they respectively bear in Part III of Schedule 1 to the Building Societies (Commercial Assets and Services) Order 1988 and "cost", in respect of any leasable chattel bailed by a building society, means the price at which it was acquired by the society.**]**

Textual Amendments

F19 Words inserted by S.I. 1988/1141, art. 4(2), **Sch. 3 para. 1**
F20 Words inserted by S.I. 1987/1975, art. 8(2), **Sch. 2 para. 1**
F21 Words inserted by S.I. 1988/1141, art. 4(2), **Sch. 3 para. 2**
F22 Words inserted by S.I. 1987/1975, art. 8(2), **Sch. 2 para. 2**
F23 Words inserted by S.I. 1988/1141, art. 4(2), **Sch. 3 para. 3**
F24 Words substituted by S.I. 1988/1141, art. 4(2), **Sch. 3 para. 4**
F25 Words inserted by S.I. 1987/1975, art. 8(2), **Sch. 2 para. 3**
F26 S. 16(17) added by S.I. 1987/1975, art. 8(2), **Sch. 2 para. 4** and substituted by S.I. 1988/1141, art. 4(2), **Sch. 3 para. 5**

17 Power to hold and develop land as commercial asset.

(1) Subject to subsections (2), (9) and (11) below, a building society may acquire, hold and dispose of land in the United Kingdom for purposes other than those for which it may acquire, hold or dispose of land under section 6 or 10.

(2) Land may not be acquired or held or disposed of by way of lease under this section except where the land is or is to be used—

(a) primarily for residential purposes, or

(b) for purposes incidental to the use of adjoining land held or to be held by the society which is or is to be used primarily for residential purposes.

(3) A building society may develop or participate in developing for use for residential purposes or purposes connected with the residential use of land any land it holds under this section.

(4) If land acquired under this section ceases to be used for the purposes authorised by subsection (2) above the society shall sell its estate or interest in the land as soon as it is conveniently practicable without undue loss to the society.

(5) Land held under this section constitutes a class 3 asset for the purposes of the requirements of this Part for the structure of commercial assets and accordingly the aggregate value of all land so held counts in accordance with section 20 towards the limits applicable to class 3 assets under that section.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) Premises held under section 6, by virtue of subsection (5) of that section, shall, in prescribed circumstances, be treated in their entirety (and regardless of their use) as land held under this section for the purposes of the requirements of this Part for the structure of commercial assets and subsection (5) above applies accordingly.

(7) The Commission, with the consent of the Treasury, may by order made by statutory instrument make such provision for the purposes of subsection (6) above as it thinks fit and in that subsection "prescribed" means prescribed in an order under this subsection.

(8) An instrument containingan order under subsection (7) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(9) Except as provided in subsection (10) below, the powers conferred by this section are not available to a building society which does not for the time being have a qualifying asset holding, but the cessation of their availability does not require the disposal of any property or rights.

(10) A building society which does not for the time being have a qualifying asset holding may acquire, hold and dispose of land which is or is to be used for residential purposes if the purpose of the acquisition and holding of the land is to enable the society to make advances on the security of equitable interests in the land in the circumstances authorised by an order under section 10(6).

(11) The powers conferred by this section on a building society, if available to it, must in order to be exercisable, be adopted by the society.

Modifications etc. (not altering text)
C32 S. 17 extended by S.I. 1987/1942, **art. 3**
C33 S. 17(10) excluded by S.I. 1986/2099, **art. 8**

18 Power to invest in subsidiaries and other associated bodies.

(1) Subject to the following provisions of this section, a building society may—

(a) acquire and hold shares or corresponding membership rights in bodies corporate and form or take part in forming bodies corporate, and

(b) provide bodies corporate in which it holds shares or such rights or to which it is, for the purpose of any power under this section, linked by resolution with any of the following supporting services—

(i) loans of money, with or without security and whether or not at interest,

(ii) grants of money, whether or not repayable,

(iii) guarantees of the discharge of their liabilities, and

(iv) the use of services or property, whether or not for payment;

and in this section "invest" means the exercise of any of the powers conferred by paragraph (a) and "support" means the exercise of any of the powers conferred by paragraph (b) above.

(2) A building society may invest in or support the following bodies corporate (referred to as "qualifying bodies") but no others, that is to say—

(a) companies or industrial and provident societies;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) bodies formed in another member State for the purpose of carrying on in another member State businesses which consist wholly or mainly in lending money on the security of land and do not (where that is not the whole business) include lending on land in the United Kingdom (referred to as "corresponding European bodies"), and

(c) bodies corporate (whether or not falling within paragraph (a) or (b) above) designated as suitable for investment and support or for support for the purposes of this section by an order (referred to as "a designation order") made by the Commission with the consent of the Treasury.

(3) A designation order may—

(a) designate a particular body or designate descriptions of bodies corporate,

(b) make different provision for different descriptions of building society,

(c) determine, or provide for the determination under the order of, the extent to which, the purposes for which, and the conditions subject to which, investment or support is permitted, and

(d) make such transitional and consequential provision as the Commission considers necessary or expedient.

(4) Subject to subsection (5) below, a building society shall not invest in or support a qualifying body so as to enable that body on its own account, in the United Kingdom, to—

(a) lend money to members of the public on the security of land by loans corresponding to advances secured on land,

(b) accept deposits of money otherwise than in such circumstances that their acceptance would not constitute its business a deposit-taking business or in the course of or for the purposes of providing a service for the time being specified in Part I of Schedule 8 to this Act;

but, subject to that, it may invest in or support a qualifying body so as to enable that body to carry on any activity which it is within the powers of the society to carry on, but, subject to subsection (5) below, no others.

(5) In the case of a qualifying body designated, or included in a description of bodies designated, by a designation order a building society may also invest in or support it for such purposes as are permitted by or under the designation order.

(6) Subject to subsection (7) and (8) below, a building society shall not invest in or support a qualifying body whose objects enable it—

(a) to carry on activities which are outside the powers of the society,

(b) to invest in other bodies corporate, or

(c) to support other bodies corporate;

but this does not imply that it is unlawful for the society to complete the performance of any contractual obligations lawfully incurred in providing a supporting service.

(7) Subsection (6) above shall not operate so as to restrict a building society's powers under this section in relation to a corresponding European body.

(8) Subsection (6) above shall not prevent a building society from investing in or supporting a qualifying body—

(a) if that body is, in relation to the society, a designated body and the investment or support is made in accordance with the designation order,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) if, not being a body whose objects enable it to carry on activities outside the powers of the society, the investment or support is made or given with the consent of the Commission and subject to any conditions specified in the instrument giving the consent, or

(c) for a period of three months, pending the alteration of the objects of that body.

(9) For the purposes of any power conferred by this section a body corporate is "linked by resolution" to a building society if the board of directors of the society has passed a resolution making that power exercisable in relation to that body and the resolution is in force.

(10) No power to invest in or support a corresponding European body is available to a building society which does not for the time being have a qualifying asset holding, but the cessation of its availability by virtue of this subsection does not require the disposal of any property or rights.

(11) The powers conferred by this section on a building society, if available to it, must, in order to be exercisable, be adopted by the society and must be adopted in their entirety without any restriction except a restriction with reference to the description of body corporate in relation to which the powers to invest in or support are to be exercisable.

(12) A building society whose board of directors has passed a resolution in pursuance of subsection (9) above shall send three copies of a record of the resolution signed by the secretary of the society to the central office and paragraph 4(3), (4) and (5) of Schedule 2 to this Act shall apply as it applies to a record of the alteration of a building society's powers.

(13) Where the board of directors of a building society passes a resolution rescinding a resolution passed in pursuance of subsection (9) above the society shall send three copies of a record of the rescinding resolution signed by the secretary of the society to the central office and paragraph 4(3), (4) and (5) of Schedule 2 to this Act shall apply as it applies to a record of the alteration of a building society's powers, but subject to subsection (14) below.

(14) No rescinding resolution shall be registered without the consent of the Commission.

(15) Where, by virtue of this section, property is held by a building society the property shall constitute class 3 assets for the purposes of the requirements of this Part for the structure of commercial assets and"accordingly the aggregate value of the property shall count in accordance with section 20 towards the limits applicable to class 3 assets under that section.

(16) The power to make an order under subsection (2)(c) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(17) In this section—

"company" means a company within the meaning of the [M11]Companies Act 1985 or the [M12]Companies (Northern Ireland) Order 1986;

"corresponding membership rights", in relation to a body corporate, means such rights (other than rights arising from the holding of shares) as are attributable to membership of the body;

"deposit" and "deposit-taking business" have the same meaning as in **[**[F27]the Banking Act 1987**]**;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"industrial and provident society" means a society registered under the [M13]Industrial and Provident Societies Act 1965 or, in Northern Ireland, the [M14]Industrial and Provident Societies Act (Northern Ireland) 1969;

"property" includes rights of any description;

and in this Act "associated body", in relation to a building society, means a body as respects which any of the following conditions is satisfied, that is to say—

(i) the body is one in which the society holds shares or corresponding membership rights, or

(ii) the body is one to which the society is linked by resolution, or

(iii) the body is one in which, by virtue of subsection (8)(b) above, shares or corresponding membership rights are held by a body which falls within (i) or (ii) above;

and "associated" shall be construed accordingly.

Subordinate Legislation Made

P2 S. 18: for exercise of power,see Index to Government Orders.

P3 S. 18(2)(c) power exercised by S.I. 1991/357.
s. 18(2)(c) power exercised (10.6.1991) by S.I. 1991/1358 .
S. 18(2)(c): s. 18(2)(c) power exercised (11.11.1991) by S.I.1991/2581

Textual Amendments

F27 Words substituted by Banking Act 1987 (c. 22, SIF 10), s. 108(1), **Sch. 6 para. 26(1)**

Modifications etc. (not altering text)

C34 S. 18 modified by S.I. 1987/1498, art. 7, **Sch. 2 para. 5**

C35 S. 18 modified (1.7.1992) by S.I. 1992/1547, arts.5, 6, **Sch. 2**

Marginal Citations

M11 1985 c. 6.

M12 S.I. 1986/1032 (N.I. 6).

M13 1965 c. 12.

M14 1969 c. 24 (N.I.).

19 Power for Treasury to add powers to hold other descriptions of class 3 assets.

(1) The Treasury may, with a view to extending or altering, or extending to other descriptions of building societies, the forms of property which are to constitute class 3 assets in the hands of building societies or building societies of particular descriptions, by order—

(a) specify forms of property which a building society is to have power to acquire, hold and dispose of as assets of that class, subject to any specified conditions or restrictions;

(b) without prejudice to paragraph (a) above, specify descriptions of bodies corporate shares or other interests or rights in which a building society is to have power to acquire, hold and dispose of as assets of that class, subject to any specified conditions or restrictions;

(c) make any amendments of or repeals in this Act which are consequential on the exercise of its powers under paragraph (a) or (b) above;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(d) make such incidental, supplemental or transitional provision as it considers necessary or expedient.

(2) The powers conferred by subsection (1) above may be exercised so as to apply in relation to property situated or bodies incorporated within the United Kingdom or any other member State or other country or territory and so as to be exercisable for purposes other than the purposes of building societies under the powers conferred on them for the time being by or under this Act.

(3) Any powers conferred on building societies under this section may be conferred on building societies of a specified description or all building societies other than those of a specified description.

(4) Any power conferred on a building society under this section, if available to it, must, in order to be exercisable, be adopted by the society.

(5) Where, by virtue of an order under subsection (1)(a) or (b) above, property is held by a building society the property shall constitute class 3 assets for the purposes of the requirements of this Part for the structure of commercial assets and accordingly the aggregate value of the property, as determined in accordance with the order, shall count in accordance with section 20 towards the limits applicable to class 3 assets under that section.

(6) Subsection (5) above is subject to any provision contained in the order.

(7) The power to make an order under subsection (1) above is exercisable by statutory instrument but no such order shall be made unless a draft of the order has been laid before and approved by a resolution of each House of Parliament.

(8) In this section—

"property" includes rights of any description; and

"specified" means specified in an order under subsection (1) above.

Commercial asset structure requirements

20 Commercial asset structure requirements for building societies.

(1) The requirements for the structure of commercial assets applicable to building societies are the following.

(2) The class 2 assets or, if it has class 3 assets, the aggregate of the class 2 and class 3 assets held by a building society at the end of a financial year shall not exceed whichever is the greater of—

(a) 10 per cent. of the total commercial assets held by the society at that time, or

(b) an amount corresponding to that percentage of the total commercial assets held by the society at the end of the preceding financial year.

(3) The class 3 assets (if any) held by a building society at the end of a financial year shall not exceed whichever is the greater of—

(a) 5 per cent. of the total commercial assets held by the society at that time, or

(b) an amount corresponding to that percentage of the total commercial assets held by the society at the end of the preceding financial year.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(4) The Treasury may by order made by statutory instrument direct that subsection (2) or (3) above shall have effect during the currency of the order as if such percentage as is specified in the order were substituted for the percentage specified in that subsection, not being a percentage greater than 25 per cent. in the case of subsection (2) and 15 per cent. in the case of subsection (3) above.

(5) An order under subsection (4) above may—

(a) divide class 3 assets into sub-classes for the purposes of the order by reference to the provision of or made under this Part from which they arise;

(b) subject to subsection (6) below, prescribe different limits for different sub-classes; and

(c) make such transitional provision as appears to the Treasury to be necessary or expedient;

and any reference in this Act to a limit for a class of commercial assets shall, if a limit is in force under subsection (4) above for any sub-class of class 3 assets, be construed as including a reference to the limit for that sub-class.

(6) No order under subsection (4) above shall prescribe as a limit for a sub-class of class 3 assets a percentage of total commercial assets less than the percentage in force immediately before the making of the order for that sub-class or, if the subclass is created by the order, for class 3 assets generally

(7) An order under subsection (4) above shall not be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

(8) The amount or value of the assets of any class of a building society for the purposes of this section is the amount or value as shown in the latest balance sheet or such other amount or value as the Commission determines to be the correct or, as the case requires, appropriate amount or value; and where the Commission determines an amount or value under this subsection the appropriate alterations shall be noted against the annual accounts of the society kept in the public file of the society.

(9) In determining for the purposes of this section the asset holding of a building society with which another body corporate is associated there shall, subject to subsection (12) below, be attributed to the society, in accordance with aggregation rules made by the Commission with the consent of the Treasury under this subsection, the whole or part of the assets of whatever description of the associated body, as provided in the rules and subject to any exceptions provided in the rules.

(10) The power to make aggregation rules under subsection (9) above includes power to make—

(a) different rules for different circumstances,

(b) provision for assets of societies to be disregarded,

(c) provision for assets to be attributed to any class of assets of societies, and

(d) such supplementary, transitional and saving provisions as appear to the Commission to be necessary or expedient.

(11) The power to make aggregation rules under subsection (9) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(12) The Commission may, on the application of a building society, approve rules to be applied for the purposes of this section for the attribution to the society of assets of

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

bodies associated with the society; and so long as the rules continue to be approved by the Commission they, and not the aggregation rules in force under subsection (9) above, shall apply for the attribution of assets for the purposes of this section.

(13) If the commercial assets of any class of a building society exceed the limits in force under this section the powers conferred on the Commission by section 36 shall become exercisable in relation to the society, but exceeding the limit shall not affect the validity of transactions effected in excess of it nor require the disposal of any assets.

Modifications etc. (not altering text)

C36 S. 20 modified (*temp.*) by S.I. 1986/2168, **art. 8(3)**

C37 S. 20 modified by S.I. 1986/2168, **art. 4(2)**(*a*)(i)(3)

C38 S. 20 amended (*temp.*) by Building Societies (Limits on Commercial Assets) Order 1988, S.I. 1988/1142, **art. 2**

C39 S. 20(2)(3) excluded by S.I. 1986/2168, **art 5**

Liquid assets

21 Liquid assets.

(1) Subject to the following provisions of this section, a building society shall secure that, of its total assets, it keeps such a proportion of them having such a composition as will at all times enable the society to meet its liabilities as they arise.

(2) A building society may keep assets of an authorised character beyond those required for the purpose of complying with subsection (1) above.

(3) Subject to subsections (5) and (6) below, the assets held by a building society under subsection (1) or (2) above—

(a) shall not exceed in the aggregate a proportion of its total assets greater than 33 per cent., and

(b) shall be composed of assets of an authorised character and no others;

but, subject to that, a building society, in deciding on the composition and proportion appropriate for the purpose of complying with subsection (1) above, shall have regard to the range and scale of its business and the composition and character of its assets and liabilities.

(4) Subsection (3) above, in its application to a building society with which other bodies corporate are associated, is to be read as requiring the society to have regard to the range and scale of the business, and the composition and character of the assets and liabilities, of the society and the associated bodies.

(5) The Commission may, by order made with the consent of the Treasury, direct that this section shall have effect during the currency of the order as if such percentage as if specified in the order were substituted for the percentage specified in subsection (3) above; but any order under this subsection shall expire (unless previously revoked) at the end of the period of twelve months beginning with the day on which the order came into operation.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) The Commission may, at any time, by notice to a building society, direct that the limit in force under this section shall not, subject to any conditions specified in the notice, apply to the society during such period as the Commission specifies in the notice.

(7) Regulations to be known as liquid asset regulations shall be made by the Commission, with the consent of the Treasury, for the purposes of this section and such regulations—

(a) shall prescribe descriptions of assets as assets of a character which societies may, in any prescribed circumstances and subject to any prescribed conditions, hold under this section for the purpose of meeting their liabilities as they arise,

(b) may make different provision for different descriptions of building societies, and

(c) may make such supplementary or incidental provision and such transitional provision as appears to the Commission to be necessary or expedient.

(8) The power to make an order or regulations under subsection (5) or (7) above is exercisable by statutory instrument which shall be subject to annulmentin pursuance of a resolution of either House of Parliament.

(9) If the assets of a building society which are kept in the form directed by subsection (1) above exceed at any time the percentage in force under this section at that time the powers conferred on the Commission by section 36 shall become exercisable in relation to the society, but exceeding the limit shall not affect the validity of transactions effected in excess of it.

(10) In this section—

"authorised", in relation to the character of assets, means authorised by regulations under subsection (7) above for the purpose specified in paragraph (a) of that subsection;

"business" includes business the society proposes to carry on; and

"prescribed" means prescribed in regulations under subsection (7) above.

Subordinate Legislation Made

P4 S. 21: for exercises of this power before 01.02.1991 see Index to Government Orders

P5 S. 21(7): s. 21(7) power exercised (30.07.1991) by S.I. 1991/1785
S. 21(7): s. 21(7) power exercised (11.11.1991) by S.I. 1991/2580

Liabilities of associated bodies

22 Obligation to meet liabilities of associated bodies.

(1) If a body corporate is linked by resolution with a building society or is a subsidiary of the society, then, subject to subsection (2) below, the building society is under an obligation by virtue of this section to discharge the liabilities of that associated body in so far as that body is unable to discharge them out of its own assets.

(2) The obligation so imposed does not extend to the liabilities of the associated body to its members other than the building society with which it is associated.

(3) Any expression used in this section and section 18 has the same meaning in this section as in that section.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Other powers

23 Power to hedge.

(1) Subject to subsections (3) and (4) below, a building society may effect contracts of a prescribed description for the purpose of reducing the risk of loss arising from changes in interest rates, currency rates or other factors of a prescribed description which affect its business.

(2) The Commission, with the consent of the Treasury, may by order—

(a) specify as contracts which building societies have power to effect under this section descriptions of contract whose purpose or one of whose purposes is the reduction of the risk to businesses of loss arising from the factors specified in subsection (1) above or other similar factors, and

(b) regulate, or provide for the regulation of, the terms on which, the persons or descriptions of persons with whom, and the circumstances in which, contracts of a description specified under paragraph (a) above, may be effected by building societies.

(3) Except as provided under subsection (4) below, the powers conferred by this section are not available to a building society which does not for the time being have a qualifying asset holding, but the cessation of their availability does not require the disposal of any property or rights.

(4) The Commission, with the consent of the Treasury, may by order provide that subsection (3) above shall not have effect, as regards prescribed powers, in relation to prescribed descriptions of building societies.

(5) The powers conferred by this section on a building society, if available to it, must, in order to be exercisable, be adopted by the society.

(6) The power to make an order under subsection (2) or (4) above—

(a) includes power to make such transitional provision as the Commission considers necessary or expedient, and

(b) is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(7) In this section "prescribed" means prescribed in an order under subsection (2) or (4) above, as the case may be.

Subordinate Legislation Made

P6 S. 23(2): s. 23(2) power exercised (11.11.1991) by S.I.1991/2582
S. 23: for exercises of this power before 1.2.1991 see Index to Government Orders.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

PART IV

PROTECTION OF INVESTORS

Modifications etc. (not altering text)
C40 Pt. IV (ss. 24-33) modified (1.7.1995) (*temp.* until 31.12.1999) by S.I. 1995/1442, **reg. 54(2)**

Investor Protection Scheme

24 The Building Societies Investor Protection Board.

(1) There shall be a body corporate to be known as the Building Societies Investor Protection Board (in this Part referred to as "the Board") which—

(a) shall hold, manage and apply in accordance with the protective scheme provisions of this Part a fund to be known as the Building Societies Investor Protection Fund (referred to in those provisions as "the Fund"); and

(b) shall, if it so determines under section 26 in relation to a building society which has become insolvent, levy contributions to the Fund from authorised building societies in accordance with that section; and

(c) shall have such other functions as are conferred on the Board by the protective scheme provisions of this Part.

(2) Schedule 5 to this Act shall have effect with respect to the constitution of the Board and the procedural and other matters there mentioned.

(3) In this Act "the protective scheme provisions" means sections 25 to 29.

25 The Investor Protection Fund.

(1) The Fund shall consist of—

(a) contributions levied from building societies under section 26;

(b) moneys borrowed by the Board under section 26(14);

(c) income credited to the Fund in accordance with subsection (3) below;

(d) payments made to the Board under subsection (6) below; and

(e) money credited to the Fund in accordance with section 29.

(2) The moneys constituting the Fund from time to time shall be placed by the Board in an account with the Bank of England.

(3) So far as possible, the Bank of England shall invest moneys placed with it under subsection (2) above in Treasury bills; and any income from moneys so invested shall be credited to the Fund.

(4) The administrative expenses of the Board shall be defrayed out of the Fund.

(5) There shall be chargeable to the Fund—

(a) payments to meet adminstrative expenses of the Board in accordance with subsection (4) above;

(b) moneys required for the repayment of the Board's borrowings, and interest thereon, under section 26(14); and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) payments to investors under section 27 and any expenses incurred in connection with the making of such payments;

(d) payments to contributory societies under section 29(7);

and, in the protective scheme provisions of this Part—

[[F28]"authorised institution" means an institution authorised under the Banking Act 1987**]**

"the expenses attributable to the insolvency", with reference to a building society insolvency, means all the sums chargeable to the Fund under paragraphs (a) to (d) above in respect of that insolvency except that, in the case of payments to meet administrative expenses of the Board, it means so much only of those expenses as the Board determines shall be attributed to the insolvency; and

"insolvency payments to investors" means the payments under section 27 referred to in paragraph (c) above, and "insolvency payment" has a corresponding meaning; and

[F29].

(6) The Commission shall, at the request of the Board, make payments to it towards the administrative expenses of the Board.

(7) In so far as the Board authorises any **[**[F30]authorised institution**]** or building society to receive on its behalf any contributions levied by the Board and to make on its behalf any of the insolvency payments to investors out of the sums so received, the sums so received need not be paid into the Fund and payments need not be made out of the Fund but shall be treated as if they were respectively comprised in and charged on the Fund and shall be accounted for accordingly

Textual Amendments

F28 Definition inserted by Banking Act 1987 (c. 22, SIF 10), s. 108(1), **Sch. 6 para. 26(2)**

F29 Definitions repealed by Banking Act 1987 (c. 22, SIF 10), s. 108, Sch. 6 para. 26(2), **Sch. 7 Pt. I**

F30 Words substituted by Banking Act 1987 (c. 22, SIF 10), s. 108(1), **Sch. 6 para. 26(3)**

Modifications etc. (not altering text)

C41 S. 25 extended (1. 1. 1993) by S.I. 1992/3218, reg. 82(1), **Sch. 10 Pt. I para.22(b)**

VALID FROM 01/07/1995

[[F31]25A Meaning of insolvency etc.

(1) For the purpose of the protective scheme provisions of this Part, a building society becomes insolvent—

(a) on the making by the Commission of a determination that, for reasons which directly relate to the society's financial circumstances, the society—

(i) is unable to repay investments which are due and payable; and

(ii) has no current prospect of being able to do so; or

(b) on the making by a court in any part of the United Kingdom, or in another EEA State, of a judicial ruling which—

(i) directly relates to the society's financial circumstances; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(ii) has the effect of suspending the ability of investors to make claims against the society,

but only if investments made with the society have become due and payable and have not been repaid; and the occurrence of any of those events in those circumstances constitutes a 'participating institution insolvency' for the purposes of those provisions.

(2) For the purposes of the protective scheme provisions of this Part, a participating EEA institution becomes insolvent—

(a) on the making by the supervisory authority in the institution's home State of a declaration that investments held by the institution are no longer available; or

(b) on the making by a court in any part of the United Kingdom, or in an EEA State other than the institution's home State, of a judicial ruling which—

(i) directly relates to the institution's financial circumstances; and

(ii) has the effect of suspending the ability of investors to make claims against the institution,

but only if, in a case falling within paragraph (b) above, investments made with the society have become due and payable and have not been repaid; and the occurrence of any of those events, in those circumstances in a case falling within that paragraph, constitutes a 'participating institution insolvency' for the purposes of those provisions.

(3) For the purposes of the protective scheme provisions of this Part—

(a) a participating institution which has become insolvent by virtue of such a determination or declaration as is mentioned in subsection (1)(a) or (2)(a) above ceases to be insolvent on any withdrawal of the determination or declaration; and

(b) a participating institution which has become insolvent by virtue of such a judicial ruling as is mentioned in subsection (1)(b) or (2)(b) above ceases to be insolvent on any reversal of the ruling (whether on appeal or otherwise).

(4) In relation to a building society, it shall be the duty of the Commission—

(a) to make such a determination as is mentioned in subsection (1)(a) above within 21 days of its being satisfied as there mentioned; and

(b) to withdraw such a determination within 21 days of its ceasing to be so satisfied.

(5) In this section 'investment'—

(a) in relation to a building society or Irish building society, means a deposit with or a share in the society;

(b) in relation to any other participating institution, means a deposit with the institution.**]**

Textual Amendments

F31 S. 25A inserted (1.7.1995) by S.I. 1995/1442, **reg. 38** (with transitional and transitory provisions in regs. 53(2), 54(2))

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Modifications etc. (not altering text)

C42 S. 25A(4)(a) modified (1.7.1995) by S.I. 1995/1442, **reg. 53(4)** (with transitory provisions in reg. 54(2))

26 Power to levy contributions and to borrow money in event of insolvency.

(1) For the purposes of the protective scheme provisions of this Part a building society becomes insolvent—

(a) on the making of a winding-up order against it,

(b) on the passing of a resolution for a creditor's voluntary winding up, or

(c) on the holding of a creditors' meeting summoned under section 95 of the [M15]Insolvency Act 1986 or **[**[F32]Article 81 of the Insolvency (Northern Ireland) Order 1989**]** (effect of insolvency on members' voluntary winding up);

and the occurrence of any of those events constitutes a "building society insolvency" for the purposes of those provisions.

(2) If a building society becomes insolvent the Board may levy contributions to the Fund for the purposes of making insolvency payments to investors at such level of investor protection as the Board determines under section 27 and meeting the other expenses attributable to the insolvency.

(3) All building societies (other than the insolvent building society) authorised on the date of the insolvency are liable to contribute to the Fund and are in the protective scheme provisions of this Part referred to as "contributory societies".

(4) If, on a building societybecoming insolvent, the Board determines to levy contributions under subsection (2) above then, subject to subsection (10) below, it shall levy a contribution from each of the contributory societies and the amount of the contribution due from a society shall be determined by applying to its share and deposit base a percentage determined by the Board for the purpose of the contributions levied to meet the expenses attributable to the insolvency.

(5) The Board, in determining for the purposes of a building society insolvency

(a) whether or not to levy contributions and, if so,

(b) the percentage to be applied under subsection (4) above to the share and deposit bases of the contributory societies, and

(c) the level of investor protection to be given by the insolvency payments to investors,

shall have regard to the factors specified in subsection (6) below.

(6) Those factors are-

(a) the amount available to meet the expenses attributable to the insolvency from the contributions leviable from contributory societies, and

(b) the amount of the expenses attributable to the insolvency at any level of investor protection.

(7) If it appears to the Board, as respects a building society insolvency, that the contributions it has levied will be insufficient to make the insolvency payments to investors at the level of investor protection determined by the Board under section 27, the Board may levy further contributions under subsection (2) above from the contributory societies.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Contributions to the Fund shall be levied on a contributory"society by the Board by service on the society of a notice specifying the amount (or further amount) due, which shall be paid by the society not later than twenty-one days after the date on which the notice is served.

(9) In relation to any contribution, the share and deposit base of a contributory society is such amount as represents the aggregate of so much of the society's liablilities as is referable to sums deposited with the society or to shares in the society as shown in the latest balance sheet sent to the Commission in accordance with section 81.

(10) No contributory society shall be required to pay a contribution if, or to the extent that, the amount of that contribution, together with previous contributions levied under this section for the purposes of any building society insolvency, after allowing for any repayments made to it under section 29, amounts to more than 0.3 per cent. of the society's share and deposit base as ascertained for the purposes of the contribution in question.

(11) Nothing in subsection (10) above—

(a) shall entitle a society to repayment of any contribution previously made, or

(b) shall prevent the Board from proceeding to levy contributions from other contributory societies in whose case the limit in that subsection has not been reached.

(12) The Treasury may, after consultation with the Board, by order made by statutory instrument, amend subsection (10) above so as to substitute for the percentage for the time being specified in that subsection such other percentage as may be specified in the order.

(13) No order shall be made under subsection (12) above unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

(14) If, as respects a building society insolvency, it appears to the Board desirable to do so for the purpose of facilitating the making of insolvency payments to investors, the Board may borrow temporarily for that purpose subject, however, to the limit imposed by subsection (15) below.

(15) The aggregate of the amounts outstanding in respect of the principal of and interest due on sums borrowed under subsection (14) above shall not at any time exceed the aggregate of the sums leviable at that time from contributory societies for the purposes of any insolvency.

(16) Any sums borrowed by the Board under subsection (14) above in respect of a building society insolvency shall be repaid as soon as practicable after the contributions levied in respect of the insolvency have been paid by the contributory societies.

(17) In this section "the level of investor protection", in relation to insolvency payments to investors, means the proportion applicable for the purpose of calculating the amount of those payments under section 27.

Textual Amendments

F32 Words in s. 26(1)(c) substituted (N.I.) (01.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 42**; S.R. 1991/411, **art.2**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Modifications etc. (not altering text)
C43 S. 26(9) modified by S.I. 1986/2169, **art. 8**

Marginal Citations
M15 1986 c. 45.

27 Payments to investors.

(1) Subjec t to the provisions of this section, if a building society becomes insolvent and the Board determines under section 26 to levy contributions for the purpose of making payments to investors under this section the Board shall as soon as practicable pay out of the Fund to persons who have at the date of the determination protected investments in the building society amounts equal to Part IVthe proportion of their protected investments applicable under subsection (2) below for the purpose of calculating the amount of those payments.

(2) The proportion applicable for that purpose is 90 per cent. or such lesser proportion as the Board determines to apply instead of it where it considers it expedient to do so having regard to the factors specified in section 26(6).

(3) A person claiming to be entitled to a payment under this section in respect of his protected investment in an insolvent building society shall make his claim in such form, with such evidence proving it, and within such period, as the Board directs and either to the Board or to such other **[**F33authorised institution**]** or building society authorised by the Board to make the payments on its behalf, as the Board directs.

(4) The Board may decline to make any payment under subsection (1) above to a person who, in the opinion of the Board, had any responsibility for, or may have profited directly or indirectly from, the cirumstances giving rise to the society's financial difficulties.

(5) For the purposes of this section in its application in relation to a building society which has become insolvent—

(a) a person has at any time a protected investment in the society if he has a deposit with, or a share in, the society; and

(b) his protected investment is the total liability of the society to him, limited to a maximum of **[**F34£20,000**]**, which is referable to sums deposited with the society or to his shares in the society.

(6) The Treasury, after consultation with the Board, may by order made by statutory instrument—

(a) amend subsection (2) above so as to substitute for the percentage for the time being specified in that subsection such other percentage as may be specified in the order; and

(b) amend subsection (5)(b) above so as to substitute for the sum for the time being specified in that paragraph such other sum as may be specified in the order.

(7) No order shall be made under subsection (6) above unless a draft of it has been laid before, and approved by a resolution of, each House of Parliament.

(8) In determining whether a person has a protected investment in a building society and the amount of it there shall be disregarded—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) any shares of which his are deferred shares,

(b) any deposit which, on a winding up, would fall to be repaid only after repayment in full had been made to the holders of shares in the society other than deferred shares; and

(c) any deposit which is evidenced by a certificate of deposit or other negotiable instrument.

(9) In determining what is the protected investment of an investor, no account shall be taken of any liability unless proof of the debt or claim which gives rise to it has been lodged with the liquidator of the society.

(10) Unless the Board otherwise directs in any particular case or class of case, in determining the total liability of an insolvent building society to any person for the purposes of subsection (1) above, there shall be deducted the amount of any liability of that person to the society—

(a) in respect of which a right of set-off existed immediately before the society became insolvent against any such investment of his as is referred to in that subsection, or

(b) in respect of which such a right would then have existed if the investment in question had been repayable on demand and the liability in question had fallen due.

(11) Payments under this section in respect of a protected investment in an insolvent building society may, if the Board thinks fit, be made by such instalments as it determines for the purposes of that insolvency.

(12) Schedule 6 to this Act, which contains provisions about investments held by trustees or jointly or on client's account, shall have effect.

Textual Amendments

F33 Words substituted by Banking Act 1987 (c. 22, SIF, 10), s. 108(1), **Sch. 6 para. 26(3)**

F34 "£20,000" substituted by S.I. 1987/1349, **art. 2**

VALID FROM 09/06/1997

[F35 27A Membership of insolvency committees etc.

(1) The following provisions of this section have effect notwithstanding that the Board may not yet have made or become liable to make a payment under section 27(1) in relation to a participating institution which has become insolvent.

(2) The Board shall at all times be entitled to receive any notice or other document required to be sent to a creditor of the institution whose debt has been proved.

(3) A duly authorised representative of the Board shall be entitled—

(a) to attend any meeting of creditors of the institution and to make representations as to any matter for decision at that meeting;

(b) to be a member of any committee established under section 301 of the Insolvency Act 1986;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) to be a commissioner under section 30 of the [M16]Bankruptcy (Scotland) Act 1985;

(d) to be a member of a committee established for the purposes of Part IV or V of the [M17]Insolvency Act 1986 under section 101 of that Act or under section 141 or 142 of that Act;

(e) to be a member of any committee established under Article 274 of the [M18]Insolvency (Northern Ireland) Order 1989; and

(f) to be a member of a committee established for the purposes of Part V or VI of the Insolvency (Northern Ireland) Order 1989 under Article 87 or under Article 120 of that Order.

(4) Where a representative of the Board exercises his right to be a member of such a committee as is mentioned in paragraph (b), (d), (e) or (f) of subsection (3) above, or to be a commissioner by virtue of paragraph (c) of that subsection—

(a) he may not be removed except with the consent of the Board; and

(b) his appointment under that subsection shall be disregarded for the purposes of any provision made by or under any enactment which specifies a minimum or maximum number of members of such a committee or commission.**]**

Textual Amendments

F35 S. 27A inserted (9.6.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 8**; S.I. 1997/1427, **art. 2(k)(n)(i)**

Marginal Citations

M16 1985 c.66.

M17 1986 c.45.

M18 S.I. 1989/2405 (N.I.19).

28 Liability of insolvent society in respect of payments by Board.

(1) This section applies where—

(a) a building society has become insolvent,

(b) the Board has determined under section 26 to levy contributions for the purpose of making insolvency payments to investors in the society, and

(c) the Board, by virtue of the determination, has made, or is under a liability to make, an insolvency payment to an investor in respect of his protected investment.

(2) Where this section applies—

(a) the insolvent society shall become liable to the Board, as in respect of a contractual debt incurred immediately before the society became insolvent, for an amount equal to the amount of the insolvency payment to the investor;

(b) the liability of the society to the investor, whether referable to deposits or referable to shares of his (in this section referred to as "the liability to the investor"), shall be reduced by an amount equal to the insolvency payment made or to be made to him by the Board; and

(c) the respective duties of the liquidator of the insolvent building society—

(i) to make payments to the Board on account of the liability imposed by paragraph (a) above and to the investor on account of the liability to

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

the investor so far as that liability is referable to deposits of his (after taking account of paragraph (b) above), and

(ii) to make payments to the Board on account of the liability imposed by paragraph (a) above and to the investor on account of the liability to the investor so far as that liability is referable to shares of his (after taking account of paragraph (b) above),

shall be varied in accordance with subsection (4) and subsection (5) below;

and in those subsections "the liability to the Board" means the liability imposed by paragraph (a) above on the society.

(3) Where the society's liability to the investor is referable to both shares and deposits, the amount equal to the insolvency payment to him shall, for the purposes of subsection (2) (b) above, be first applied in reduction of the liability referable to his shares then, if that amount exceeds that liability, in reduction of the liability referable to his deposits.

(4) The variation in the liquidator's duty where the liability to the investor is referable to deposits of his is as follows—

(a) in the first instance the liquidator shall pay to the Board instead of to the investor any amounts which, apart from this section, would be payable on account of the liability to the investor referable to deposits of his except in so far as that liability relates to a secured deposit; and

(b) if at any time the total amount paid to the Board by virtue of paragraph (a) above and in respect of the liability to the Board equals the amount of the insolvency payment referable to deposits of the investor, the liquidator shall thereafter pay to the investor instead of to the Board any amount which, apart from this section, would be payable to the Board in respect of the liability to the Board.

(5) The variation in the liquidator's duty where the liability to the investor is referable to shares of his is as follows—

(a) in the first instance the liquidator shall pay to the Board instead of to the investor any amounts which, apart from this section, would be payable on account of the liability to the investor referable to shares of his; and

(b) if at any time the total amount paid to the Board by virtue of paragraph (a) above and in respect of the liability to the Board equals the amount of the insolvency payment referable to shares of the investor, the liquidator shall thereafter pay to the investor instead of to the Board any amount which, apart from this section, would be payable to the Board in respect of the liability to the Board.

(6) In the case of a protected investment which, for the purposes of Schedule 6 to this Act, is held on trust for a person absolutely entitled to it against the trustees or, as the case may be, for two or more persons so entitled jointly, any reference in the preceding provisions of this section to the liability to the investor shall be construed as a reference to the liability of the insolvent society to the trustees.

(7) The Board may by notice served on the liquidator of an insolvent building society require him, at such time or times and at such place as may be specified in the notice,—

(a) to furnish to the Board such information, and

(b) to produce to the Board such books or papers specified in the notice.

as the Board may reasonably require to enable it to carry out its functions under the protective scheme provisions of this Part.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Where, as a result of a building society having become insolvent, any books or papers have come into the possession of—

(a) in England and Wales, the Official Receiver,

(b) in Scotland, the liquidator, or

(c) in Northern Ireland, the **[**F36the Official Receiver for Northern Ireland**]**,

he shall permit any person duly authorised by the Board to inspect the books or papers for the purpose of establishing—

(i) the identity of those of the society's investors to whom the Board is liable to make an insolvency payment; and

(ii) the amount of the protected investment held by each of those investors.

(9) Rules may be made—

(a) for England and Wales and for Scotland, under section 411 of the M19Insolvency Act 1986, and

(b) for Northern Ireland, under **[**F37Article 359 of the Insolvency (Northern Ireland) Order 1989**]**;

for the purpose of integrating the procedure provided for in this section into the general procedure on winding up.

Textual Amendments

F36 Words in s. 28(8)(c) substituted (N.I.) (01.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 43(a)**; S.R. 1991/411, **art.2**

F37 Words in s. 28(9)(b) substituted (N.I.) (01.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 43(b)**; S.R. 1991/411, **art.2**

Marginal Citations

M19 1986 c. 45.

29 Repayments in respect of contributions.

(1) Any moneys received by the Board under section 28 in respect of a building society insolvency shall not form part of the Fund but, for the remainder of the financial year of the Board in which they are received, shall be retained for the purposes of this section in its application in relation to that insolvency and so far as appears to the Board appropriate, shall be invested in Treasury bills; and any income arising from moneys so invested during the remainder of the year shall be credited to the Fund.

(2) The Board shall, in connection with each building society insolvency for the purposes of which it has levied contributions under section 26, prepare a scheme for the making, out of moneys received by the Board under section 28 in respect of that insolvency, of repayments to the contributory societies in proportion to the contributions made by each such society in respect of the insolvency.

(3) As soon as practicable after the end of the financial year of the Board in which any moneys are received by the Board in respect of a building society insolvency, the Board shall, subject to subsection (4) below, make out of those moneys the payments required by the scheme made under subsection (2) above in connection with that insolvency.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(4) Where payments are due under subsection (3) above to building societies from whom contributions are due under section 26 for the purposes of other building society insolvencies, the Board may appropriate out of the moneys retained by it under subsection (1) above amounts not exceeding the contributions due from those societies and apply them as if they had been paid by those societies as contributions for the purposes of the other building society insolvencies.

(5) If the Board makes appropriations under subsection (4) above, then, the amounts so appropriated shall be treated for all purposes as having been paid by the Board to those societies in or towards discharge of its debts to them and paid by the societies to the Board as contributions and corresponding amounts shall be credited to the Fund and debited to the account kept for the purposes of this section.

(6) If in any financial year of the Board the payments made under subsection (3) above (in that and any previous years) in pursuance of a scheme under subsection (2) above are more than sufficient to provide for repayment in full of all the contributions to which the scheme related, the balance remaining of the moneys received and retained by Board as mentioned in subsection (1) above shall be credited to the Fund.

(7) The Board, having regard to the factors specified in subsection (8) below, shall, as respects sums representing—

(a) any balance credited to the Fund under subsection (6) above and any interest thereon, or

(b) any balance of the contributions received in respect of the insolvency remaining after the making of insolvency payments to investors and the meeting of the other expenses attributable to the insolvency and any interest thereon,

either retain them in the Fund or pay so much of them to the contributory societies in proportion to the contributions made by each such society in respect of the insolvency, as the Board may think fit.

(8) Those factors are—

(a) the likely level of future administrative expenses of the Board, and

(b) the likelihood of other building societies becoming insolvent and, if they did, the amount of the expenses likely to be attributable to those insolvencies and the amounts likely to be available from contributory societies to meet those expenses.

VALID FROM 01/07/1995

[F38 29A Power to obtain information.

(1) If required to do so by a request in writing made by the Board, the Commission may by notice in writing served on a contributory institution require the institution, within such time and at such place as may be specified in the notice, to furnish the Board with such information and to produce to it such documents, or documents of such a description, as the Board may reasonably require for the purpose of determining the contributions of the institution under this Part of this Act.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Subsections (6) to (10) of section 52 [F39] shall have effect in relation to any requirement imposed under subsection (1) above on a building society as they have effect in relation to a requirement imposed under that section.

(3) The Board may by notice in writing served on an insolvent participating institution or, where a person has been appointed as liquidator of such an institution, on that person, require the institution or person, at such time or times and at such place as may be speciifed in the notice—

(a) to furnish the Board with such information; and

(b) to produce to the Board such books or papers specified in the notice,

as the Board may reasonably require to enable it to carry out its functions under the protective scheme provisions of this Part.

(4) Where, as a result of a participating institution being wound up, any books or papers have come into the possession of the office-holder mentioned in subsection (5) below, he shall permit any person duly authorised by the Board to inspect the books or papers for the purpose of establishing—

(a) the identity of those of the institution's investors to whom the Board is liable to make an insolvency payment; and

(b) the amount of the protected investment held by each of those investors.

(5) The office-holder referred to in subsection (4) above is—

(a) in England and Wales, the Official Receiver;

(b) in Scotland, the liquidator; and

(c) in Northern Ireland, the Official Receiver for Northern Ireland.**]**

Textual Amendments

F38 S. 29A inserted (1.7.1995) by S.I. 1995/1442, **reg. 43** (with transitional and transitory provisions in regs. 53(2), 54(2))

F39 Section 52 was amended by the Banking Coordination (Second Council Directive) Regulations 1992 (S.I. 1992/3218), **regulation 75**.

Modifications etc. (not altering text)

C44 Ss. 29-31: power to repeal conferred (9.6.1997) by 1997 c. 32, **s. 32(5)(a)**; S.I. 1997/1427, **art. 2(g)**

30 Tax treatment of contributions and repayments.

In computing for the purposes of the Tax Acts the profits or gains arising from the trade carried on by a contributory building society—

(a) to the extent that it would not be deductible apart from this paragraph, any sum expended or treated under section 29 as expended by the society in paying a contribution to the Fund may be deducted as an expense; and

(b) any payment which is made or treated as made to the society by the Board under section 29(3) or (7) shall be treated as a trading receipt.

Modifications etc. (not altering text)

C45 Ss. 29-31: power to repeal conferred (9.6.1997) by 1997 c. 32, **s. 32(5)(a)**; S.I. 1997/1427, **art. 2(g)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Other provisions

31 Voluntary schemes.

(1) Subject to the provisions of this section, any two or more building societies may enter into arrangements for the purpose of making funds available to meet losses incurred by persons who have deposited money with, or who have shares in, an insolvent building society which is a party to the arrangements (referred to in this section as "voluntary arrangements").

(2) A building society shall have power to make contributions to a fund vested in trustees appointed under voluntary arrangements made in accordance with this section.

(3) Voluntary arrangements shall not come into force, and no contributions shall be made thereunder by a building society, until the arrangements have been approved by the Commission and authorised by a resolution passed at a general meeting of the society as a special resolution.

(4) The maximum payment to any investor that may be provided for by voluntary arrangements is such sum as represents the total liability of the insolvent society to him (of any amount) which is referable to sums deposited with the society or to his shares in the society, after taking into account payments to him under section 27

(5) No payment under voluntary arrangements shall be made to any person—

(a) in respect of any investment which would be disregarded for the purposes of section 27(8), or

(b) where the liability of the insolvent society to him is reduced by any set-off for the purposes of section 27(10); or

(c) where that person is ineligible for any payment under the protective scheme provisions of this Part by virtue of a decision of the Board under section 27(4).

(6) Voluntary arrangements may include—

(a) arrangements to constitute, and for contributions to be made to, a fund vested in trustees appointed under the arrangements, being a standing fund or a fund established in the event of an insolvency (or a combination of each);

(b) arrangements for payments to be made on behalf of the trustees to investors by societies participating in the arrangements;

(c) arrangements to protect only specified classes of investor or specified classes of investment;

(d) arrangements providing for a level of protection more limited than the maximum allowed by subsection (4) above;

(e) arrangements with the Board or any institution making payments to investors on the Board's behalf for the purpose of making payments under the protective scheme provisions of this Part and voluntary arrangements at the same time; or

(f) arrangements providing, in circumstances specified in them, for payments to be made by the trustees to the societies making contributions.

(7) Any payment by a society participating in arrangements which include arrangements falling within subsection (6)(b) above shall be treated for the purposes of this section as a contribution paid by the society to the trustees and as a payment by the trustees to the investors.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Subject to subsection (9) below, subsections (2) to (6) of section 28 shall, if the voluntary arrangements so provide, apply to payments to investors made by the trustees as they apply to insolvency payments made by the Board.

(9) In relation to a building society insolvency in respect of which the Board and the trustees have each made payments to investors, the variation in the liquidator's duty effected by subsections (2)(c), (4) and (5) of section 28 shall be modified as follows, that is to say—

(a) subsection (4) shall have effect as if it required the liquidator, before paying the investor and after paying the Board to the extent required by that subsection, to pay to the trustees instead of to the investor any amount which, apart from this paragraph, would be payable to the trustees on account of the liability to the trustees referable to deposits of the investor; and

(b) subsection (5) shall have effect with a corresponding modification in respect of any such amount referable to shares of the investor,

and, in this subsection, "the liability to the trustees", means the liability to the trustees which, by virtue of subsection (8) above, corresponds to the liability to the Board imposed by section 28(2)(a).

(10) In this section "insolvent" and "insolvency", in relation to a building society, have the meanings given by section 26(1); and "the trustees", in relation to voluntary arrangements, means the trustees appointed under them.

32 Special provisions as regards investors.

The Provisions of Schedule 7 to this Act relating to shareholders in and depositors with a building society shall have effect.

33 Assistance by building societies to other building societies.

Where it appears to the Commission that a building society is in financial difficulties it may authorise a building society to lend money to that society, and a building society shall have power to do so accordingly.

PART V

POWERS TO PROVIDE SERVICES

34 Powers to provide financial services or services relating to land.

(1) A building society may provide services of the descriptions for the time being specified in Part I of Schedule 8 to this Act subject to the restrictions (if any) for the time being specified in Part II or III of that Schedule.

(2) The appropriate authority may by order vary Schedule 8 by adding to or deleting from it any description of service or any provision or by varying any description of service or any provision for the time being specified or contained in it but not so as to confer any power to provide services other than services that appear to the authority making the order to be financial services or services relating to land or to be services similar to any such services.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) Any power conferred on building societies under subsection (2) above may be conferred on building societies of a specified description or all building societies other than those of a specified description.

(4) Where a provision of Part III of that Schedule states that a power to provide a specified service is available only to a subsidiary or other associated body of a building society the power to provide that service is to be treated as a power of the society for the purposes of section 18 only.

(5) Any power to provide a specified service, if available to a building society or any subsidiary or other associated body, must, in order to be exercisable, be adopted by the society.

(6) Subject to any specified restriction, any power to provide a specified service shall be exercisable in relation to members of the building society or other persons.

(7) Part IV of Schedule 8 has effect for supplementing Parts I, II and III of that Schedule and the power under subsection (2) above to vary that Schedule includes, without prejudice to the generality of that subsection, power to make such provision as appears to the authority making the order to be appropriate by way of a sanction for contravention of any restriction for the time being contained in Part III.

(8) The "appropriate authority" for the purpose of exercising the powers conferred by this section is the Treasury as regards any variation of Part I of Schedule 8 with or without other provision and the Commission in any other case.

(9) The power to make an order under subsection (2) above is exercisable by statutory instrument and—

(a) in the case of an order varying Part I of Schedule 8 with or without other provision no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament, and

(b) in the case of any other order, the instrument containing it shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(10) An order under subsection (2) above may make such incidental and transitional provision as appears to the authority making the order to be necessary or expedient.

(11) In this section—

"financial services" means any of the following services, that is to say, banking, insurance, investment, trusteeship and executorship;

"services relating to land" means any service relating to the acquisition, management, development or disposal of land; and

"specified" means specified for the time being in Schedule 8 to this Act.

[F40 35 Prohibition on linking services.

(1) A building society which, or a subsidiary of which, provides services of any description specified in Part I of Schedule 8 to this Act shall not offer to make a class 1 advance to any person subject to a condition that any services of that description which are or may be required by that person in connection with the making of the advance shall be provided by the society or its subsidiary.

(2) Where, in connection with a class 1 advance by a building society, several services are made available by a building society or by a building society and one or more

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

of its subsidiaries the society shall not, and shall secure that each of its subsidiaries does not,make the services available on terms other than terms which distinguish the consideration payable for each service so made available; nor shall any of its subsidiaries make the services available on terms other than terms which make that distinction.

(3) Nothing in subsection (2) above prevents a service from being provided free of charge in particular circumstances.

(4) If a building society contravenes subsection (1) or (2) above the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

(5) If a body corporate which is a subsidiary of a building society contravenes subsection (2) above the body corporate shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale.**]**

Textual Amendments

F40 S. 35 repealed (*prosp.*) by Courts and Legal Services Act 1990 (c. 41, SIF 76:1), s. 125(7), **Sch. 20**

PART VI

POWERS OF CONTROL OF THE COMMISSION

Powers in relation to asset or liability structure requirements

36 Powers in event of breach of limits on certain assets and liabilities

(1) The provisions of this section have effect where, by reason of—

(a) its liabilities in respect of non-retail funds and deposits being in excess of the limit imposed on them by section 7(3), or

(b) its liabilities in respect of sums deposited with the society being in excess of the limit imposed on them by section 8(1), or

(c) its commercial assets of any class being in excess of the limits imposed on assets of that class by section 20(2) or (3), or

(d) its liquid assets being in excess of the limit imposed on them by section 21,

the powers conferred by this section become exercisable by the Commission in relation to a building society (the limits referred to in paragraphs (a), (b), (c) and (d) above being referred to in this section as “the relevant statutory limits”).

(2) The Commission may give the society a direction under subsection (3), (5) or (6) below.

(3) A direction by the Commission under this subsection is a direction requiring the society, within a specified period, to submit for its approval a plan (in this section referred to as a “restructuring plan") designed to secure the following purposes, that is to say—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) that the assets and liabilities of the society will not, by the end of the period of 12 months beginning with the date of the direction, exceed the relevant statutory limits as applied at the last day of that period, and

(b) that they will not thereafter exceed the relevant statutory limits.

(4) For the purpose of applying the relevant statutory limits as directed by subsection (3)(a) above—

(a) in the case of a limit which operates by reference to the end of a financial year of a society, the financial year of the society shall be treated as ending on the day as at which the limits are to be applied; and

(b) the assets and liabilities of the society shall be determined by reference to a balance sheet prepared by the directors by reference to that day and sent to the Commission within the period of three months beginning with that day;

and section 81(4) shall apply in the event of a default in complying with this provision as it applies in the event of a default in complying with subsection (2) of that section.

(5) A direction by the Commission under this subsection is a direction requiring the society—

(a) within the period of six months beginning with the date of the direction, to submit to its members for their approval at a meeting or by ballot the requisite transfer resolutions for a transfer of the business of the society to a company under section 97; and

(b) to notify the Commission of the result of the meeting or ballot.

(6) A direction by the Commission under this subsection is a direction requiring the society, at its option, either—

(a) within a specified period, to submit for approval a restructuring plan, or

(b) within the period of six months beginning with the date of the direction, to submit to its members for their approval at a meeting or by ballot the requisite transfer resolutions for a transfer of the business of the society to a company under section 97;

and, within a specified period, to notify the Commission of the option it has decided to pursue.

(7) Where a restructuring plan is submitted by a society to the Commission under subsection (3) or (6) above then—

(a) if it appears to the Commission that the plan is reasonably likely to secure its purposes, the Commission shall approve it and direct the society to carry it out;

(b) if it appears to it that the plan is, with modifications, likely to secure its purposes and the Commission and the society agree on appropriate modifications within the period of 21 days from the date on which the Commission notifies the society of the modifications it proposes for the society's agreement, the Commission shall approve the plan as modified and direct the society to carry it out;

but otherwise it shall reject the plan.

(8) Where a meeting or ballot is held, in pursuance of a direction under subsection (5) or (6) above, for the purpose of voting on the requisite transfer resolutions, then—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) if the resolutions are agreed to and the confirmation of the transfer by the Commission is obtained, the society shall proceed under section 97 to transfer its business to a successor company;

(b) if either resolution is disagreed to, the society shall notify the Commission of that fact as soon as it is practicable to do so.

(9) In the event of the Commission receiving a notice from a society under subsection (8)(b) above, it may, if it thinks fit, serve on the society a direction requiring it, within a specified period, to submit to the Commission for its approval a restructuring plan; and if the Commission does so, subsection (7) above shall apply as if the plan had been submitted under subsection (3) above.

(10) The Commission may, if it thinks fit, extend or further extend, any period during which a building society is to take any steps required of it under any of the foregoing provisions of this section and may do so whether or not application is made to it before the expiry of the period in question.

(11) If a building society fails, within the period allowed to it under the foregoing provisions of this section—

(a) where it has been given a direction under subsection (3) above, to submit a restructuring plan,

(b) where it has been given a direction under subsection (5) above, to submit to members the requisite transfer resolutions,

(c) where it has been given a direction under subsection (6) above, to either submit a restructuring plan or submit to members the requisite transfer resolutions,

(d) where it has been directed under subsection (7) above to carry out a restructuring plan, to secure the purpose of it specified in subsection (3)(a) above,

(e) to agree to the requisite transfer resolutions submitted to the members in pursuance of subsection (5) or (6) above, or

(f) where it has agreed to the requisite transfer resolutions, to proceed under section 97 to transfer its business to the successor company,

or if the Commission rejects a restructuring plan under subsection (7) above, the powers conferred on the Commission by section 37 shall become exercisable in relation to the society.

(12) In this section "confirmation", "the requisite transfer resolutions" and "transfer" have the same meaning as in section 97.

VALID FROM 01/12/1997

[F41 36A Power to make prohibition orders.

(1) Where by virtue of section 36(12) the powers conferred by this section become exercisable in relation to a building society, the Commission may serve on the society a notice of the Commission's intention to issue a prohibition order directed to the society.

(2) A prohibition order under this section is an order—

(a) prohibiting, subject to the saving or transitional provisions of the order, the continuance or, as the case may be, the carrying on of the activity specified

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

in the order after a date so specified, either absolutely or unless conditions so specified are complied with; and

(b) requiring, subject to the saving or transitional provisions of the order, the disposal within a period specified in the order of all assets acquired or otherwise in its possession by virtue of the activity.

(3) A disposal of assets in pursuance of a prohibition order shall vest the assets in the transferee but without prejudice to any claim against the society by a person who had an interest in the assets.

(4) The saving or transitional provisions which may be included in a prohibition order shall be such as appear to the Commission to be just having regard to—

(a) the interests of shareholders of and depositors with the society; and

(b) the interests of other persons who will be affected by the order.

(5) A notice under subsection (1) above of the Commission's intention to issue a prohibition order shall—

(a) specify the date on which the order is to be issued, being a date not earlier than the end of the period of 21 days beginning with the date of the notice;

(b) specify the terms of the order, including any saving or transitional provisions proposed to be included in it; and

(c) inform the society of its right to make representations to the Commission, not less than 7 days before the date specified in the order, as to the provisions to be included in the order.

(6) After considering any representations made by the society, the Commission may make the prohibition order with such saving and transitional provisions (if any) as it thinks just; and where it does so, the Commission—

(a) shall issue the order by causing it to be served on the society; and

(b) shall direct the central office to keep a copy of it in the public file of the society.

(7) A prohibition order so made and issued shall, subject to subsection (11) below, take effect on the date specified in the order.

(8) A copy of any order issued under subsection (6) above shall also be served on each director and on the chief executive of the society.

(9) The requirement of subsection (8) above, so far as it relates to directors, is satisfied by serving a copy on each director whose appointment has been officially notified and the non-receipt of a copy by a director or the chief executive does not affect the validity of the order.

(10) Subject to subsection (11) below, a prohibition order shall remain in force until revoked by the Commission.

(11) The Commission may suspend or revoke a prohibition order so far as it relates to an asset the disposal of which appears to it, on the application of the society, to be impracticable.

(12) If a society contravenes a prohibition order issued against it under this section—

(a) the power conferred on the Commission by section 37(1) shall become exercisable in relation to the society; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) the Commission may exercise that power or certify the contravention in writing to the High Court, or do both of those things;

but the contravention shall not invalidate any transaction or other act.

(13) On receiving such a certification, the High Court—

(a) may inquire into the case; and

(b) after hearing any witnesses who may be produced against or on behalf of the society and after hearing any statement which may be offered in defence, may punish the society in like manner as if it had been guilty of contempt of the court.

(14) Where a contravention of a prohibition order which is so certified is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any officer of the society he, as well as the society, may be punished in like manner as if he had been guilty of contempt of the court.

(15) In the application of this section to a building society whose principal office is in Scotland, references to the High Court shall be read as references to the Court of Session.**]**

Textual Amendments

F41 S. 36A inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 14**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(l)**

37 Powers in event of breach of limits on assets or liabilities or abuse of purpose of building society

(1) Where—

(a) by virtue of section 36(11) the powers conferred by this section become exercisable in relation to a building society, or

(b) the Commission has reason to believe that the purpose or principal purpose of a building society has ceased to be that required by section 5(1) for the establishment of a building society under this Act,

the Commission may present a petition to the High Court for the winding up of the society under the applicable winding up legislation or make an application to the High Court for an order giving directions to the society under subsection (2) below; and the power to present a petition or to make an application for such an order is available to the Commission whether or not it has previously made an application for such an order or presented a petition, as the case may be.

(2) An order under this subsection is an order directing the society—

(a) in a case where the application is made under subsection (1)(a) above, to carry out the restructuring plan as directed in the order, and

(b) in a case where the application is made under subsection (1)(b) above, to modify its business as directed in the order.

(3) An order under subsection (2)(b) above may require the society to take certain steps or to refrain from pursuing a particular course of action or to restrict the scope of its business in a particular way.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(4) Where the High Court makes an order under subsection (2) above, the Commission shall give a copy of it to the central office and the central office shall keep the copy in the public file of the society.

(5) The High Court shall not make an order winding up the society on an application under subsection (1)(b) above unless it is satisfied that the purpose or principal purpose of the society has ceased to be that required by section 5(1) for the establishment of a building society under this Act.

(6) In the application of this section to a building society whose principal office is in Scotland, references to the High Court shall be read as references to the Court of Session.

Modifications etc. (not altering text)
C46 S. 37(1) modified by S.I. 1986/2168, **art. 11**

Power to determine extent of building society powers

38 Power to determine building society's powers.

(1) The Commission shall have power to determine whether a particular activity of a building society or its subsidiary is or is not within the existing powers of the society and may, if it thinks fit, take such professional advice as it considers it needs to enable it to make the determination.

(2) A determination may be made under this section in relation to an activity which is proposed to be carried on as well as in relation to one which is being carried on.

(3) The powers of the Commission in relation to a building society are exercisable—

(a) on an application made by the society, requesting the Commission to make the determination,

(b) on an application made by the society at the direction of the central office under Part II of Schedule 2 to this Act, or

(c) on the Commission's own motion or on an application made by the society at its direction,

as provided in subsection (4), (5), (6) or (8) below.

(4) A building society may at any time, on complying with the following provisions of this section, make an application to the Commission for a determination under this section whether an activity specified in the application is or is not within its powers if the directors of the society are of the opinion that there is a doubt about the existence or extent of the powers to carry on the activity which requires to be resolved in the interests of the society.

(5) A building society which has been directed by the central office under Part II of Schedule 2 to this Act to make an application to the Commission under this section shall, in accordance with the direction, make an application to the Commission for a determination whether the activity specified in the application is or is not within its powers.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) If it appears to the Commission at any time that a building society or its subsidiary is carrying on or is about to carry on an activity which is or may be outside the existing powers of the society, the Commission may, by notice to the society specifying the activity and its opinion, direct it to make an application for a determination under this section whether the activity is or is not within its powers and it shall be the duty of the society to comply with the direction.

(7) A direction under subsection (6) shall require the application to be made within the period of 21 days beginning with the date on which the notice is given, but the Commission may extend or further extend the period within which the application is to be made.

(8) If a building society fails, within the time allowed by or under subsection (7) above, to make an application as directed under subsection (6) above, the Commission may, of its own motion, proceed to make a determination under this section as if an application had been made by the society.

(9) An application by a building society under subsection (4), (5) or (6) above shall be made in writing, signed by the secretary as such an application, and shall comprise—

(a) a statement of the question for determination, specifying the activity and the powers in question, the nature of the doubt and (except in the case of an application under subsection (6)) the arguments for and against the activity being within those powers, as they appear to the society, and

(b) such documents or draft documents and such other information as are necessary to enable the determination to be made.

(10) The statement of the question for determination may, with the agreement of the Commission, be amended at any time before the determination is made and in that event further documents and other information may be included in the application.

(11) The Commission may, by notice to the society, require a society making an application under subsection (4), (5) or (6) above to amend the statement of the question for determination or to furnish such further documents or other information or such explanations of the statement, documents or information as appear to it to be necessary to enable the determination of the question to be made; and the Commission may allow or require the explanations to be made orally instead of in writing.

(12) In this section and sections 39 and 40—

"activity" includes the exercise, or purported exercise, of any power under this Act, including the holding of any property or rights;

"existing", with reference to powers, means existing at the relevant date and, in relation to a building society, "existing powers" denotes the powers it has, or has adopted, under this Act, with any restrictions it has assumed, as at that date but disregarding anything done by the Commission and then in force (otherwise than under section 39 or 40) by virtue of which the society is precluded from exercising, or is subject to restrictions on the exercise of, its powers;

"the relevant date", in relation to a building society, means—

(a) in a case where the Commission decides to proceed of its own motion, the date when the Commission so decides;

(b) in a case where the society makes the application at the direction of the central office, the date specified in the direction; and

(c) in any other case, the date on which the society makes the application.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(13) Nothing in this section or section 39 or 40 implies that it is improper for the Commission to give to a building society or building societies generally an indication of the action it might or might not take in relation to any proposed activity of theirs; and if any determination comes to be made in relation to the activity the proceedings shall not be liable to be set aside by reason of the indication having been given.

39 The determination: notification, effect, appeal.

(1) A determination of the Commission under section 38 shall be in writing and, as soon as practicable after it is made, the Commission shall notify the society of the determination and the reasons for it.

(2) On receiving notice of the determination the society shall, if it is a determination that the activity in question was outside its powers, forthwith send a copy of it to every person who the society has reason to believe will or may be affected by it other than a person whose only interest is as a shareholder in, or depositor with, the society.

(3) Subject to subsection (4) below, the Commission shall, within the period of one month beginning with the date of the notice to the society under subsection (1) above, publish the determination in such manner as it thinks appropriate.

(4) Where the determination is made on an application made by the society under section 38(4), the Commission may, on the application of the society, postpone the publication of the determination for such period as it thinks fit, not exceeding the period of six months beginning with the date of the notice to the society under subsection (1) above, if it appears to the Commission that it is just to do so.

(5) A determination under section 38 shall bind all persons, whether or not (in the case of an application) they were parties to it and, subject to any appeal under subsection (8) below, shall be final and conclusive for all purposes.

(6) Where the activity in question was at the relevant date being carried on by the society and the determination is that the activity is outside the powers of the society the directors of the society shall be personally liable, jointly and severally, for any loss or expense to the society consequent on the activity's being outside its powers (including, if a prohibition order under section 40 is made, any loss or expense consequent on the order).

(7) If it appears to the Commission that proceedings under subsection (6) above have not been, but ought in the interests of the society to be, brought, the Commission may bring such proceedings in the name and on behalf of the society; and if it does so the Commission may indemnify the society against the costs or expenses incurred by the society in, or in connection with, proceedings brought by virtue of this subsection.

(8) Any person affected by a determination under section 38 shall be entitled within the period of six weeks beginning with the date of the notice under subsection (1) above or such further period as the Court may allow, to appeal to the High Court against the determination in accordance with rules of court on the ground that it is erroneous in law and the Commission shall be made respondent on the appeal.

(9) On any appeal to the High Court under subsection (8) above the High Court may confirm, reverse or vary the determination appealed from.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(10) In the application of this section to a building society whose principal office is in Scotland, references to the High Court shall be read as references to the Court of Session.

(11) The Commission may, if it thinks fit, require a building society in whose case it has made a determination under section 38 to pay such fee as the Commission directs.

40 Power to make prohibition orders.

(1) On or at any time after making a determination under section 38 that a specified activity is outside the powers of a building society, the Commission shall, if it appears to it—

(a) that the activity is being carried on by the society, or

(b) that the activity has not been but, unless a prohibition order is made under this section, may be carried on by the society.

serve on the society a notice of the Commission's intention to issue a prohibition order directed to the society.

(2) A prohibition order under this section is an order prohibiting, subject to the saving or transitional provisions of the order, the continuance or, as the case may be, the carrying on of the activity specified in the order, either absolutely or unless conditions specified in the order are complied with, after a date specified in the order and requiring, subject to the saving or transitional provisions of the order, the disposal within a specified period of all assets acquired or otherwise in its possession by virtue of the activity.

(3) A disposal of assets in pursuance of a prohibition order shall vest the assets in the transferee but without prejudice to any claim against the society by a person who had an interest in the assets.

(4) The saving or transitional provisions which may be included in a prohibition order shall be such as appear to the Commission to be just having regard to the interests of shareholders of and the depositors with the society and the interests of other persons who will be affected by the order; but the provisions shall not in any respect suspend the operation of the order beyond the period of one year.

(5) A prohibition order may include a direction for treating assets of any description as assets of the class specified in the direction for the purposes of the requirements of Part III for the structure of commercial assets.

(6) A notice under subsection (1) above of the Commission's intention to issue a prohibition order shall—

(a) specify the date on which the order is to be issued, being a date not earlier than the end of the period of 21 days beginning with the date of the notice;

(b) specify the terms of the order, including any saving or transitional provisions proposed to be included in it;

(c) inform the society of its right to make representations to the Commission before the order is issued as to the saving or transitional provisions to be included in the order; and

(d) inform the society of its duty under subsection (7) below.

(7) On receiving a notice under subsection (1) above the society shall forthwith send a copy of it to every other person whom it has reason to believe will or may be affected by the determination under section 38 on which the order will be founded.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Any person who may be affected by the determination under section 38 on which the order will be founded may, at any time before the order is made, make representations to the Commission as to the inclusion in it of saving or transitional provisions affecting his interests and they may be made orally or in writing.

(9) After considering any representations made under subsection (8) above the Commission shall make the prohibition order with such saving and transitionalprovisions (if any) as it thinks just, shall issue the order by causing it to be served on the society and shall direct the central office to keep a copy of it in the public file of the society.

(10) A prohibition order so made and issued shall, subject to subsection (15) below, take effect on the date specified in the order.

(11) A copy of any order issued under subsection (9) above shall also be served on each director and on the chief executive of the society.

(12) The requirement of subsection (11) above, so far as it relates to directors, is satisfied by serving a copy on each director whose appointment has been officially notified and the non-receipt of a copy by a director or the chief executive does not affect the validity of the direction.

(13) Subject to subsection (14) below, a prohibition order shall remain in force until revoked by the Commission.

(14) The Commission may suspend or revoke a prohibition order so far as it relates to an asset the disposal of which appears to it, on the application of the society, to be impracticable.

(15) If, when a prohibition order has been made, an appeal is pending before the High Court under section 39(8) against the determination on which the order is founded the High Court may, on application made to it, order that the operation of the prohibition order be stayed until the determination of the appeal; but it shall not do so unless it is satisfied that it is in the public interest that it be stayed.

(16) If a society contravenes a prohibition order issued against it under this section the Commission may certify the contravention in writing to the High Court; and the Court may thereupon inquire into the case and, after hearing any witnesses who may be produced against or on behalf of the society and after hearing any statement which may be offered in defence, may punish the society in like manner as if it had been guilty of contempt of the court.

(17) In the application of this section to a building society whose principal office is in Scotland, references to the High Court shall be read as references to the Court of Session and references to staying shall be read as references to sisting.

Powers in relation to authorisation

41 Power to direct application to renew authorisation.

(1) If, with respect to a building society for which an authorisation is in force, the Commission has reason to believe that the society's business is or may be being conducted in a way that may not adequately protect the investments of shareholders

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

and depositors then, subject to subsections (2) and (3) below, it may by notice direct the society to make an application under this section to renew its authorisation.

(2) The power conferred on the Commission by this section is not exercisable more than once during any period of five years during the whole of which the society has held a current authorisation except where, during that period, the society has, under section 94, undertaken to fulfill the engagements of another society.

(3) A notice under subsection (1) above shall require the society to make the application for renewal within such period as is specified in the notice, being a period not shorter than three nor longer than six months beginning with the date of the notice, but the Commission may, on representations being made to it, extend or further extend the period within which the application is to be made.

(4) A notice under subsection (1) shall indicate the grounds on which the Commission has decided to give a direction under this section.

(5) Authorisation, if renewed under this section, shall be granted unconditionally or subject to conditions as provided by subsection (6) or (7) below.

(6) Subject to subsection (11) below, the Commission, on an application duly made for renewal of authorisation under this section, shall grant unconditional authorisation to the society if it is satisfied that—

(a) the society has qualifying capital of an amount which is not less than the prescribed minimum;

(b) the society has adequate reserves and other designated capital resources;

(c) the chairman of the board of directors and any executive directors, the chief executive, the secretary and the managers (if any) are each fit and proper persons to hold their respective offices in the society;

(d) the board of directors, with the chief executive and secretary, have the capacity and intention to direct the affairs of the society in accordance with the criteria of prudent management and have secured that those criteria are being satisfied; and

(e) the investments of shareholders and depositors will be adequately protected without the imposition of conditions.

(7) If the Commission, on an application so made, is not satisfied of the matters specified in subsection (6) above in relation to the society, it shall, subject to subsection (10) below—

(a) if it is satisfied that the imposition of conditions would secure the protection of the investments of shareholders and depositors, grant authorisation subject to such conditions to be compiled with by the society (whether or not they correspond to any conditions in force as respects the current authorisation) as the Commission thinks fit to impose to secure that purpose; or

(b) if not so satisfied, refuse to grant the authorisation;

and if it refuses to grant authorisation under this section the authorisation current under section 9 shall expire on the date specified by the Commission in the notice of its refusal except where section 46(4) applies.

(8) If the Commission refuses to grant authorisation to a building society under this section it shall inform the central office of the fact and the date on which the current authorisation of the society expires; and the central office shall record that date in the public file of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(9) Subsections (6) and (7) of section 9 apply as respects the imposition of conditions on the renewal of authorisation under this section as they apply as respects the imposition of conditions under that section.

(10) The provisions of Schedule 3 to this Act regulating—

(a) the making and determination of applications for authorisation,

(b) the furnishing of information or additional information in connection with such applications, and

(c) the imposition of conditions of authorisation,

apply in relation to authorisation under this section.

(11) The making of an application under this section at the direction of the Commission shall not preclude the Commission, at any time while the application is pending, from imposing conditions on the society's authorisation under section 42 or revoking the society's authorisation under section 43; but if it revokes the authorisation the proceedings under this section shall abate.

(12) An authorisation granted under this section shall be treated for the purposes of this Act as an authorisation granted under section 9 and in particular subsection (9) of that section shall apply as if any conditions had been imposed under subsection (5) of that section.

(13) Any expression used in this section to which a meaning is given by section 9(13) has that meaning in this section.

(14) This section shall expire at the end of the period of 5 years beginning with the date on which this Act is passed unless continued in force by an order under subsection (15) below.

(15) The Treasury may from time to time by order provide that this section shall continue in force for a period not exceeding 5 years from the coming into operation of the order.

(16) The power to make an order under subsection (15) above is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

(17) Section 45 applies for the interpretation of "adequate reserves" and "designated capital resources" in subsection (6) above.

Subordinate Legislation Made

P7 S. 41: s. 41(15) power exercised (3.7.1991) by S.I.1991/1518.

Modifications etc. (not altering text)

C47 S. 41 continued for 5 years from 25. 7. 1991 by S.I. 1991/1518, **art. 2**.

42 Imposition of conditions on current authorisation.

(1) If, with respect to a building society for which an authorisation is in force, the Commission considers it expedient to do so in order to protect the investments of shareholders or depositors it may, subject to subsection (7) below, impose conditions to be complied with by the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Section 45 has effect for the purpose of any determination whether or not it is expedient to exercise the powers conferred by this section.

(3) Failure by a society to comply with conditions imposed under this section shall render it liable, if other conditions are not imposed on it under this section, to have its authorisation revoked under section 43(1).

(4) The conditions that may be imposed by the Commission under this section may—

(a) relate to any activities of the society, whether or not those for which authorisation is required; and

(b) require the society to take certain steps or to refrain from adopting or pursuing a particular course of action or to restrict the scope of its business in a particular way.

(5) Without prejudice to the generality of subsection (4) above, conditions imposed under this section may—

(a) impose limitations on the issue of shares, the acceptance of deposits or the making of advances or other loans;

(b) require the society to take steps with regard to the conduct of the business of any subsidiary or other associated body; and

(c) require the removal of any director or other officer.

(6) The Commission may impose conditions under this section where it proceeded under section 41 or where it proceeded under section 43 with a view to revoking the society's authorisation.

(7) The Commission shall not impose conditions under this section except in accordance with the provisions of Part III or, where applicable, Part IV of Schedule 3 to this Act; and the other provisions of that Part shall have effect in relation to the imposition of conditions under this section.

(8) Conditions imposed under this section—

(a) may be varied from time to time (and notwithstanding any pending appeal) by agreement between the Commission and the society; and

(b) may be revoked at any time by the Commission if it is satisfied that the investments of shareholders and depositors will be adequately protected without the conditions.

(9) Any expression used in this section to which a meaning is given by section 9(13) has that meaning in this section.

VALID FROM 09/06/1997

[F42 42A Imposition or variation of conditions in urgent cases.

(1) No notice need be given under Part III or Part IV of Schedule 3 to this Act in respect of the imposition of conditions under section 42 in any case in which the Commission considers that the conditions should be imposed as a matter of urgency.

(2) Conditions imposed under section 42 may be varied by the Commission without the agreement of the building society concerned in any case in which the Commission considers that the conditions should be varied as a matter of urgency.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) In any such case the Commission may by written notice to the building society concerned impose or vary the conditions.

(4) Any such notice shall state the reasons for which the Commission has acted and particulars of the rights conferred by subsection (6) below and by section 46.

(5) If conditions as imposed or varied by a notice under subsection (3) above include a requirement for the removal from office of any person who is an officer of the society, the Commission shall give that person—

(a) a copy of that notice; and

(b) a statement of his rights under subsection (6) below;

but the Commission may omit from a copy notice given to a person by virtue of this subsection any matter which does not relate to him.

(6) A building society to which a notice is given under subsection (3) above of the imposition or variation of conditions, and a person who is given a copy of it by virtue of subsection (5) above, may within the period of 14 days beginning with the day on which the notice was given make representations to the Commission.

(7) After giving a notice under subsection (3) above imposing or varying conditions and taking into account any representations made in accordance with subsection (6) above the Commission shall decide whether—

(a) to confirm or rescind its original decision; or

(b) to impose different conditions or to vary the conditions in a different manner.

(8) The Commission shall within the period of 28 days beginning with the day on which the notice was given under subsection (3) above give the building society concerned written notice of its decision under subsection (7) above and, except where the decision is to rescind the original decision, the notice shall state the reasons for the decision.

(9) Where the notice under subsection (8) above is of a decision to take the action specified in subsection (7) (b) above the notice under subsection (8) shall have the effect of imposing the conditions specified in the notice, or varying the conditions in the manner so specified, with effect from the date on which the notice is given.**]**

Textual Amendments

F42 S. 42A inserted (9.6.1997) by 1997 c. 32, **s. 16**; S.I. 1997/1427, **art. 2(b)**

VALID FROM 09/06/1997

[F43 42B Power to direct transfers of engagements or business.

(1) If, with respect to a building society for which an authorisation is in force, the Commission considers it expedient to do so in order to protect the investments of shareholders or depositors, it may either—

(a) direct the society, within a specified period, to transfer all its engagements to one or more other building societies under section 94; or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) direct the society, within a specified period, to transfer its business to an existing company under section 97.

(2) Failure by a society to comply with a direction given under subsection (1) shall render it liable to have its authorisation revoked under section 43(1).

(3) Where the Commission—

(a) gives a building society a direction under subsection (1)(a) above; or

(b) does not give a building society such a direction solely because the society is already seeking to transfer all its engagements to one or more other building societies under section 94,

the Commission may, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, direct that, instead of resolving to transfer its engagements by the two resolutions required by section 94(2) (with or without the additional resolution required by section 94(3)), the society may resolve to do so by a resolution of the board of directors.

(4) Where the Commission—

(a) gives a building society a direction under subsection (1)(b) above; or

(b) does not give a building society such a direction solely because the society is already seeking to transfer its business to an existing company under section 97,

the Commission may, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, direct that, instead of approving the transfer and the terms of the transfer by the two resolutions required by section 97(4)(c), the society may approve the transfer and those terms by a resolution of the board of directors.

(5) A direction under subsection (3) or (4) above—

(a) shall be in writing;

(b) may be given subject to such limitations or conditions as the Commission may think fit; and

(c) unless renewed by a further direction, shall cease to have effect at the end of the period of 90 days beginning with the day on which it is given.

(6) Section 45 has effect for the purpose of any determination whether or not it is expedient to exercise the powers conferred by this section.

(7) In Schedule 8A to this Act—

(a) Part I (which contains provisions modifying sections 94 to 96 and Schedule 16 to this Act) shall apply where a direction is given under subsection (3) above; and

(b) Part II (which contains provisions modifying sections 97 to 100 and Schedule 17 to this Act) shall apply where a direction is given under subsection (4) above.

(8) The Commission, with the consent of the Treasury, may make regulations for the purpose of specifying, as prescribed matters—

(a) the matters of which statements under paragraph 3 of Schedule 8A to this Act are to give particulars; and

(b) the matters of which statements under paragraph 9 of that Schedule are to give particulars.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(9) The power to make regulations under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.**]**

Textual Amendments

F43 S. 42B inserted (9.6.1997) by 1997 c. 32, **s. 17(1)**; S.I. 1997/1427, **art. 2(c)**

VALID FROM 09/06/1997

[F44 42C Notification and confirmation of transfer directions.

(1) A direction under section 42B(1) shall be given by notice in writing and may be varied by a further direction; and a direction may be revoked by the Commission by a notice in writing to the building society concerned.

(2) A direction under section 42B(1), except one varying a previous direction with the agreement of the building society concerned—

(a) shall state the reasons for which it is given and give particulars of the society's rights under subsection (3) below and section 46; and

(b) shall cease to have effect at the end of the period of 28 days beginning with the day on which it is given unless before the end of that period it is confirmed by a further written notice given by the Commission to the society concerned.

(3) A building society to which a direction is given which requires confirmation under subsection (2) above may, within the period of 14 days beginning with the day on which the direction is given, make written representations to the Commission; and the Commission shall take any such representations into account in deciding whether to confirm the direction.**]**

Textual Amendments

F44 S. 42C inserted (9.6.1997) by 1997 c. 32, **s. 18**; S.I. 1997/1427, **art. 2(c)**

43 Revocation of authorisation.

(1) The Commission may, subject to subsection (4) below, revoke a building society's authorisation if—

(a) it appears to the Commission that at no time during a financial year of the society which began and ended during the currency of the authorisation did the society raise funds or accept deposits of money in pursuance of the authorisation;

(b) it appears to the Commission that a period of six months has elapsed since the end of a financial year of the society without the society's having sent it to the annual accounts for that year as required by section 81(2);

(c) the Commission is satisfied that, where the society's authorisation is subject to conditions, a condition has not been complied with by the society; or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(d) the Commission considers it expedient to do so in order to protect the investments of shareholders or depositors.

(2) Section 45 has effect for the purposes of any determination whether or not it is expedient to exercise the power conferred by subsection (1)(d) above.

(3) The Commission shall revoke a building society's authorisation if—

(a) the society has requested it to revoke its authorisation;

(b) the society has requestedthe central office to cancel its registration;

(c) the society has failed, when directed to do so under section 41, to make an application for the renewal of its authorisation within the period allowed under that section;

(d) the society has, under sections 93 or 94 amalgamated with or transferred all its engagements to another building society; or

(e) the requisite initial step has been taken to wind up or dissolve the society.

(4) The Commission shall not revoke a society's authorisation under subsection (1) above except in accordance with the provisions of Part IV of Schedule 3 to this Act; and the other provisions of that Part shall also have effect in relation to revocation under this section or the imposition of conditions under section 42 instead of revocation under this section.

(5) Where a society's authorisation is revoked under subsection (1) or (3) above the provisions of subsections (6), (7) and (8) below shall have effect.

(6) Subject to subsection (7) below, any obligation to make a payment to the society which, by virtue of section 9(1), the society is prohibited from accepting shall be wholly rescinded.

(7) If, when a society's authorisation is revoked, a member is under an obligation to make payments to the society which represent instalments of the amount due by way of subscription for a share in the society and which, by virtue of section 9(1) the society is prohibited from accepting, the obligation shall (subject to anything in the rules of the society or any agreement between the society and the member) be suspended in respect of each instalment for the period during which no authorisation is in force; and accordingly, if reauthorisation is granted, the sum due shall again become payable by instalments.

(8) It shall be the duty of the society to make reasonable arrangements for using the funds of the society to meet applications by depositors with or holders of shares in the society (being applications made in accordance with the rules of the society) for repayment of the money deposited or subscribed by them.

(9) Where a society's authorisation is revoked under this section, the Commission shall inform the central office of the fact and the date on which the revocation takes effect and the central office shall record that date in the public file of the society.

(10) In this section "the requisite initial step", with reference to the winding up or dissolution of a building society, means the following—

(i) in the case of a winding up by the court, the making of the winding-up order;

(ii) in the case of a voluntary winding up, the passing of the resolution for voluntary winding up;

(iii) in the case of dissolution by consent of the members, the execution of the instrument of dissolution.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Modifications etc. (not altering text)
C48 Ss. 43(6)(7), 44 applied by S.I. 1986/2168, **art. 10(1)**(*c*)(i)(5)(*c*)(i)

VALID FROM 09/06/1997

[F45 43A Revocation: supplementary directions.

(1) The Commission may give a building society directions under this section—

(a) when giving it notice that the Commission proposes to revoke its authorisation;

(b) at any time after such a notice has been given to the society (whether before or after its authorisation is revoked);

(c) when giving the society a notice of revocation under subsection (3)(e) of section 43 where the requisite initial step (within the meaning of that section) is the passing of a resolution for voluntary winding up or the execution of an instrument of dissolution; or

(d) at any time after the society has requested the Commission to revoke its authorisation or the central office to cancel its registration.

(2) Directions under this section—

(a) shall be such as appear to the Commission to be desirable in the interests of the society's shareholders or depositors, whether for the purpose of safeguarding its assets or otherwise; and

(b) may relate to any activities of the society, whether or not those for which an authorisation is required.

(3) Directions under this section may in particular—

(a) impose limitations on the issue of shares, the acceptance of deposits or the making of loans;

(b) require the society to take certain steps or to refrain from adopting or pursuing a particular course of action or to restrict the scope of its business in a particular way;

(c) require the society to take steps with regard to the conduct of the business of any connected undertaking of the society;

(d) require the removal of any director or other officer.

(4) No direction shall be given by virtue of paragraph (a) or (b) of subsection (1) above, and any direction given by virtue of either of those paragraphs shall cease to have effect, if—

(a) the Commission gives the building society notice that it is not proposing to take any further action pursuant to the notice mentioned in that paragraph; or

(b) the Commission's decision to revoke the society's authorisation is reversed on appeal.

(5) No direction shall be given by virtue of paragraph (d) of subsection (1) above, and any direction given by virtue of that paragraph shall cease to have effect, if the society's request to the Commission to revoke its authorisation, or to the central office to cancel its registration, is withdrawn.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) No direction shall be given to a building society under this section after it has ceased to have any liability in respect of shares or deposits for which it had a liability at a time when it was authorised; and any such direction which is in force with respect to a building society shall cease to have effect when the society ceases to have any such liability.

(7) A building society which fails to comply with any requirement or contravenes any prohibition imposed on it by a direction under this section shall be guilty of an offence and liable—

(a) on conviction on indictment, to a fine;

(b) on summary conviction, to a fine not exceeding the statutory maximum.

(8) A contravention of a prohibition imposed under this section shall not invalidate any transaction or other act.**]**

Textual Amendments

F45 S. 43A inserted (9.6.1997) by 1997 c. 32, **s. 19**; S.I. 1997/1427, **art. 2(d)**

VALID FROM 09/06/1997

[F46 43B Notification and confirmation of supplementary directions.

(1) A direction under section 43A shall be given by notice in writing and may be varied by a further direction; and a direction may be revoked by the Commission by a notice in writing to the building society concerned.

(2) A direction under that section, except one varying a previous direction with the agreement of the building society concerned—

(a) shall state the reasons for which it is given and give particulars of the society's rights under subsection (4) below and section 46; and

(b) without prejudice to section 43A(4), (5) and (6), shall cease to have effect at the end of the period of 28 days beginning with the day on which it is given unless before the end of that period it is confirmed by a further written notice given by the Commission to the society concerned.

(3) Where a direction requires the removal of a person as director or other officer of a building society, the Commission shall give that person a copy of the direction (together with a statement of his rights under subsection (4) below) and, if the direction is confirmed, a copy of the notice mentioned in subsection (2)(b) above.

(4) A building society to which a direction is given which requires confirmation under subsection (2) above and a person who is given a copy of it under subsection (3) above may, within the period of 14 days beginning with the day on which the direction is given, make written representations to the Commission; and the Commission shall take any such representations into account in deciding whether to confirm the direction.

(5) The Commission may omit from the copies given to a person under subsection (3) above any matter which does not relate to him.**]**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F46 S. 43B inserted (9.6.1997) by 1997 c. 32, **s. 20**; S.I. 1997/1427, **art. 2(d)**

44 Reauthorisation.

(1) Where the authorisation of a building society has expired under section 41(7) or been revoked under section 43(1), or (3)(c), the Commission may, on an application duly made for the purpose, grant reauthorisation to the society under this section.

(2) Reauthorisation is authorisation to raise funds or accept deposits of money to the extent authorisation to do so is required by section 9(1).

(3) Reauthorisation under this section shall, if granted, be granted unconditionally or subject to conditions as provided by subsection (4) or (5) below.

(4) The Commission shall grant unconditional reauthorisation to the building society if it is satisfied that—

(a) the society has qualifying capital of an amount which is not less than the prescribed minimum;

(b) the society has adequate reserves and other designated capital resources;

(c) the chairman of the board of directors and any executive directors, the chief executive, the secretary and the managers (if any) are each fit and proper persons to hold their respective offices in the society;

(d) the board of directors, with the chief executive and secretary, have the capacity and intention to direct the affairs of t he society in accordance with the criteria of prudent management and, in so far as those criteria fell to be satisfied before the date of the application, have secured that they are being satisfied; and

(e) the investments of shareholders and depositors will be adequately protected without the imposition of conditions.

(5) If the Commission is not satisfied of the matters specified in subsection (4) above in relation to the society it shall—

(a) if those matters are or include the matters specified in paragraphs (a) and (c), refuse to grant authorisation;

(b) in any other case, if itsatisfied that the imposition of conditions would secure the protection of the investments of shareholders and depositors, grant reauthorisation subject to such conditions to be compiled with by the society as the Commission thinks fit to impose to secure that purpose; or

(c) if not so satisfied, refuse to grant reauthorisation.

(6) Subsections (6) and (7) of section 9 apply as respects the imposition of conditions on reauthorisation as they apply as respects the imposition of conditions under that section.

(7) The provisions of Schedule 3 to this Act regulating—

(a) the making and determination of applications for authorisation,

(b) the furnishing of information or additional information in connection with such applications, and

(c) the imposition of conditions of authorisation,

apply in relation to reauthorisation under this section.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Reauthorisation granted under this section shall be treated for the purposes of this Act as authorisation granted under section 9 and in particular subsection (9) of that section shall apply as if any conditions had been imposed under subsection (5) of that section.

(9) On granting reauthorisation under this section, the Commission shall inform the central office and the central office shall record that fact, and the date on which the reauthorisation was granted, in the public file of the society.

(10) Section 45 applies for the interpretation of "adequate reserves" and "designated capital resources" in subsection (4) above.

Modifications etc. (not altering text)
C49 Ss. 43(6)(7), 44 applied by S.I. 1986/2168, **art. 10(1)**(*c*)(i)(5)(*c*)(i)

45 The criteria for prudent management.

(1) If it appears to the Commission that there has been or is, on the part of a building society or its directors, a failure to satisfy any one or more of the following criteria of prudent management, it shall be entitled to assume for the purposes of its relevant prudential powers that the failure is such as to prejudice the security of the investments of shareholders or depositors.

(2) The prudential powers relevant for the purposes of this section are its powers—

(a) under section 42, to impose conditions on a society's authorisation, and

(b) under section 43, to revoke a society's authorisation,

by reference to its expedience for the protection of the investments of shareholders or depositors.

(3) For the purposes of this Act, the criteria of prudent management are—

(1) Maintenance of adequate reserves and other designated capital resources.

(2) Maintenance of a structure of commercial assets which satisfies the requirements of Part III.

(3) Maintenance of adequate assets in liquid form.

(4) Maintenance of the requisite arrangements for assessing the adequacy of securities for advances secured on land.

(5) Maintenance of the requisite accounting records and systems of control of business and of inspection and report.

(6) Direction and management—

(a) by a sufficient number of persons who are fit and proper to be directors or, as the case may be, officers, in their respective positions,

(b) conducted by them with prudence and integrity.

(7) Conduct of the business with adequate professional skills.

(4) Nothing in this section implies that it is improper for a determination for any purpose of the Commission's relevant prudential powers to take account of other factors than the criteria in subsection (3) above.

(5) The Commission, with the consent of the Treasury, may, by order in a statutory instrument, specify descriptions of capital resources of building societies which, for the purpose of the first criterion in subsection (3) above, are to be aggregated with

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

reserves for that purpose, to the extent and subject to any conditions specified in the order.

(6) An instrument containing an order under subsection (5) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(7) A failure to satisfy any of the first five criteria in subsection (3) above shall be treated, for the purposes of this section, as a failure on the part of a society's directors prudently to conduct the affairs of the society.

(8) A failure on the part of the society to comply with the conditions to which the authorisation is subject shall be treated, for the purposes of this section, as a failure on the part of the society's directors prudently to conduct the affairs of the society.

(9) Any carrying on by a building society or its subsidiary of an activity which has been determined, whether by the Commission under section 38 or by any court, to have been beyond the powers of the society shall be treated, for the purposes of this section, as a failure on the part of the society's directors prudently to conduct the affairs of the society.

(10) The following provisions apply for the interpretation of the list of criteria in subsection (3) above in their application to a building society, that is to say—

"adequate", except with reference to liquidity, means adequate having regard to the range and scale of the society's business;

"adequate", with reference to liquidity, means of such proportion and composition as is required by section 21(1) and "liquid form", in relation to assets, means assets which are of an authorised character for the purposes of that subsection;

"business" includes business the society proposes to carry on and references to the business of the society include, where other bodies are associated with it, references to the business of those associated bodies;

"requisite", with reference to the arrangements for assessing the adequacy of securities, means such as are required by section 13;

"requisite", with reference to accounting records and systems of control, means such as are required by section 71;

"sufficient", with reference to the number of directors and officers, means sufficient having regard to the range and scale of the society's business.

Subordinate Legislation Made

P8 S. 45(5) power exercised by S.I.1991/702

Modifications etc. (not altering text)

C50 S. 45 extended (*temp.*) by S.I. 1986/2168, **art. 12(2)**(*c*)

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

VALID FROM 01/12/1997

[F47 General functions of Commission]

Textual Amendments

F47 S. 45AA and cross-heading inserted (1.12.1997) by 1997 c. 32, **s. 22**; S.I. 1997/2668, art. 2, **Sch. Pt. I(d)**

[F48 45AA Statements of principles etc. by Commission.

(1) The Commission shall, as soon as practicable after the coming into force of this section, publish in such manner and in such detail as it thinks appropriate a statement of the principles in accordance with which it is acting or proposing to act—

(a) in exercising its powers of control; and

(b) in interpreting the criteria of prudent management.

(2) If in the course of a financial year the Commission makes a material change in the principles in accordance with which it is acting or proposing to act as mentioned in subsection (1) above, the Commission shall include in the report made by it for that year under section 4 a statement of the change in such detail as it thinks appropriate.

(3) The Commission may, at any time, publish in such manner and in such detail as it thinks appropriate, either or both of the following, namely—

(a) a statement of the principles in accordance with which it is acting or proposing to act as mentioned in subsection (1) above; and

(b) a statement containing additional guidance as to the exercise of its powers of control and its interpretation of the criteria of prudent management.

(4) In this section "powers of control", in relation to the Commission, means—

(a) the powers conferred on it by sections 36, 36A and 37; and

(b) its powers to grant or revoke an authorisation, to impose conditions on an authorisation or to direct the making of an application under section 41.**]**

Textual Amendments

F48 S. 45AA and cross-heading inserted (1.12.1997) by 1997 c. 32, **s. 22**; S.I. 1997/2668, art. 2, **Sch. Pt. I(d)**

VALID FROM 01/01/1993

[45A F49 Exercise of powers on information from supervisory authority.

(1) This section applies where, in the case of a building society for which an authorisation is in force, the Commission is informed by a supervisory authority in another member State that the society is failing to comply with an obligation imposed by or under any rule of law in force in that State for purposes connected with the implementation of the Second Council Directive.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) The Commission shall as soon as practicable send a copy of the information received by it to every other authority which it knows is a connected UK authority.

(3) The Commission shall also—

(a) consider whether to exercise its powers—

(i) under section 42, to impose conditions on the society's authorisation, or

(ii) under section 43, to revoke the society's authorisation; and

(b) notify its decision, and any action which it has taken or intends to take, to the supervisory authority and to every other authority which it knows is a connected UK authority.**]**

Textual Amendments

F49 S. 45A inserted (1. 1. 1993) by S.I. 1992/3218, **reg.74**

Modifications etc. (not altering text)

C51 S. 45A(1) extended (1.1.1996) by S.I. 1995/3275, reg. 57, **Sch. 10 Pt. I para. 6**

Appeals

VALID FROM 17/08/2001

[F50 46A Notices, hearings and appeals.

(1) If the Authority proposes—

(a) to give a direction to a society under section 36(3), (5), (6), (7) or (10), or

(b) to give a direction to a society under section 42B(1), other than a direction varying a previous direction with the agreement of the society concerned,

it must give the society a warning notice.

(2) The warning notice must set out the terms of the direction which the Authority proposes to give.

(3) If the Authority decides—

(a) to give a direction to a society under section 36(3), (5), (6), (7) or (10), or

(b) to give a direction to a society under section 42B(1), other than a direction varying a previous direction with the agreement of the society concerned,

it must give the society a decision notice.

(4) The decision notice must set out the terms of the direction which the Authority has decided to give.

(5) A society to whom a decision notice is given under this section may refer the matter to the Financial Services and Markets Tribunal.

(6) Part XXVI of the Financial Services and Markets Act 2000 (notices) is to be treated as applying in respect of warning notices and decision notices given under this section

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

as it applies in respect of warning notices and decision notices given under that Act, subject to subsection (8) below.

(7) The provisions of Part IX of the Financial Services and Markets Act 2000 (hearings and appeals) are to be treated as applying in respect of references to the Financial Services and Markets Tribunal made under this section as they apply in respect of references made to that Tribunal under that Act.

(8) In the application of Part XXVI of that Act in respect of warning notices and decision notices given under this section—

(a) section 388(1)(e)(i) (which requires a decision notice to indicate any right given under that Act to refer a decision to the Tribunal) is to be read as if, for the words "this Act", there were substituted " the Building Societies Act 1986 ";

(b) section 388(2) (which makes provision for the type of action which may be proposed in a decision notice which was preceded by a warning notice) is to be read as if, for the word "Part", there were substituted " section ";

(c) section 390(4) (which provides for the content of a final notice about an order) is to be read as if—

(i) for the words "an order" there were substituted " a direction ", and

(ii) for the words "the order", in both places where they appear, there were substituted " the direction "; and

(d) section 392 (application of sections 393 (third party rights) and 394 (access to Authority material)) is to be read—

(i) as if paragraph (a) of that section contained a reference to a warning notice given under subsection (1) above, and

(ii) as if paragraph (b) of that section contained a reference to a decision notice given under subsection (3) above.**]**

Textual Amendments

F50 S. 46A substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for ss. 46-49 by S.I. 2001/2617, arts. 2, 8, 13(1), **Sch. 3 Pt. II para. 148** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

Modifications etc. (not altering text)

C52 S. 46A(1) extended (1.12.2001) by S.I. 2001/3592, **arts. 36(2)**, 38(1) (with art. 23(2))

C53 S. 46A(8)(d)(i) excluded (1.12.2001) by S.I. 2001/3592, **arts. 36(3)**, 38(2) (with art. 23(2))

46 Rights of appeal.

(1) A building society which is aggrieved by a decision of the Commission—

(a) to refuse to grant authorisation,

(b) to revoke authorisation, or

(c) to impose conditions or as to the conditions imposed,

may appeal against the decision to a tribunal constituted in accordance with section 47.

(2) Any person in relation to whom the Commission, in deciding to refuse to grant or to revoke authorisation or to impose conditions, makes a determination that a person is not a fit and proper person to hold, or as the case may be, to remain in an office in the

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

society or imposes a requirement that he be removed from an office in the society, may appeal against the decision so far as it relates to that determination or requirement.

(3) The revocation of a society's authorisation shall not have effect until—

(a) the end of the period within which an appeal can be brought against the Commission's decision to revoke it; and

(b) if such an appeal is brought, until it is determined or withdrawn.

(4) Subsection (3) above applies in relation to the expiry of a society's authorisation on a refusal to grant authorisation under section 41 as it applies to the revocation of a society's authorisation.

(5) Subject to any order of the tribunal made under section 47 (5), an appeal under subsection (1)(c) or (2) above shall not affect the operation, pending the determination of the appeal, of any condition which is the subject of the appeal; and no determination of an appeal by any person under subsection (2) above shall affect the revocation for the purposes of which the Commission made its determination or requirement in relation to that person.

(6) In this section and section 47—

"conditions" means conditions to be complied with by a building society and imposed on the grant of authorisation under section 9, on the renewal of authorisation under section 41, on reauthorisation under section 44, or under section 42;

"grant" includes renew; and

"revoke" means revoke under section 43(1).

Modifications etc. (not altering text)
C54 S. 46(1)(2) extended (1.12.2001) by S.I. 2001/3592, **art. 126(2)(c)** (with art. 23(2))

47 Determination of appeals.

(1) Where an appeal is brought under section 46, a tribunal to determine the appeal shall be constituted in accordance with subsection (2) below.

(2) The tribunal shall consist of—

(a) a chairman appointed by the Lord Chancellor or the Lord Advocate, and

(b) two other members appointed by the Chancellor of the Exchequer.

(3) The chairman shall be

[F51(a) a person who has a 7 year general qualification, within the meaning of section 71 of the Courts and Legal Services Act 1990;

(b) an advocate or solicitor in Scotland of at least 7 years' standing; or

(c) a member of the Bar of Northern Ireland or solicitor of the Supreme Court of Northern Ireland of at least 7 years' standing;**]**

; and the other two members shall be persons appearing to the Chancellor of the Exchequer to have respectively experience of accountancy and experience of the business of building societies or of other financial institutions.

(4) On any appeal against any decision of the Commission the question for the determination of the tribunal shall be whether, for the reasons adduced by the

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

appellant, the decision was unlawful or not justified by the evidence on which it was based.

(5) The tribunal may, on the application of the building society concerned, order that the operation of any condition which is the subject of an appeal by the society be suspended pending the determination of the appeal.

(6) The tribunal may confirm or reverse the decision which is the subject of the appeal but shall not have power to vary it except by directing the Commission—

(a) in the case of an appeal against a decision to refuse to grant authorisation, to determine the conditions to which the grant of authorisation is to be subject;

(b) in the case of an appeal against a decision to revoke authorisation, to determine the conditions or different conditions subject to which the authorisation is to continue in forc e, as the case may be;

(c) in the case of an appeal against the imposition of conditions or as to the conditions imposed by the decision, to determine the conditions or different conditions subject to which the authorisation is to be granted or is to continue, as the case may be.

(7) Where by virtue of subsection (6) above the tribunal directs the Commission to determine conditions or different conditions, the Commission shall by notice to the society concerned impose such conditions to be complied with by the society as it considers expedient in order to protect the investments of shareholders or depositors and —

(a) Part III of Schedule 3 to this Act shall apply subject to the modifications made by paragraph 9 of that Schedule; but

(b) the society concerned may appeal to the tribunal against any of those conditions;

and on any such appeal the tribunal may confirm or reverse the Commission's decision with respect to the conditions which are the subject of the appeal or may direct the Commission to determine different conditions.

(8) Where by virtue of subsection (7) above the tribunal, on an appeal against any conditions, directs the Commission to determine different conditions, the other provisions of that subsection shall apply as they apply where the tribunal gives such a direction by virtue of subsection (6) above.

(9) Where the tribunal reverses a decision of the Commission to refuse to grant authorisation, it shall direct the Commission to grant it; and where the tribunal reverses a decision of the Commission to make the grant of authorisation subject to conditions, it shall direct the Commission to grant it unconditionally.

(10) Notice of a tribunal'sdetermination, together with a statement of its reasons, shall be given to the appellant and to the Commission; and unless the tribunal has directed the Commission to determine conditions or, in any other case, the tribunal directs otherwise, the determination shall come into operation when the notice is given to the appellant.

(11) The Treasury may out of money provided by Parliament pay to the persons appointed as members of a tribunal under this section such fees and allowances in respect of expenses as the Treasury may determine and any other expenses incurred for the purposes of this section.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F51 Words substituted by Courts and Legal Services Act 1990 (c. 41, SIF 37), s. 71(2), **Sch. 10 para. 68**

Modifications etc. (not altering text)

C55 S. 47 amended (1. 1. 1993) by S.I. 1992/3218, regs. 22(6), 23(7), Sch. 6 para.9(2), **Sch. 7 para.5(2)**

F52 48 Costs, procedure and evidence.

(1) A tribunal may give such directions as it thinks fit for the payment of costs or expenses by any party to the appeal.

(2) On an appeal under section 46(2) the building society in relation to which the determination was made, or upon which the requirement was imposed, shall be entitled to be heard.

(3) The Treasury may, F53. . ., make regulations with respect to appeals under section 46; and those regulations may in particular make provision—

(a) as to the period within which and the manner in which such appeals are to brought;

(b) as to the manner in which such appeals are to be conducted, including provision for any hearing to be held in private;

(c) for requiring any person, on tender of the necessary expenses of his attendance, to attend and give evidence or produce documents in his custody or under his control and for authorising the administration of oaths to witnesses;

(d) for granting to any person such discovery or inspection of documents or right to further particulars as might be granted by a county court in England and Wales or Northern Ireland or, in Scotland, for granting to any person such recovery or inspection of documents as might be granted by the sheriff;

(e) for enabling an appellant to withdraw an appeal or the Commission to withdraw its opposition to an appeal and for the consequences of any such withdrawal;

(f) for taxing or otherwise settling any costs or expenses directed to be paid by the tribunal and for the enforcement of any such direction;

(g) for enabling any functions in relation to an appeal to be discharged by the chairman of the tribunal; and

(h) as to any other matter connected with such appeals.

(4) A person who, having been required in accordance with regulations under this section to attend and give evidence, fails without reasonable excuse to attend or give evidence shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(5) A person who intentionally alters, suppresses, conceals, destroys or refuses to produce any document which he has been required to produce in accordance with regulations under this section, or which he is liable to be so required to produce, shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both;

(b) on summary conviction, to a fine not exceeding the statutory maximum.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) The power to make regulations under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Textual Amendments

F52 S. 46A substituted (17.8.2001 for specified purposes and otherwise 1.12.2001) for ss. 46-49 by S.I. 2001/2617, arts. 2, 8, 13(1), **Sch. 3 Pt. II para. 148** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

F53 Words in s. 48(3) repealed (1. 10. 1992) by Tribunals and Inquiries Act 1992 (c. 53), ss. 18(2), 19(2), **Sch.4 Pt. I**

Modifications etc. (not altering text)

C56 S. 48 applied (with modifications) by S.I. 2001/3592, **art. 127** (with art. 23(2))

C57 S. 48(3) restricted (1. 10. 1992) by Tribunals and Inquiries Act 1992 (c. 53), **ss. 8(2)(a)**, 19(2)

F54 49 Further appeals on points of law.

(1) An appeal shall lie to the High Court at the instance of the building society or other person concerned or of the Commission on any question of law arising from any decision of a tribunal under section 47; and if the court is of the opinion that the decision was erroneous in law, it shall remit the matter to the tribunal for re-hearing and determination by it.

(2) In the application of this section to a building society whose principal office is in Scotland, references to the High Court shall be construed as references to the Court of Session.

(3) No appeal to the Court of Appeal or to the Court of Appeal in Northern Ireland shall be brought from a decision under subsection (1) above except with the leave of that court or of the court or judge from whose decision the appeal is brought.

(4) An appeal shall lie, with the leave of the Court of Session or the House of Lords, from any decision of the Court of Session under this section, and such leave may be given on such terms as to costs, expenses or otherwise as the Court of Session or the House of Lords may determine.

Textual Amendments

F54 S. 46A substituted (17.8.2001 for specified purposes and otherwise 1.12.20001) for ss. 46-49 by S.I. 2001/2617, arts. 2, 8, 13(1), **Sch. 3 Pt. II para. 148** (with art. 13(3), Sch. 5); S.I. 2001/3538, **art. 2(1)**

Modifications etc. (not altering text)

C58 S. 49 applied (with modifications) by S.I. 2001/3592, **art. 127** (with art. 23(2))

Advertising etc.

50 Powers to control advertising.

(1) If, with respect to any building society for which an authorisation is in force, the Commission considers it expedient to do so in the interests of persons who may invest

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

by way of shares in or deposits with the society, the Commission may give the society a direction under this section.

(2) A direction given to a building society under this section may do all or any of the following—

(a) prohibit the issue by the society of advertisements of all descriptions;

(b) prohibit the issue by the society of advertisements of any specified description;

(c) require the society to modify advertisements of a specified description in a specified manner;

(d) prohibit the issue by the society of any advertisements which are, or are substantially, repetitions of a specified advertisement;

(e) require the society to take all practicable steps to withdraw any specified advertisement, or any specified description of advertisement, which is on display in any place;

and a direction under this section shall be in writing.

(3) Not less than seven days before giving a direction under this section the Commission shall give the society and, subject to subsection (9) below, every director and the chief executive of the society notice that it proposes to give the direction and stating the grounds for the proposed direction.

(4) In any case where—

(a) the Commission has given a society notice under subsection (3) above, and

(b) within the period of seven days beginning with the date on which the notice was given, representations (whether made in writing or orally) are made to the Commission by the society,

the Commission shall take those representations into account in deciding whether or not to proceed to give the direction.

(5) On giving a direction under this section the Commission shall give the society and, subject to subsection (9) below, every director and the chief executive of the society, notice of the direction, stating also the grounds for giving it.

(6) The Commission may not give a direction under this section on grounds other than those stated, or grounds included in those stated, in the notice under subsection (3) above.

(7) A direction under this section—

(a) may be revoked or varied by a further direction under this section; and

(b) shall be revoked by notice to the society.

(8) If a building society fails to comply with a direction under this section, then—

(a) the society shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum; and

(b) any officer of the society who is also guilty of the offence shall be liable—

(i) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both; and

(ii) on summary conviction, to a fine not exceeding the statutory maximum.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(9) Where any provision of this section requires notice of a direction under it to be given to every director of a building society that requirement is satisfied by giving notice to each director whose appointment has been officially notified and the non-receipt of a notice of the direction by a director or the chief executive does not affect the validity of the direction.

(10) In this section—

"advertisement" includes every form of advertisement, **[**F55whether–

(a) documentary,

(b) by way of sound broadcasting or television or by inclusion in any programme service (within the meaning of the Broadcasting Act 1990) other than a sound or television broadcasting service, or

(c) by any pictorial means not falling within paragraph (a) or (b) above;

and references**]** to the issue of advertisements shall be construed accordingly; and

"specified" means specified in a direction under this section.

Textual Amendments

F55 Words substituted by Broadcasting Act 1990 (c. 42, SIF 96), s. 203(1), **Sch. 20 para. 44**

Modifications etc. (not altering text)

C59 S. 50(7)(8) applied by S.I. 1986/2168, **art. 10(2)**(*b*)

51 Powers to avoid apparent association with other bodies.

(1) If, as regards a building society and another body corporate which is not an associated body by virtue of section 18, it appears to the Commission that persons who might invest in or otherwise deal with that other body may be misled into believing that there is such a business relationship between the society and that body as indicates that the society has assumed an obligation to discharge that body's liabilities in any event, the Commission may give the society a direction under subsection (2) below.

(2) A direction under this subsection is a direction requiring the society—

(a) if they are available to it, to assume and make exercisable, or to make exercisable, as regards a body specified in the direction, the powers conferred by section 18; or

(b) to take such steps as are agreed with the Commission for the purpose of removing the appearance of a business relationship with the specified body which indicates the assumption of an obligation of the description referred to in subsection (1) above;

and, within a specified period, to notify the Commission of the course it has decided to take.

(3) The steps that a building society may be required to take for the purpose of complying with a direction under subsection (2) above may relate to the conduct of its business or to its business relationship (if any) with the other body and, in particular, may require the removal of any person from any office in the society or that body.

(4) A direction under subsection (2) above shall—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) specify the matters which appear to the Commission to be capable of giving rise to such a belief as is mentioned in subsection (1) above;

(b) specify the period within which the society must comply with the direction;

(c) require the society, if it decides to comply with the direction by taking steps to secure the purpose mentioned in subsection (2)(b) above, to notify the Commission of the steps it proposes to take.

(5) Where a building society, in pursuance of subsection (2)(b) above notifies the Commission of steps which it proposes to take to secure the purpose mentioned in that paragraph then—

(a) if it appears to the Commission that the steps proposed are reasonably likely to secure that purpose, the Commission shall approve them and direct the society to carry them out;

(b) if it appears to the Commission that the steps proposed are, with modifications, likely to secure that purpose and the Commission and the society agree on appropriate modifications within the period of 21 days from the date on which the Commission notifies the society of the modifications it proposes for their agreement, the Commission shall approve the steps as modified and direct the society to carry them out;

but otherwise the Commission shall reject the society's proposals.

(6) If the Commission rejects a society's proposals under subsection (5) above the Commission shall direct the society, within a specified period, to take the steps specified in the direction.

(7) Any direction under subsection (2), (5) or (6) above shall be given by the Commission by notice served on the society.

(8) The Commission may, if it thinks fit, extend, or further extend, any period during which a building society is to take any steps required of it under any of the foregoing provisions of this section and may do so whether or not application is made to it before the expiry of the period in question.

(9) If a building society fails, within the period allowed to it under the foregoing provisions of this section, to comply with a direction under subsection (2) or (6) above, the Commission may serve on the society an aggregation notice to take effect on such date as is specified in the notice.

(10) An aggregation notice under subsection (9) above is a notice directing that, from the date specified in the notice until the notice is withdrawn by the Commission, the assets and liabilities of the body specified in the notice will be aggregated with those of the society for the purposes of the provisions of this Act requiring aggregation of assets or liabilities; and where such a notice is served, and whilst it remains in force, the assets and liabilities of the body specified in the notice shall for the purposes of those provisions be aggregated with those of the society in accordance with the aggregation rules in force under sections 7(10), 8(3) and 20(9).

(11) A copy of any aggregation notice served on a building society under subsection (9) above shall, whilst in force, be kept in the public file of the society.

(12) In this section—

"business relationship" includes the use of business names and the holding by one individual of offices in more than one body;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"specified" means specified in a direction under any provision of this section;

and "the provisions of this Act requiring aggregation of assets or liabilities" are sections 7, 8 and 20.

Information

52 Powers to obtain information and documents etc.

(1) This section applies to information documents or other material, or explanations of matters, which relate to the business of a building society or its plans for future development and, in relation to the obtaining under this section of information or explanations or the production under this section of documents or other material to which it applies "the purposes of its supervisory functions" means the purposes of the discharge by the Commission of any of its functions under Part I, section 9, the foregoing sections of this Part, Part X and sections 107 and 108.

(2) Where a building society has subsidiaries or other associated bodies this section also applies to information, documents or other material, or explanations of matters, which relate to, or also relate to, the business, or the plans for future development, of every such subsidiary or associated body.

(3) Where the Commission has grounds under section 51(1) for giving a direction to a building society under subsection (2) of that section in relation to another body corporate this section also applies to information, documents or other material, or explanations of matters, which relate to the business of that other body.

(4) This section does not authorise any requirement in relation to information, documents or other material to be imposed on a subsidiary of or other body associated with a building society unless that body carries on business in the United Kingdom; but a requirement may be imposed under this section on a building society in relation to information, documents or other material in the possession or control of a subsidiary or associated body outside the United Kingdom.

(5) Subject to subsection (4) above, the Commission may by notice to a building society, subsidiary or associated body—

(a) require the body to which it is addressed to furnish to it, within a specified period or at a specified time or times, such specified information as the Commission considers it needs for the purposes of its supervisory functions;

(b) require the body to which it is addressed to produce to it, at a specified time and place, such specified documents or other material as the Commission considers it needs for the purposes of its supervisory functions;

(c) require the body to which it is addressed to provide to it, within specified period, such explanations of specified matters as the Commission considers it needs for the purposes of its supervisory functions;

(d) require the body to which it is addressed to furnish to it a report by an accountant approved by the Commission on, or on specified aspects of, information or documents or other material furnished or produced to the Commission.

(6) Where, by virtue of subsection (5)(a), (b) or (c) above the Commission has power to require the furnishing of any information, the production of any document or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

material or the provision of any explanation by a building society or other body, the Commission shall have the like power as regards any person who is or has been an officer or employee or agent of the society or other body, as the case may be, or, in the case of documents or material, appears to the Commission to have the document or material in his possession or under his control.

(7) Where any person from whom production of a document or material is required under subsection (6) above claims a lien on the document or material, the production of it shall be without prejudice to the lien.

(8) Nothing in the foregoing provisions of this section shall compel the production by a barrister, solicitor or advocate of a document or material containing a privileged communication made by him or to him in that capacity or the furnishing of information contained in a privileged communication so made.

(9) Where, by virtue of subsection (5) or (6) above, the Commission requires the production by a building society or other body or any other person of documents or material, the Commission may—

(a) if the documents or material are produced, take copies of or extracts from them and require that person or any other person who is a present or past director or officer of, or is or was at any time employed by, the building society or other body to provide an explanation of the documents or material; and

(b) if the documents or material are not produced, require the person who was required to produce the documents or material to state, to the best of his knowledge and belief, where the documents or material are.

(10) Any person who, when required to do so under this section, fails without reasonable excuse to furnish any information or accountant's report, to produce any documents or material, or to provide any explanation or make any statement, shall be liable on summary conviction—

(a) to a fine not exceeding level 5 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £200 for every day during which the offence continues.

(11) Any building society which furnishes any information, provides any explanation or makes any statement which is false or misleading in a material particular shall be liable, on conviction on indictment or on summary conviction, to a fine which, on summary conviction, shall not exceed the statutory maximum.

(12) Any person who knowingly or recklessly furnishes any information, provides any explanation or makes any statement which is false or misleading in a material particular shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both; and

(b) on summary conviction, to a fine not exceeding the statutory maximum.

(13) In this section "specified" means specified in a notice under this section and "agent", in relation to a building society, or any subsidiary or other body associated with it, includes its bankers, its accountants and solicitors and its auditors.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

VALID FROM 09/06/1997

[F56 52A Right of entry to obtain information and documents.

(1) Any member, servant or agent of the Commission may, on producing if required evidence of his authority, enter any premises occupied by a person on whom a notice has been served under section 52 for the purpose of—

(a) obtaining there the information, documents or other material or explanations required by that notice; and

(b) facilitating the exercise by the Commission of the powers conferred by subsection (5) of that section.

(2) Subject to subsection (3) below, any member, servant or agent of the Commission may, on producing if required evidence of his authority, enter any premises occupied by any person on whom a notice could be served under section 52 for the purpose of obtaining there such information, documents or other material or explanations as—

(a) are specified in the authority; and

(b) are information, documents or other material or explanations that could have been required by such a notice.

(3) The Commission shall not authorise any person to act under subsection (2) above unless it has reasonable cause to believe that if a notice under section 52 were served it would not be complied with or that any documents or other material to which it would relate would be removed, tampered with or destroyed.

(4) Any person who intentionally obstructs a person exercising rights conferred by this section shall be liable on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding level 5 on the standard scale or both.**]**

Textual Amendments

F56 S. 52A inserted (9.6.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 18**; S.I. 1997/1427, **art. 2(k)(n)(iii)**

53 Confidentiality of certain information obtained by Commission.

(1) Subject to the provisions of this section and section 54, no information obtained by or furnished to the Commission under or for the purposes of this Act and relating to the business of the building society or other body or its or their plans for future development or to any person who is or has been or has been appointed or, in the case of a director, nominated or proposed as, an officer of a building society or other body may be disclosed (otherwise than to an officer or employee of the recipient authority) except—

(a) with the consent of the body to which, or person to whom, the information relates and (if different) of the person who furnishes it to the Commission; or

(b) to the extent that it is information which is at the time of the disclosure, or has previously been, available to the public from other sources; or

(c) in the form of a summary or collection of information so framed as not to enable information relating to any particular body or person to be ascertained from it; or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(d) to the extent that it is information which is provided for the purpose, under any provision of this Act, of its being made (in whatever manner) available to the public.

(2) Nothing in subsection (1) above prohibits the disclosure of information—

(a) with a view to the institution of, or otherwise for the purposes of, any criminal proceedings, whether under this Act or otherwise;

(b) with a view to the institution of, or otherwise for the purposes of, any civil proceedings by or at the relation of or against the Commission or by the Investor Protection Board arising out of the discharge of their respective functions under this Act;

(c) in order to enable the Commission to discharge any of its functions under this Act or any Community obligation;

(d) in order to enable the central office to discharge any of its functions under this Act;

(e) in order to enable any person appointed investigator under section 55 or inspector under section 56 to discharge his duties under that section;

(f) in order to enable the auditors of the society to discharge their duties to the Commission;

(g) with a view to the institution of, or otherwise for the purposes of, any disciplinary proceedings relating to the exercise by a solicitor, auditor, accountant or valuer of his professional duties.

(3) If, in order to enable the Commission properly to discharge any of its functions under this Act or any such obligation, the Commission considers it necessary to seek advice from any qualified person on any matter of law, accountancy, valuation of property or other matter requiring the exercise of professional skill, nothing in subsection (1) above prohibits the disclosure to that person of such information as may appear to the Commission to be necessary to ensure that he is properly informed with respect to the matters on which his advice is sought.

(4) Nothing in subsection (1) above prohibits the disclosure of information—

(a) to the Treasury in circumstances where, in the opinion of the Commission, it is desirable or expedient that the information should be disclosed—

(i) in the interests of shareholders or depositors or in the public interest; or

(ii) with a view to the exercise by the Treasury of any of its functions under this Act; or

(b) to the Investor Protection Board in order to enable the Board to discharge any of its functions under the protective scheme provisions of Part IV.

(5) Nothing in subsection (1) above prohibits the disclosure of information to the Bank of England in circumstances where, in the opinion of the Commission, it is desirable or expedient that the information should be disclosed with a view to facilitating the discharge—

(a) by the Commission, of any of its functions under this Act; or

(b) by the Bank, of any of its functions, whether under the **[**[F57]Banking Act 1987**]** or otherwise;

nor does subsection (1) above prohibit further disclosure of the information by the Bank of England with the consent of the Commission and within the limits permitted

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

by **[**F57Part V of that Act other than section 84(5)**]** so far as it relates to disclosure in the public interest.

(6) Nothing in subsection (1) above prohibits the disclosure of information, with the consent of the Treasury, to the Secretary of State or the Department of Economic Development in circumstances where, in the opinion of the Commission, it is desirable or expedient that the information should be disclosed in the interests of shareholders or depositors or, in the case of information for the Secretary of State, in the public interest.

(7) Nothing in subsection (1) above prohibits the disclosure of information to the Secretary of State or the Department of Economic Development in circumstances where, in the opinion of the Commission, it is desirable or expedient that the information should be disclosed with a view to facilitating the discharge—

(a) by the Commission, of any of its functions under this Act, or

(b) by the Secretary of State, of any functions of his under—

(i) any provision of the M20Insurance Companies Act 1982, or

(ii) sections 431, 432(2), 442, 444, 446(1) or 447(2) or (3) of the M21Companies Act 1985 (appointment of inspectors and requirement to produce documents); **[**F58, or

(iii) Part II, III or VII of the Companies Act 1989;**]**

or

(c) by the Department, of any of its functions under Articles 424, 425(2), 435, 437, 439(1) or 440(2) or (3) of the M22Companies (Northern Ireland) Order 1986 (appointment of investigators and requirement to produce documents) **[**F59Part III of the Companies (Northern Ireland) Order 1990 or Part II or V of the Companies (No. 2) (Northern Ireland) Order 1990;**]**;

nor does subsection (1) above prohibit further disclosure of the information by the Secretary of State or the Department with the consent of the Commission

(8) Subject to subsection (9) below, nothing in subsection (1) above prohibits the disclosure of information to a prescribed regulatory authority in circumstances where, in the opinion of the Commission, it is desirable or expedient that the information should be disclosed—

(a) in the public interest, or

(b) in the interests of shareholders or depositors, or

(c) with a view to facilitating the discharge—

(i) by the Commission, of any of its functions under this Act, or

(ii) by the regulatory authority, of any prescribed functions of the authority;

nor does subsection (1) above prohibit further disclosure of the information by a prescribed regulatory authority in prescribed circumstances, subject to prescribed conditions and with the consent of the Commission.

(9) The Commission, with the consent of the Treasury, may, by order designate public and other authorities as prescribed regulatory authorities for the purposes of subsection (8) above and an order under this subsection—

(a) shall specify the functions of prescribed regulatory authorities which are prescribed functions for those purposes;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) may restrict thecircumstances in which information may, by virtue of that subsection, be disclosed or further disclosed, whether by excluding any of paragraphs (a), (b) or (c) of that subsection or otherwise; and

(c) may impose conditions subject to which the information may be disclosed or further disclosed;

and in that subsection "prescribed" means prescribed by an order under this subsection.

(10) The power to make an order under subsection (9) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(11) Nothing in subsection (1) above prohibits the disclosure to an overseas regulatory authority of information which relates to a building society which, or a building society's subsidiary or associated body which,—

(a) carries on or proposes to carry on any business in that country or territory, or

(b) has or proposes to acquire an interest in a body corporate which carries on or proposes to carry on in that country or territory any business corresponding to any business of a building society, or

(c) appears to the Commission to be associated with a body incorporated under the law of that country or territory or whose principal place is, or is proposed to be, in that country or territory,

if it appears to the Commission that the disclosure of the information would assist that authority in the discharge of its functions or would assist the Commission in the discharge of any of its functions under this Act.

(12) Subsection (11) above applies in relation to the disclosure of information which relates to any person who is or has been or has been appointed or, in the case of a director, nominated or proposed as an officer of a building society or other body in the case of which that subsection authorises the disclosure of information which relates to it as it applies to the disclosure of information which relates to the society or other body.

(13) Any person who discloses information in contravention of subsection (1) above shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both; and

(b) on summary conviction, to a fine not exceeding the statutory maximum.

(14) In this section—

"authority" includes any body (corporate or unincorporate) which is charged with the regulation of the carrying on of any description of financial business or the practice of any profession to which the carrying on of such business is incidental;

"overseas regulatory authority" means any government department or public or other authority in a country or territory outside the United Kingdom which is charged under the law of that country or territory with the regulation of the carrying on there of any business within the powers conferred on building societies or their subsidiaries by or under this Act; and

"regulation", in relation to any public or other authority, means regulation in the public interest or for the protection of private interests.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F57 Words substituted by Banking Act 1987 (c. 22, SIF 10), s. 108(1), **Sch. 6 para. 26(4)**

F58 Word in s. 53(7)(b) and s. 53(7)(b)(iii) inserted (21. 02. 1990 but 25. 04. 1991 to to the extent that the inserted provision refers to Part VII of the Companies Act 1989 (c. 40, SIF 27)) by Companies Act 1989 (c. 40, SIF 27), **s. 80**; S.I. 1990/142 art. 4(b); S.I. 1991/878, **art. 2**.

F59 Words in s. 53(7)(c) added (N.I.) (11.3.1991 but 01.10.1991 to the extent that S.I. 1990/1504, **art. 24** refers to Part V of the Companies (No. 2) (N.I.) Order 1990)) by S.I. 1990/1504, **art. 24**; S.R. 1991/26, **art. 2(2)(b)**; S.R. 1991/438, **art. 2(a)**

Modifications etc. (not altering text)

C60 S. 53 modified by Companies Act 1989 (c. 40, SIF 27), **s. 88(3)(b)(5)(6)**

Marginal Citations

M20 1982 c. 50.

M21 1985 c. 6.

M22 S.I. 1986/1032 (N.I. 6).

54 Information disclosed to Commission from other sources.

(1) If and in so far as it appears to the Secretary of State that the disclosure of any information will enable the Commission better to discharge its functions under this Act (but not otherwise),—

(a) information obtained by the Secretary of State under section 447 or 448 of the [M23]Companies Act 1985 (inspection of companies' books and papers) may be disclosed to the Commission or further disclosed, notwithstanding the provision as to security of information contained in section 449 or that Act; and

(b) where the information is contained in a report made by inspectors appointed under section 431, 432, 442 or 446 of the Companies Act 1985 (investigation of affairs or ownership of companies and certain other bodies corporate) the Secretary of State may furnish a copy of the report to the Commission.

(2) If and in so far as it appears to the Department of Economic Development that the disclosure of any information will enable the Commission better to discharge its functions under this Act (but not otherwise),—

(a) information obtained by the Department under Article 440 or 441 or the [M24]Companies (Northern Ireland) Order 1986 (inspection of companies' books and papers) may be disclosed or further disclosed to the Commission, notwithstanding the provision as to security of information contained in Article 442 of that Order; and

(b) where the information is contained in a report made by inspectors under Article 424, 425, 435 or 439 of the [M25]Companies (Northern Ireland) Order 1986 (investigation of affairs or ownership of companies and certain other bodies corporate) the Department may furnish a copy of the report to the Commission.

(3) Subsection (1) of section 53 does not apply to information which has been disclosed to the Commission by virtue of subsection (1) or (2) above, but—

(a) except as provided by paragraph (b) below, nothing in this Act authorises any further disclosure of that information in contravention of section 449 of

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

the [M26]Companies Act 1985 or, as the case may require, Article 442 of the Companies (Northern Ireland) Order 1986; and

(b) with respect to that information the references in subsections (3), (4), (5), (6), (8) and (11) of section 53 to subsection (1) of that section shall be construed as including a reference to the said section 449 or, as the case may require, Article 422, but, in the case of subsections (5), (6) and (8), so far only as they relate to the discharge of the Commission's functions or the interests of shareholders and depositors.

(4) F60

(5) F60

(6) If information is disclosed to the Commission by an overseas regulatory authority—

(a) subsection (1) of section 53 applies to that information as it applies to information obtained or furnished under or for the purposes of this Act; but

(b) the references in subsections (4) to (11) of that section to the disclosure of information do not extend to the disclosure of that information.

Textual Amendments

F60 S. 54(4)(5) repealed by Banking Act 1987 (c. 22, SIF 10), s. 108, Sch. 6 para. 26(5), **Sch. 7 Pt. I**

Modifications etc. (not altering text)

C61 S.54 modified by Companies Act 1989 (c. 40, SIF 27), **s. 88(3)(b)(5)(6)**

Marginal Citations

M23 1985 c. 6.

M24 S.I. 1986/1032. (N.I.6)

M25 S.I. 1986/1032 (N.I.6).

M26 1985 c. 6.

Inspections, etc

55 Investigations on behalf of Commission.

(1) If it appears to the Commission desirable to do so for the purposes of its supervisory functions in relation to a building society, the Commission may appoint one or more competent persons to investigate and report to it on the state and conduct of the business of the society concerned, or any particular aspect of that business.

(2) If a person appointed under subsection (1) above thinks it necessary for the purposes of his investigation, he may also investigate the business of any body corporate which is or has at any relevant time been—

(a) a subsidiary of the building society under investigation or,

(b) an associated body (other than a subsidiary) of that society.

(3) It shall be the duty of every officer, employee and agent of a building society or other body which is under investigation—

(a) to produce to the persons appointed under subsection (1) above all records, books and papers relating to the body concerned which are in his custody or power; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) to attend before those persons when required to do so; and

(c) otherwise to give to those persons all assistance in connection with the investigation which he is reasonably able to give.

(4) Any officer, employee or agent of a building society or other body who—

(a) without reasonable excuse fails to produce any records, books or papers which it is his duty to produce under subsection (3) above, or

(b) without reasonable excuse fails to attend before the person appointed under subsection (1) above when required to do so, or

(c) without reasonable excuse fails to answer any question which is put to him by persons so appointed with respect to any building society or other body corporate which is under investigation,

shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(5) Any officer, employee or agent of a building society or other body who knowingly or recklessly furnishes to any person appointed under subsection (1) above any information which is false or misleading in a material particular, shall be liable—

(a) on conviction on indictment to imprisonment for a term not exceeding two years or to a fine or both; and

(b) on summary conviction to a fine not exceeding the statutory maximum.

(6) In this section—

(a) "agent", in relation to a building society or other body whose business is under investigation, includes its bankers, its accountants and solictors and any persons, where they are not officers of the other body concerned, who are employed as its auditors;

(b) "the purposes of its supervisory functions", in relation to the Commission, has the same meaning as in section 52; and

(c) any reference to an officer, employee or agent of a building society or other body includes a reference to a person who has been but no longer is an officer, employee or agent of that society or other body.

Modifications etc. (not altering text)

C62 S. 55(6)(a) amended (E.W.) (01.01.1992) by S.I. 1991/2684, arts. 2(1), 4, **Sch.1**

56 Inspections and special meetings: general.

(1) In the circumstances mentioned in subsection (2) below, the Commission—

(a) may appoint one or more competent inspectors to investigate and report on the affairs of a building society, or

(b) may call a special meeting of a building society to consider its affairs, or

(c) may (either on the same or on different occasions) both appoint an inspector or inspectors and call a special meeting for those purposes;

and, in the circumstances mentioned in subsection (3) below, the investigation or consideration may extend to the affairs of any body corporate which is or at any relevant time has been a subsidiary of or body associated with the building society.

(2) The powers conferred by subsection (1) above may be exercised either—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) on the application of the requisite number of members of the society, or

(b) where no such application is made but the Commission is of opinion that an investigation should be held into the affairs of the society, or that the affairs of the society call for consideration by a meeting of its members.

(3) The powers conferred by subsection (1) above may be exercised in relation also to a subsidiary of or body associated with a building society either—

(a) where the application referred to in subsection (2)(a) above so requests, or

(b) where the application contains no such request but the Commission is of the opinion that it is necessary for the purposes of the investigation into or consideration of the affairs of the building society that the affairs of the subsidiary or associated body should also be investigated or considered.

(4) Where the inspectors are of the opinion mentioned in subsection (3)(b) above in relation to a subsidiary of or body associated with a building society they may, with the consent of the Commission, extend their investigation to the affairs of the subsidiary or associated body and make their report accordingly.

(5) For the purposes of subsections (1) to (3) above the requisite number of members—

(a) in the case of a building society having more than 1,000 members, is 100, and

(b) in the case of any other building society, is one-tenth of the whole number of members of the society.

(6) The following provisions shall have effect where an application is made as mentioned in subsection (2)(a) above, that is to say—

(a) the application shall be supported by such evidence as the Commission may require for the purpose of showing that the applicants have good reason for requiring an investigation by inspectors or consideration by a special meeting, as the case may be, and that the applicants are not actuated by malicious, frivolous, vexatious or scandalous motives in their application;

(b) such notice of the application shall be given to the building society and, in a case where the investigation is to extend to its affairs also, to the society's subsidiary or associated body, as the Commission may direct;

(c) the Commission shall require the applicants to give security for payment of the costs of the investigation or meeting before the inspector is appointed or the meeting is called subject, in the case of the costs of an investigation, to an amount not exceeding the corresponding Companies Act limit; and

(d) as regards the expenses of or incidental to the investigation or meeting—

(i) in the case of an investigation (in whichever way instituted), the expenses shall be defrayed in the first instance by the Commission but without prejudice to its rights to contribution under section 57(10);

(ii) in the case of a meeting, the expenses shall be defrayed by the applicants, or out of the funds of the society, or by the members or officers or former members or officers of the society, in such proportions as the Commission may direct.

(7) Before exercising its powers under subsection (1) above in a case falling within subsection (2)(b) above, the Commission shall inform the building society of the action which it proposes to take and the grounds for that action, and the society shall, within 14 days of receiving the information, be entitled to give the Commission an explanatory statement in writing by way of a reply.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Where the Commission proposes to exercise its powers under subsection (1) above in a case falling within subsection (3)(b) above, subsection (7) above shall apply in relation to the subsidiary or associated body as it applies in relation to the society.

(9) Inspectors appointed under this section shall, in addition to having the powers which are necessary for or incidental to the discharge of their functions under this section, have the powers specified in section 57.

(10) Where a special meeting is " called under this section—

(a) the Commission may direct at what time and place the meeting is to be held, and what matters are to be discussed and determined at the meeting, and may give such other directions as it thinks fit with respect to the calling, holding and conduct of the meeting;

(b) the Commission may appoint a person to be chairman at the meeting or, in default of such an appointment, the meeting may appoint its own chairman;

(c) the meeting shall have all the powers of a meeting called according to the rules of the building society;

and the provisions of this subsection and any direction given under it shall have effect notwithstanding anything in the rules of the building society.

(11) In this section "the corresponding Companies Act limit", in relation to security for the payment of the costs of an investigation, is £5,000 or such other sum as is specified for the time being in an order under section 431(4) of the [M27]Companies Act 1985 for the purposes of that section.

Marginal Citations
M27 1985 c. 6.

57 Inspections: supplementary provisions.

(1) In this section—

"the body under investigation" means the building society whose affairs or, as the case may be, the building society whose affairs, and each subsidiary of or body associated with the building society whose affairs, are the subject of the investigation;

"the inspectors" means the persons appointed by the Commission under section 56 to conduct the investigation;

"the investigation" means the investigation under section 56 which the inspectors have been appointed to hold;

and references to officers or to agents include past, as well as present, officers or agents (as the case may be) and "agents", in relation to a building society or any subsidiary of or body associated with a building society, includes its bankers, its accountants and solicitors and its auditors.

(2) When the inspectors have been appointed it is the duty of all officers and agents of the body under investigation—

(a) to produce to the inspectors all documents and material of or relating to the body under investigation which are in their custody or power;

(b) to attend before the inspectors when required to do so, and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) otherwise to give the inspectors all assistance in connection with the investigation which they are reasonably able to give.

(3) If the inspectors consider that a person other than an officer or agent of the body under investigation is or may be in possession of information concerning its affairs, they may require that person to produce to them any documents or material in his custody or power relating to the body under investigation, to attend before them and otherwise to give them all assistance in connection with the investigation which he is reasonably able to give; and it is that person's duty to comply with the requirement.

(4) The inspectors may examine on oath the officers and agents of the body under investigation, and any such person as is mentioned in subsection (3) above, in relation to the affairs of the body under investigation, and may administer an oath accordingly.

(5) An answer given by a person to a question put to him under the foregoing provisions of this section may be used in evidence against him.

(6) If an officer or agent of the body under investigation or any such person as is mentioned in subsection (3) above—

(a) refuses to produce any document or material which it is his duty under this section to produce, or

(b) refuses to attend before the inspectors when required to do so, or

(c) refuses to answer any question put to him by the inspectors with respect to the affairs of the body under investigation,

the inspectors may certify the refusal in writing to the High Court; and the court may thereupon inquire into the case and, after hearing any witnesses who may be produced against or on behalf of the alleged offender and after hearing any statement which may be offered in defence, may punish the offender in like manner as if he had been guilty of contempt of the court.

(7) The inspectors may, and if so directed by the Commission shall, make interim reports to the Commission, but they may at any time in the course of the investigation, without making an interim report, inform the Commission of matters coming to their knowledge as a result of the investigation tending to show that an offence has been committed.

(8) The Commission may, if it thinks fit—

(a) send a copy of any report made by the inspectors to the body whose affairs are or were the subject of the investigation;

(b) furnish a copy of any such report on request and on payment of the prescribed fee to—

(i) any member of the body whose affairs are or were the subject of the investigation;

(ii) the auditors of that body;

(iii) any person whose conduct is referred to in the report;

(iv) any other person whose financial interests appear to the Commission to be affected by matters dealt with in the report, whether as creditor or otherwise; and

(c) cause the report to be printed and published.

(9) A copy of a report of inspectors appointed under section 56 to hold an investigation under that section, certified by the Commission to be a true copy, is admissable in any legal proceedings as evidence of the opinion of the inspectors in relation to any

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

matter contained in the report; and a document purporting to be such a certificate shall be received in evidence and be deemed to be such a certificate, unless the contrary is proved.

(10) The Commission shall be entitled to be repaid the expenses of the investigation defrayed by it under section 56(6)(d) as provided in the following paragraphs, that is to say—

(a) by the applicants for the investigation, to such extent (if any) as the Commission may direct;

(c) by any person convicted of an offence in proceedings instituted as a result of the investigation, to such extent (if any) as the court by or before which he was convicted may order;

and a person liable under any one of paragraphs (a) to (c) above is entitled to contribution from any other person liable under the same paragraph, according to the amount of their respective liabilities under it.

(11) In the application of this section to a building society whose principal office is in Scotland, any reference to the High Court shall be read as a reference to the Court of Session.

Modifications etc. (not altering text)
C63 S. 57(1) amended (E.W.) (01.01.1992) by S.I. 1991/2684, arts. 2(1), 4, **Sch.1**

PART VII

MANAGEMENT OF BUILDING SOCIETIES

Directors and other officers

58 Directors: number.

(1) Every building society shall have at at least two directors.

(2) One of the directors shall be appointed to be chairman of the board of directors.

59 Chief executive and secretary.

(1) Every building society shall have a chief executive, that is to say, a person who is employed by the society and who either alone or jointly with one or more other persons, is or will be responsible under the immediate authority of the directors for the conduct of the business of the society.

(2) Every building society shall have a secretary.

(3) The offices of chief executive and secretary of a building society may be held by the same person.

(4) The chief executive and the secretary of a building society shall be appointed by the directors of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(5) The directors of a building society shall, as regards the appointment of the secretary or the chief executive of the society, take all reasonable steps to secure that the person appointed is a person who has the requisite knowledge and experience to discharge the functions of his office.

(6) Where a person becomes or ceases to be the chief executive of a building society, the society shall within one month give notice of that fact to the central office, stating the person's full name and address and the date on which he became, or ceased to be, chief executive; and the central office shall record the person's name and the date on which he began to hold, or, as the case may be, ceased to hold office, in the public file of the society.

(7) Anything required or authorised to be done by or to the secretary or chief executive of a building society may, if the office is vacant or there is for any other reason no secretary or chief executive capable of acting, be done by or to any assistant or deputy secretary or assistant or deputy chief executive, as the case may be, or, if there is no assistant or deputy capable of acting, by or to any officer of the society authorised generally or specially for that purpose by the directors.

60 Directors: elections and retirements.

(1) Except in so far as they may be co-opted by virtue of subsection (13) below, the directors of a building society must be elected to office, either—

(a) at the annual general meeting of the society, or

(b) by postal ballot of the members conducted during that part of the financial year of the society which precedes the date on which the annual general meeting is held,

as the rules provide.

(2) The persons entitled to vote in an election of directors of a building society are those members of the society who, on the voting date, are entitled to vote on an ordinary resolution of the society.

(3) A person entitled to vote in an election of directors of a building society shall have one vote for every vacancy which is to be filled by the election but cannot be required to cast all or any of his votes.

(4) Subject to subsections (6), (7) and (9) below and to paragraph 5(3) of Schedule 2 to this Act, any person is eligible to be elected a director of a building society.

(5) The rules of a building society may require its directors to retire at a prescribed age without eligibility for re-election or reappointment; and, if the age so prescribed is no greater than the age which is the normal retirement age for the purposes of this section, subsection (7) below shall have no application to the directors of the society.

(6) If the rules of a building society make the provision authorised by subsection (5) above, a person who has attained the age so prescribed shall not be eligible to be elected as a director of the society.

(7) Except in a case where the operation of this subsection is excluded by subsection (5) above, if a person has attained the normal retirement age for directors, he shall not be eligible to be elected a director of a building society unless—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) he has been approved as eligible for election by resolution of the board of directors, and

(b) his age and the reasons for the board's approval of his eligibility have been notified to every person entitled to vote at the election.

(8) In this section "the normal retirement age", in relation to the directors of a building society, means 70 years or such lesser age as the rules of the society prescribe as the normal retirement age for its directors; and "the compulsory retirement age", for a society whose rules make the provision authorised by subsection (5) above, means the age so prescribed in its rules.

(9) The rules of a building society may impose, as a condition of a person's eligibility to be or to remain a director of the society, a requirement that he shall hold beneficially shares in the society not less in value than the amount prescribed by the rules, but the minimum holding to be required shall not exceed £1,000 or such other amount as may be substituted for it by order of the Commission under this subsection.

(10) The rules of a building society may impose, as conditions of the validity of a person's nomination for election as a director, requirements as to—

(a) the minimum number of members who must join in nominating him,

(b) their qualifications as respects length of membership of and the value of shares held in the society, and

(c) the depositing of money with the society in connection with his candidature,

but no other requirements; and rules made by virtue of this subsection must comply with section 61.

(11) A director of a building society shall retire from office—

(a) in any case not provided for by paragraph (b) below, subsection (12) below or rules under section 61(10), at the third annual general meeting of the society following the date of his election, and

(b) in a case where he had attained the normal retirement age at his election, at the next annual general meeting following that date;

subject (in either case) to any provision for his earlier retirement on the grounds of ceasing to hold the requisite shares in the society contained in the rules of the society.

(12) A director of a building society attaining the normal retirement age or, as the case may be, the compulsory retirement age shall, subject to any provision of the rules for earlier retirement, retire from office at the next annual general meeting of the society.

(13) If the rules of a building society so provide, the directors for the time being may appoint as additional directors or to fill any vacancy on the board of directors any person who—

(a) has not attained—

(i) the normal retirement age, or

(ii) the compulsory retirement age (where that age is less than the normal retirement age), and

(b) appears to them to be fit and proper to be a director.

not being a person who, having been nominated for election as a director at any election held within the preceding twelve months, was not elected as a director.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(14) A person who is co-opted under subsection (13) above shall cease to hold office at the end of the permitted period unless he is elected as a director of the society in accordance with this section within that period.

(15) A person who holds office as, or is to his knowledge nominated for election or proposed for appointment under subsection (13) above as, a director of a building society shall, not later than 28 days before he attains the normal retirement age or, as the case may be, the compulsoryretirement age for directors of the society, give the society notice of the date on which he will attain that age; and if he fails to do so he shall be liable on summary conviction—

(a) to a fine not exceeding level 3 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £40 for every week during which the offence continues.

(16) The power of the Commission to make an order under subsection (9) above—

(a) includes power to make such transitional provision as it considers necessary or expedient, and

(b) shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(17) In this section—

"ordinary resolution" means a resolution which will be effective without being passed as a special resolution or borrowing members' resolution;

"permitted period", in relation to a co-opted director, has the meaning given by section 61(12); and

"the voting date" means—

(a) in the case of an election at a meeting, the date of the meeting, except where paragraph (c) below applies;

(b) in the case of an election conducted by postal ballot, the date which the society specifies as the final date for the receipt of completed ballot papers;

(c) in a case where a member appoints a proxy to vote at the meeting for him, the date which the society specifies as the final date for receipt of instruments appointing proxies to vote at the election;

and, for the purposes of this Act, the date of a person's election to office as a director of a building society, in a case where the rules provide for election by postal ballot, is the date of the meeting at which the declaration of the result of the ballot is made.

Modifications etc. (not altering text)
C64 Ss. 60(1)(2)(3)(9)(10), 61 excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(3)**

61 Directors: supplementary provisions as to elections, etc.

(1) Rules made under section 60(10)(a), in order to comply with this section, must not require—

(a) in the case of a society with a qualifying asset holding, more than fifty members, and

(b) in the case of any other society, more than ten members,

to join in nominating a person for election as a director.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Rules under section 60(10)(b), in order to comply with this section, must not require a nominating member to have been a member for more than two years before the date of the nomination or to hold, or have at any time during that period held, shares in the society to a value greater than £100.

(3) Rules made under section 60(10)(c), in order to comply with this section—

(a) must not require more than £250 to be deposited with the society;

(b) must not require the money to be deposited before the date which, under the rules, is the closing date for the nomination of candidates for the election; and

(c) must provide for the return of the deposit to the candidate in the event of his securing—

(i) not less than 5 per cent. of the total number of votes cast for all the candidates in the election; or

(ii) not less than 20 per cent. of the number of votes cast for the candidate who is elected with the smallest number of votes.

(4) The Commission may, by order, amend subsection (1), (2) or (3)(a) or (c) above so as to substitute for the number, the maximum value of shares, the maximum amount of the deposit or the percentage of votes required to be secured respectively such other number, value, amount or percentage as it thinks appropriate.

(5) The power to make orders under subsection (4) above—

(a) includes power to make such transitional provision as the Commission considers necessary or expedient, and

(b) is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(6) If a building society, in a case where the board of directors has approved as eligible for election a person who has attained the normal retirement age, fails to notify every person entitled to vote at the election as required by section 60(7), the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence; but no such failure shall invalidate the election.

(7) If a duly nominated candidate for election as a director of a building society furnishes the society with an election address of not more than 200 words before the closing date for nominations, then, subject to subsection (8) below—

(a) it shall be the duty of the society to send a copy of the address to each member of the society who is entitled to vote in the election;

(b) each member's copy shall be sent in the same manner and, so far as practicable, at the same time as the notice of the meeting at which the election is to be conducted or the ballot papers are sent out, as the case may be, or as soon as is practicable thereafter; and

(c) if the building society fails to comply with the requirements of this subsection the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also liable for the offence;

but no such failure shall invalidate the election.

(8) Subsection (7) above does not require a building society to send copies of an address to members of the society in any case where—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) publicity for the address would be likely to diminish substantially the confidence in the society of investing members of the public, or

(b) the rights conferred by that subsection are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes;

and that subsection shall not be taken to confer any rights on members, or to impose any duties on a building society, in respect of an address which does not relate directly to the affairs of the society.

(9) The Commission shall hear and determine any dispute arising under subsection (8)(a) above, whether on the application of the society or of any other person who claims to be aggrieved.

(10) The rules of a building society, if they provide for the retirement by rotation of its directors, may provide that a person elected to fill a vacant seat on the board must retire at the annual general meeting at which, in accordance with the rules for retirement by rotation, the seat is to fall vacant.

(11) Subsection (10) above applies to any vacancy arising when an elected director ceases to hold office for any reason before the annual general meeting at which (disregarding his age) the seat is due to fall vacant under section 60(11)(a).

(12) For the purposes of section 60(17) “the permitted period", with reference to the tenure of office of co-opted directors, is the period beginning with the date of the co-opted director’s appointment and ending with whichever of the following first occurs, that is to say—

(i) in the case of a building society which elects its directors at its annual general meeting, the conclusion of the next such meeting following his appointment;

(ii) in the case of a building society which elects its directors by postal ballot, the declaration at its annual general meeting of the result of the next such ballot conducted after his appointment;

(iii) the expiration of the period of sixteen months beginning with the date of his appointment;

but a general meeting or postal ballot shall be disregarded for the purposes of this paragraph if the closing date for the nomination of candidates falls before the date of the co-opted director’s appointment.

(13) Where a person becomes or ceases to be a director of a building society, the society shall within one month give notice of that fact to the central office, stating the person’s full name and address and the date on which he became, or ceased to be, a director; and the central office shall record the person’s name and the date on which he began to hold, or, as the case may be, ceased to hold office, in the public file of the society.

(14) If a building society fails to comply with subsection (13) above the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

Modifications etc. (not altering text)
C65 Ss. 60(1)(2)(3)(9)(10), 61 excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(3)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Dealings with directors

62 Prohibition of tax-free payments to directors.

(1) A building society shall not pay a director remuneration (whether as director or otherwise) free of income tax, or otherwise calculated by reference to or varying with the amount of his income tax, or to or with any rate of income tax.

(2) Any rule of a building society and any provision of any contract, or in any resolution of a building society, for payment to a director of remuneration falling within subsection (1) above has effect as if it provided for payment, as a gross sum subject to income tax, of the net sum for which the rule, contract or resolution actually provides.

Modifications etc. (not altering text)

C66 S. 62 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para. 9(1)(a)(2)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch.1**; S.I. 1993/2213, art. 2, **Sch.5**.

63 Directors to disclose interests in contracts and other transactions.

(1) It is the duty of a director of a building society who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the society to declare the nature of his interest to the board of directors of the society in accordance with this section.

(2) In the case of a proposed contract, the declaration shall be made—

(a) at the meeting of the directors at which the question of entering into the contract is first taken into consideration; or

(b) if the director was not at the date of that meeting interested in the proposed contract, at the next meeting of the directors held after he became so interested.

(3) Where the director becomes interested in a contract after it is made, the declaration shall be made at the first meeting of the directors held after he becomes interested in the contract.

(4) For the purposes of this section, a general notice given to the directors of a building society by a director to the effect that—

(a) he is a member of a specified company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm, or

(b) he is to be regarded as interested in any contract which may, after the date of the notice, be made with a specified person who is connected with him,

is a sufficient declaration of interest in relation to any contract made after that date with that company, firm or person.

(5) A director need not make a declaration or give a notice under this section by attending in person at a meeting of the directors if he takes reasonable steps to secure that the declaration or notice is brought up and read at the meeting.

(6) The foregoing provisions of this section apply in relation to any transaction or arrangement as they apply in relation to a contract and, for the purposes of this section,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

a transaction or arrangement of a kind described in section 65 made by a society for a director of the society or a person connected with a director of the society is to be treated (if it would not otherwise be so treated, and whether or not it is prohibited by that section) as a transaction or arrangement in which that director is interested.

(7) A director who fails to comply with this section shall be guilty of an offence and liable—

(a) on conviction on indictment, to a fine; or

(b) on summary conviction, to a fine not exceeding the statutory maximum.

Modifications etc. (not altering text)

C67 S. 63 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para. 9(1)(b)(2)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch.1**; S.I. 1993/2213, art. 2, **Sch.5**.

64 Substantial property transactions involving directors and connected persons.

(1) A building society shall not enter into an arrangement—

(a) whereby a director of the society, or a person connected with a director of the society, acquires or is to acquire one or more non-cash assets of the requisite value from the society; or

(b) whereby the society acquires or is to acquire one or more non-cash assets of the requisite value from a director of the society or a person connected with a director of the society,

unless the arrangement is first approved by a resolution of the society passed at a general meeting.

(2) For this purpose a non-cash asset is of the requisite value if at the time the arrangement in question is entered into its value is—

(a) except in a case falling within paragraph (b) below, not less than £50,000; and

(b) where the last balance sheet of the society showed reserves amounting to less than £500,000, not less than the higher of £1,000 or the amount which represents 10 per cent. of the reserves so shown.

(3) The Commission may, by order made with the consent of the Treasury, amend subsection (2) above so as to substitute for any of the amounts for the time being specified in paragraphs (a) and (b) of that subsection such other amount as it thinks appropriate.

(4) The power to make an order under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(5) In this section "non-cash asset" means any property or interest in property other than cash and a reference to the acquisition of a non-cash asset includes the creation or extinction of an estate or interest in, or a right over, any property and also the discharge of any person's liability, other than a liability for a liquidated sum.

(6) An arrangement entered into by a building society in contravention of this section, and any transaction entered into in pursuance of the arrangement (whether by the society or any other person) is voidable at the instance of the society unless—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) restitution of any money or other asset which is the subject matter of the arrangement or transaction is no longer possible or the society has been indemnified in pursuance of subsection (7)(b) below for the loss or damage suffered by it, or

(b) any rights acquired in good faith, for value and without actual notice of the contravention by any person who is not a party to the arrangement or transaction would be affected by its avoidance, or

(c) the arrangement is affirmed by the society at a general meeting held not later than the next annual general meeting after the entry into the arrangement.

(7) Where an arrangement or transaction is entered into with a building society by a director of the society or a person connected with him in contravention of this section then, without prejudice to any other liability but subject to subsections (8) and (9) below, that director and the person so connected, and any other director of the society who authorised the arrangement of any transaction entered into in pursuance of such an arrangement, is liable—

(a) to account to the society for any gain which he has made directly or indirectly by the arrangement or transaction, and

(b) (jointly and severally with any other person liable under this subsection) to indemnify the society for any loss or damage resulting from the arrangement or transaction.

(8) Where an arrangement or transaction is entered into by a building society and a person connected with a director of the society in contravention of this section, that director is not liable under subsection (7) above if he shows that he took all reasonable steps to secure the society's compliance with this section.

(9) In any case, a person so connected and any such other director as is mentioned in subsection (7) above is not so liable if he shows that, at the time the arrangement was entered into, he did not know the circumstances constituting the contravention.

Modifications etc. (not altering text)

C68 S. 64 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para.9(1)(c)(2)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch.1**; S.I. 1993/2213, art. 2, **Sch.5**.

65 Restriction on loans, etc. to directors and persons connected with them.

(1) Subject to the following provisions of this section, a building society shall not—

(a) make an advance or other loan to a director or a person connected with a director of the society; or

(b) dispose of property by way of lease or hire to a director or a person connected with a director of the society; or

(c) make a payment on behalf of a director or a person connected with a director of the society in connection with the provision of any services for the time being specified in Part I of Schedule 8 to this Act; or

(d) enter into a guarantee or provide any security which is incidental to or connected with any such loan, disposal of property or payment; or

(e) take part in any arrangement whereby—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(i) another person enters into a transaction which, if it had been entered into by the society, would have contravened any of paragraphs (a) to (d) above; and

(ii) that other person, in pursuance of the arrangement, has obtained or is to obtain any benefit from the society or a subsidiary of the society.

(2) Subsection (1)(a) above does not apply to—

(a) any loan of an amount which, when aggregated with any other relevant loans, does not exceed £2,500;

(b) any loan made in the ordinary course of the society's business and of an amount not greater and made on other terms not more favourable than it is reasonable to expect the society to have offered to a person of the same financial standing but unconnected with the society; or

(c) any loan, the amount of which, when aggregated with any other relevant loans, does not exceed £50,000, made for or towards the purchase or improvement of a dwelling-house used or to be used as the director's only or main residence if he is an executive director and loans of that description and on similar terms are ordinarily made by the society to its employees.

(3) Subsection (1)(b) above does not apply to—

(a) any lease or hiring of property the value of which, when aggregated with the value of any other relevant leases or hirings, does not exceed £5,000; or

(b) any lease or hiring made in the ordinary course of the society's business and on terms not more favourable than it is reasonable to expect the society to have offered to a person unconnected with the society.

(4) Subsection (1)(c) above does not apply to—

(a) any payment amounting, when aggregated with any other relevant payment, to no more than £1,000 in respect of which the person on whose behalf it is made is under an obligation to reimburse the society within a period not exceeding two months beginning with the date of the paymentX; or

(b) any payment of an amount not greater and on other terms not more favourable than it is reasonable to expect the society to have offered to a person of the same financial standing but unconnected with the society.

(5) Subject to compliance with the requirements of subsection (6) below, subsection (1) above does not preclude a building society from doing anything to provide a director with funds to meet expenditure incurred or to be incurred by him for the purposes of the society or for the purpose of enabling him properly to perform his duties as a director of the society nor does it preclude the society from doing anything to enable a director to avoid incurring such expenditure.

(6) The following are the requirements referred to in subsection (5) above—

(a) the things must either be done with the prior approval of the society given at a general meeting at which the requisite matters are disclosed or be done on condition that, if the approval of the society is not so given at the next annual general meeting, the loan is to be repaid, or any other liability arising under the transaction is to be discharged , within six months from the conclusion of that meeting; and

(b) the amount provided, when aggregated with any other relevant provision of funds, does not exceed £10,000.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(7) The following are the requisite matters which must be disclosed for the purposes of subsection (6) above—

(a) the purpose of the expenditure incurred or to be incurred, or which would otherwise be incurred, by the director;

(b) the amount of the funds to be provided by the society; and

(c) the extent of the society's liability under any transaction which is or is connected with the thing in question.

(8) The Commission may by order in a statutory instrument made with the consent of the Treasury substitute for any sum specified in this section a larger sum specified in the order.

(9) An order under subsection (8) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(10) In this section—

"authorising provision" and "authorised", in relation to a transaction of a description falling within paragraph (a), (b) or (c) of subsection (1) above, mean respectively any provision of subsection (2), (3) or (4) or constituted by subsection (5) above and any transaction or thing done to which that paragraph does not apply or which is not precluded from being done by virtue of that provision;

"outstanding", in relation to loans, means outstanding in respect of principal and interest and, in relation to the provision of funds subject to a condition for repayment or discharge of any other liability, means unpaid or undischarged to any extent;

"provision of funds" includes anything else which, by virtue of subsection (5) above, a society is not precluded from doing by subsection (1) above; and

"relevant", in relation to a transaction of a description falling within paragraph (a), (b) or (c) of subsection (1) above, means an outstanding or, in the case of a lease or hiring, current transaction of that description (whether entered into by, or by arrangement with, the society) not being one authorised by any other authorising provision.

(11) Section 70 has effect for the interpretation, in the subsequent provisions of this Part, of references to transactions or arrangements contravening this section and to such transactions or arrangements being made "for" a person.

Modifications etc. (not altering text)

C69 S. 65 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para. 9(1)(d)(3)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch.1**; S.I. 1993/2213, art. 2, **Sch.5**.

66 Sanctions for breach of s. 65.

(1) If a building society enters into a transaction or arrangement contravening section 65, the transaction or arrangement is voidable at the instance of the society unless—

(a) restitution of any money or any other assets which is the subject matter of the arrangement or transaction is no longer possible, or the society has been

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

indemnified in pursuance of subsection (2)(b) below for the loss or damage suffered by it, or

(b) any rights acquired in good faith, for value and without actual notice of the contravention by a person other than the person for whom the transaction or arrangement was made would be affected by its avoidance.

(2) Where a transaction or arrangement contravening section 65 is made by a building society for a director of the society or a person connected with a director of the society then, without prejudice to any other liability but subject to subsections (3) and (4) below, that director and the person so connected and any other director of the society who authorised the transaction or arrangement (whether or not is has been avoided in pursuance of subsection (1) above) is liable—

(a) to account to the society for any gain which he has made directly or indirectly by the transaction or arrangement; and

(b) (jointly and severally with any other person liable under this subsection) to indemnify the society for any loss or damage resulting from the transaction or arrangement.

(3) Where a transaction or arrangement contravening section 65 is entered into by a building society and a person connected with a director of the society, that director is not liable under subsection (2) above if he shows that he took all reasonable steps to secure the society's compliance with that section.

(4) In any case, a person so connected and any such other director as is mentioned in subsection (2) above is not so liable if he shows that, at the time the transaction or arrangement was entered into, he did not know the circumstances constituting the contravention.

(5) A director of a building society who authorises or permits the society to enter into a transaction or arrangement knowing or having reasonable cause to believe that the society was thereby contravening section 65 is guilty of an offence.

(6) A building society which enters into a transaction or arrangement contravening section 65 for one of its directors is guilty of an offence unless it shows that, at the time the transaction or arrangement was entered into, it did not know the circumstances constituting the contravention.

(7) A person who procures a building society to enter into a transaction or arrangement knowing or having reasonable cause to believe that the society was thereby contravening section 65 is guilty of an offence.

(8) A person other than a building society who commits an offence under this section shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both; or

(b) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or both.

(9) A building society which commits an offence under this section shall be liable on conviction on indictment or on summary conviction to a fine which, on summary conviction, shall not exceed the statutory maximum.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Modifications etc. (not altering text)

C70 S. 66 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para.9(1)(e)(2)** (with ss. 7(5). 93(4)); S.I. 1993/16, art. 2, **Sch.1**; S.I. 1993/2213, art. 2, **Sch.5**.

VALID FROM 01/12/1997

[F61 66A Transactions with directors and persons connected with them.

(1) This section applies where a building society enters into a transaction the parties to which include—

(a) a director of the society; or

(b) a person connected with such a director,

and the board of directors, in connection with the transaction, exceed any limitation on their powers by reason of anything included in the society's constitution, that is to say, its memorandum and rules.

(2) The transaction is voidable at the instance of the society.

(3) Whether or not it is avoided, any such party to the transaction as is mentioned in subsection (1)(a) or (b) above, and any director of the society who authorised the transaction, is liable—

(a) to account to the society for any gain which he has made directly or indirectly by the transaction, and

(b) to indemnify the society for any loss or damage resulting from the transaction.

(4) Nothing in the above provisions shall be construed as excluding the operation of any other enactment or rule of law by virtue of which the transaction may be called in question or any liability to the society may arise.

(5) The transaction ceases to be voidable if—

(a) restitution of any money or other asset which was the subject-matter of the transaction is no longer possible, or

(b) the society is indemnified for any loss or damage resulting from the transaction, or

(c) rights acquired bona fide for value and without actual notice of the directors' exceeding their powers by a person who is not party to the transaction would be affected by the avoidance, or

(d) the transaction is ratified by the society in general meeting, by ordinary or special resolution or otherwise as the case may require.

(6) A person other than a director of the society is not liable under subsection (3) above if he shows that at the time the transaction was entered into he did not know that the directors were exceeding their powers.

(7) This section does not affect the operation of sub-paragraph (1) of paragraph 17 of Schedule 2 in relation to any party to the transaction not within subsection (1)(a) or (b) above.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

But where a transaction is voidable by virtue of this section and valid by virtue of that sub-paragraph in favour of such a person, the court may, on the application of that person or of the society, make such order affirming, severing or setting aside the transaction, on such terms, as appear to the court to be just.

(8) In this section "transaction" includes any act; and the reference in subsection (1) above to limitations under the society's constitution includes limitations deriving—

(a) from a resolution of the society passed at a general or special meeting or on a postal ballot; or

(b) from any agreement between the members of the society.**]**

Textual Amendments

F61 S. 66A inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 38**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(v)**

67 Directors, etc, not to accept commissions in connection with loans.

(1) This section applies to any person who holds office in or is employed by a building society as director, secretary, chief excecutive, manager, solicitor, surveyor or valuer or in connection with the assessment of the adequacy of securities for advances secured on land.

(2) No person to whom this section applies shall (in addition to the remuneration prescribed or authorised by the rules or any resolution of the society) accept from any other person any commission for or in connection with any loan made by the society.

(3) If a person to whom this section applies accepts a commission in contravention of subsection (2) ab ove—

(a) both he and, subject to subsection (4) below, the person who paid it shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale; and

(b) if, having been convicted of an offence under paragraph (a) above, the person accepting the commission fails to pay over to the society the amount or value of the commission, as and when directed to do so by the court which convicted him, he shall be guilty of an offence under this paragraph and liable on summary conviction to imprisonment for a term not exceeding six months.

(4) No offence under paragraph (a) of subsection (3) above is committed by the person who paid the commission unless he did so knowing the circumstances that constituted the offence under that paragraph on the part of the person who accepted it from him.

(5) Where—

(a) a charge upon a policy of life assurance is given as additional security for an advance made by a building society, or

(b) a building society makes an additional advance to enable payment to be made of a premium on a policy of insurance, or

(c) any policy of insurance is taken out so as to comply with the terms on which an advance is made by a building society, whether by way of insuring the property given as security for the advance or otherwise,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

and the policy is effected through the building society, or the society nominates or selects a person by whom the policy is to be issued, it shall be unlawful for any person to whom this section applies, in connection with the effecting of the policy, to receive any commission from a person by or through whom the policy is issued.

(6) A person who pays, and a person who accepts, any commission which subsection (5) above makes it unlawful to receive shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale.

(7) In this section—

"charge upon a policy of life assurance", in relation to an advance secured on land in Scotland, means an assignation in security in respect of such a policy;

"commission" includes any gift, bonus or benefit;

"solicitor", in relation to England and Wales, includes licensed conveyancer.

Modifications etc. (not altering text)
C71 S. 67(1)(7) amended (E.W.) (01.01.1992) by S.I. 1991/2684, **arts. 2(1)**, 4 Sch.1

68 Records of loans, etc. for directors falling within s. 65.

(1) A building society shall maintain a register containing a copy of every subsisting transaction or arrangement (other than an excepted transaction or arrangement) falling within section 65(1) made for a director or a person connected with a director of the society during the current financial year or any of the preceding ten financial years.

(2) In the case of a transaction or arrangement which is not in writing, there shall be kept in the register a written memorandum setting out its terms.

(3) A building society shall make available for inspection by members—

(a) at its principal office during the period of 15 days expiring with the date of its annual general meeting, and

(b) at the annual general meeting,

a statement containing the requisite particulars of the transactions and arrangements falling within section 65(1) which were included in the register under subsection (1) above at any time during the last complete financial year preceding the meeting.

(4) The requisite particulars are those specified in Schedule 9 to this Act.

(5) Two copies of the statement required to be so made available to members shall be sent by the society to the Commission on the date on which the statement is required to be first made available to members and the central office shall keep one of them in the public file of the society.

(6) A copy of the statement required to be so made available shall also be sent, on demand and on payment of the prescribed fee, to any member of the society.

(7) There are excepted from the obligations imposed by this section on a building society with respect to a financial year all transactions or arrangements made or subsisting during that year for a person who was at any time during that year a director of the

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

society or was connected with a director of the society if the aggregate of the values of each transaction or arrangement made for that person, less the amount (if any) by which the value of those transactions or arrangements has been reduced, did not exceed £1,000 at any time during that year

(8) There are also excepted from the obligations imposed by this section on a building society with respect to a financial year all transactions or arrangements falling within paragraphs (b), (d) or (e) of section 65(1) made during that year for a person who was at any time during that year a director of the society or was connected with a director of the society if the aggregate of the values of each such transaction or arrangement so made for that director or any person connected with him, less the amount (if any) by which the value of those transactions or arrangements has been reduced, did not exceed £5,000 at any time during that year.

(9) The Commission may, by order made with the consent of the Treasury, amend subsection (7) or (8) above so as to substitute for the amount for the time being specified in that subsection such other amount as it thinks appropriate.

(10) The power to make an order under subsection (9) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(11) If a building society fails to comply with any provision of this section (or Schedule 9) the society shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum, and so shall any officer who is also guilty of the offence.

Modifications etc. (not altering text)

C72 S. 68 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para.9(1)(f)(2)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch.1**; S.I. 1993/2213, art. 2, **Sch.5**.

Disclosure and record of related businesses

69 Disclosure and record of income of related businesses.

(1) Where, at any time during a financial year of a building society, a person both is a director or other officer of a building society and is, or is a director of or partner in, a business associate of the society, this section shall apply, as respects that year, to that person in relation to the business of the business associate.

(2) A person is a "business associate" of a building society in any financial year of the society if that person—

(a) carries on a business which consists of or includes the provision of relevant services,

(b) provides relevant services during that year to, or to other persons in connection with advances secured on land made by, the society and

(c) is neither a subsidiary of nor a body associated with the society (within the meaning of section 18);

and "associated" has a corresponding meaning.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) The following are relevant services—

(a) conveyancing services provided by a solicitor;

(b) surveying and valuing land or other property;

(c) accountancy services;

(d) arranging for the provision of insurance against loss of or damage to property or on human life;

(e) any other services designated as relevant services.

(4) Where a business associate of a building society provides the society with services which are relevant services by virtue of subsection (3) above, any administrative services provided to the society by the business associate are also relevant services.

(5) The Commission may by order in a statutory instrument—

(a) designate as relevant services services of any description specified in the order which are normally provided to building societies; and

(b) make such incidental, supplementary or transitional provision as i t considers necessary or expedient;

and in subsection (3)(e) above "designated" means designated by an order under this subsection.

(6) Where this section applies, as respects a financial year of a building society, to a person as a director or other officer of the society in relation to the business of a business associate, that person shall furnish the society with the requisite particulars of that business.

(7) The requisite particulars of the business of a business associate of a building society are—

(a) except where an election under paragraph (b) below is in force, those specified in Part I of Schedule 10 to this Act;

(b) if a building society elects to adopt Part II of that Schedule for its directors as respects a financial year, those specified in Part II of that Schedule; and

(c) as regards relevant services designated by an order under subsection (5) above, such particulars as are specified in the order;

and Part III of the Schedule has effect to supplement Parts I and II and includes a definition of "the volume of the business" for the purposes of this section.

(8) An election by a building society to adopt Part II of Schedule 10 as regards the requisite particulars to be furnished by its directors must be made in writing to the Commission before the beginning of the financial year as respects which it is made and the requisite particulars must be furnished in writing within the period of six weeks beginning with the end of the financial year for which they are required.

(9) For the purpose of enabling him to furnish the requisite particulars of the business of a business associate of a building society the person who is under the obligation to furnish them to the society may require any person who is a member of or partner in, or holds any office or employment with, the business associate to furnish him with such information relating to its business as he may reasonably require for that purpose.

(10) Any person who, without reasonable excuse—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) fails to furnish the particulars required by subsection (6) above or furnishes particulars which are false or misleading in a material particular or, in the case of particulars under Part II to Schedule 10, are not a justified estimate, or

(b) fails to furnish any information lawfully required of him under subsection (9) above or furnishes information which is false or misleading in a material particular,

shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum.

(11) Subject to subsection (12) below, a building society shall maintain at its principal office a register containing the particulars furnished to it under subsection (6) above as respects the last financial year and each of the ten financial years preceding that year.

(12) No particulars of the business of a business associate of a building society need be kept in the register provided for by subsection (11) above as respects any financial year of the society in which the volume of the business of which the requisite particulars are required did not exceed £5,000 or such other sum as may be substituted for it by order of the Commission in a statutory instrument under this subsection.

(13) A building society shall make available for inspection by members—

(a) at its principal office during the period of 15 days expiring with the date of its annual general meeting, and

(b) at the annual general meeting,

a statement containing the particulars required to be kept in the register under subsection (11) above as respects the last financial year.

(14) Two copies of the statement required to be so made available to members shall be sent by the society to the Commission on the date on which the statement is required to be first made available to members and the central office shall keep one of them in the public file of the society.

(15) A copy of the statement required to be so made available shall also be sent, on demand and on payment of the prescribed fee, to any member of the society.

(16) The power to make an order under subsection (5) or (12) above shall not be exercised except with the consent of the Treasury and any statutory instrument containing such an order shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(17) In this section—

"administrative services" means services necessary or incidental to the conduct of the society's business;

"conveyancing services" in relation to—

(a) land in England and Wales or Northern Ireland, has the same meaning as it has in paragraph 1(3) of Schedule 21 to this Act with the modification, in relation to land in Northern Ireland, that "disposition" does not include any disposition in the case of such a lease as is expected, by section 4 of the [M28]Landlord and Tenant Law Amendment Act (Ireland) 1860, from the requirements of that section, and

(b) heritable property in Scotland, includes drafting all writs relating to such property and negotiating and concluding missives for its purchase, sale, transfer, lease and sublease; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"solicitor", in relation to England and Wales, includes licensed conveyancer, that is to say, a person who holds a licence under Part II of the [M29]Administration of Justice Act 1985.

Modifications etc. (not altering text)

C73 S. 69 modified by S.I. 1987/1498, art. 7, **Sch. 2 para. 6**

C74 S. 69 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para. 9(1)(g)(2)(4)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch. 1**; S.I. 1993/2213, art. 2, **Sch.5**.

C75 S. 69 modified (1. 7. 1992) by S.I. 1992/1547, arts. 5, 6, **Sch.2**

C76 S. 69(3)(a)(17) amended (E.W.) (01.01.1992) by S.I. 1991/2684, arts. 2(1), 4, **Sch.1**

C77 S. 69(6) excluded by S.I. 1986/2169, **art. 9(1)**

C78 S. 69(8) modified by S.I. 1986/2169, **art. 9(2)**

Marginal Citations

M28 1860 c. 154.

M29 1985 c. 61.

Interpretation

70 Interpretation of this Part.

(1) The following provisions apply for the interpretation of this Part.

(2) A person is "connected with" a director of a building society if, but only if, he (not being himself a director of it) is—

(a) that director's spouse, child or step-child; or

(b) a body corporate with which the director is associated; or

(c) a person acting in his capacity as trustee of any trust the beneficiaries of which include—

(i) the director, his spouse or any children or step-children of his, or

(ii) a body corporate with which he is associated, or of a trust whose terms confer a power on the trustees that may be exercised for the benefit of the director, his spouse, or any children or step-children of his or any such body corporate; or

(d) a person acting in his capacity as partner of that director or of any person who, by virtue of paragraph (a), (b) or (c) of this subsection, is connected with that director;

(e) a Scottish firm in which—

(i) that director is a partner,

(ii) a partner is a person who, by virtue of paragraph (a), (b) or (c) above, is connected with that director, or

(iii) a partner is a Scottish firm in which that director is a partner or in which there is a partner who, by virtue of paragraph (a), (b) or (c) above, is connected with that director.

(3) In subsection (2)—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) a reference to a child or step-child of any person includes an illegitimate child of his, and

(b) paragraph (c) does not apply to a person acting in his capacity as trustee under an employees' share scheme or a pension scheme.

(4) A director is "associated" with a body corporate if he, his spouse, his child or step-child or a person acting in his capacity as trustee of any trust the beneficiaries of which include the director, his spouse, child or step-child between them, either—

(a) own at least one-fifth of that body's equity share capital (within the meaning of the [M30]Companies Act 1985), or

(b) are entitled to exercise or control the exercise of more than one-fifth of the voting power of"that body at any general meeting.

(5) As regards transactions or arrangements falling within section 65, a "transaction contravening section 65" means a transaction to which subsection (1)(a), (b), (c) or (d) of that section applies and an "arrangement contravening section 65" means an arrangement to which subsection (1)(e) of that section applies and such a transaction or arrangement is made "for" a person if—

(a) in the case of a loan, disposal or payment within paragraph (a), (b) or (c), it is made, in the case of paragraph (a) or (b), to him or, in the case of paragraph (c) on his behalf;

(b) in the case of a guarantee or security within paragraph (d), it is made as an incident of or in connection with a loan or disposal to him or a payment on his behalf; and

(c) in the case of an arrangement within paragraph (e), the transaction to which the arrangement relates was made for him.

Modifications etc. (not altering text)

C79 S. 70 modified (13.1.1993 for certain purposes only and 1.1.1994 for all remaining purposes) by Friendly Societies Act 1992 (c. 40), s. 27, **Sch. 11 Pt. II para. 9(1)(h)(2)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch.1**; S.I. 1993/2213, art. 2, **Sch. 5**.

Marginal Citations

M30 1985 c. 6.

PART VIII

ACCOUNTS AND AUDIT

Modifications etc. (not altering text)

C80 Pt. VIII (ss. 71–82) excluded by S.I. 1986/2168, **art. 12(1)**(*a*)

C81 Pt. VIII (ss. 71–82) modified (*temp.*until 1.1.1993) by S.I. 1990/1392, **art. 6(3)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Accounting records and systems of business control, etc.

71 Accounting records and systems of business control, etc.

(1) Every building society shall—

(a) cause accounting records to be kept, and

(b) establish and maintain systems of control of its business and records and of inspection and report,

in accordance with this section.

(2) The accounting records of a society must be such as to—

(a) explain its transactions;

(b) disclose, with reasonable accuracy and promptness, the state of the business of the society at any time;

(c) enable the directors properly to discharge the duties imposed on them by or under this Act and their functions of direction of the affairs of the society; and

(d) enable the society properly to discharge the duties imposed on it by or under this Act;

and must be kept in an orderly manner.

(3) The accounting records shall in particular contain—

(a) entries from day to day of all sums received and paid by the society and the matters in respect of which they are received or paid;

(b) entries from day to day of every transaction entered into by the society which will or there is reasonable ground for expecting may give rise to liabilities or assets of the society other than insignificant assets or liabilities in respect of the management of the society; and

(c) a record of the assets and liabilities of the society and in particular of assets and liabilities of any class specifically regulated by or under any provision of Part II or Part III.

(4) The system of control which is to be established and maintained by a society is a system for the control of the conduct of its business in accordance with this Act and the decisions of the board of directors and for the control of the accounting and other records of its business.

(5) The system of inspection and report which is to established and maintained by a society is a system of inspection on behalf of and report to the board of directors on the operation of the system of control of the society's business and records required by subsection (1)(b) above.

(6) The systems of control and of inspection and report must be such as to—

(a) enable the directors properly to discharge the duties imposed on them by or under this Act and their functions of direction of the affairs of the society; and

(b) enable the society properly to discharge the duties imposed on it by or under this Act;

and no such system of control shall be treated as established or maintained unless there is kept available to the board a detailed statement in writing of the system as in operation for the time being.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(7) Without prejudice to the generality of subsection (6) above the systems of control and of inspection and report must be such as to secure that the society's business is so conducted and its records so kept that—

(a) the information necessary to enable the directors and the society to discharge their duties and functions is sufficiently accurate, and is available with sufficient regularity or at need and with sufficient promptness, for those purposes; and

(b) the information regularly obtained by or furnished to the Commission under or for the purposes of this Act is sufficiently accurate for the purpose for which it is obtained or furnished and is regularly furnished;

and in this subsection, in its application in relation to the Commission, "regularly" includes that regularity requested by or agreed with the Commission.

(8) The accounting records shall be kept at the society's principal office or at such other place or places as the directors think fit, and shall at all times be open to inspection by the directors.

(9) Accounting records shall be preserved for six years from the date on which they were made.

(10) Where a building society has subsidiaries or other associated bodies linked by resolution, the society shall also secure that such accounting records are kept and such systems of control and of inspection and report are established and maintained by the society and the subsidiaries or other associated bodies as will enable the society to comply with the requirements of this section in relation to the business of the society and those subsidiaries and other associated bodies.

(11) The directors and chief executive of every building society shall, within the period of three months beginning with the end of each financial year, make and send to the Commission a statement of their opinion whether the requirements of this section have been compiled with in respect of that year; and the statement shall be signed by the chairman on behalf of the board of directors and by the chief executive.

Modifications etc. (not altering text)

C82 S. 71 modified (*temp.*) by S.I. 1986/2168, **art. 12(2)**(*d*)

C83 S. 71(1)–(10) excluded (*temp.*) by S.I. 1986/2168, **art. 12(2)**(*a*)

C84 S. 71(11) modified (*temp.*) by S.I. 1986/2168, **art. 12(2)**(*d*)

Accounts

72 Duty of directors to prepare annual accounts.

(1) Subject to subsection (4) below, the directors of every building society shall prepare with respect to each financial year of the society—

(a) an income and expenditure account showing the income and expenditure for that year,

(b) a balance sheet showing the state of its affairs as at the end of that year, and

(c) a statement of the source and application of the funds during that year.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Except as provided in subsection (5) below, if, at the end of its financial year, a building society has subsidiaries, the directors shall also prepare, with respect to that year, group accounts dealing respectively with the income and expenditure, the state of the affairs and the source and application of the funds, of the society and the subsidiaries.

(3) The directors of a building society which has subsidiaries shall secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiaries coincides with the society's own financial year.

(4) Where the directors prepare a statement of the source and application of the funds of the society and its subsidiaries under subsection (2) above they need not also prepare such a statement as to the society's funds under subsection (1) above.

(5) Subject to subsection (6) below, group accounts need not deal with a subsidiary if the society's directors are of the opinion that—

(a) it is impracticable, or would be of no real value to the society's members, in view of the insignificant amounts involved,

(b) it would involve expense or delay out of proportion to the value to members, or

(c) the result would be misleading or harmful to the business of the society or any of its subsidiaries;

and if the directors are of that opinion about each of the society's subsidiaries group accounts are not required.

(6) Except to the extent that regulations under section 73 otherwise allow, group accounts or group accounts dealing with a particular subsidiary shall not be dispensed with under subsection (5)(c) above without prior approval of the Commission.

(7) The Commission may by regulations made with the consent of the Treasury—

(a) add to the classes of documents to be comprised in a society's accounts to be prepared for each financial year under subsection (1) or (2) above;

(b) make provision as to the matters to be included in any document so added;

(c) modify the requirements of this Part as to the matters to be stated in any document comprised in the society's accounts; and

(d) reduce the classes of documents to be comprised in a society's accounts.

(8) Regulations under subsection (7) above may make different provision for different descriptions of society, and may include incidental and supplementary provisions.

(9) The power to make regulations under subsection (7) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(10) The accounts prepared with respect to a society's financial year under this section (whether as individual accounts or group accounts), with the notes to them, are referred to in this Part as "the annual accounts".

73 Contents and form of annual accounts.

(1) The annual accounts of a building society shall conform to the requirements of this section and regulations made under it.

(2) Every income and expenditure account shall give a true and fair view of the income and expenditure of the society for the financial year.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) Every balance sheet shall give a true and fair view of the state of the affairs of the society as at the end of the financial year.

(4) Every statement of the source and application of funds shall give a true and fair view of the manner in which the business of the society has been financed and in which its financial resources have been used during the financial year.

(5) Subsections (2), (3) and (4) above, in their application to the group accounts of a society, are to be read as referring to the society and (so far as it concerns the members of the society) the subsidiaries dealt with in the group accounts.

(6) The annual accounts shall also contain, whether in the form of notes or otherwise, such supplementary information as is prescribed.

(7) The Commission shall, by regulations made with the consent of the Treasury, make provision with respect to the contents and the form of the annual accounts.

(8) Without prejudice to the generality of subsections (6) and (7) above, the regulations may—

(a) prescribe accounting principles and rules;

(b) require corresponding information for a preceding financial year;

(c) require the accounts of societies to deal also with bodies associated with them;

(d) make different provision for different descriptions of society;

(e) require the accounts to give particulars of the emoluments, pensions, compensation for loss of office and financial interests of directors, other officers and employees of prescribed descriptions of the society;

and may permit group accounts to be prepared in other than consolidated form.

(9) Where compliance with regulations under this section would not secure compliance with the requirements of subsection (2), (3) or (4) above the directors shall take such steps with regard to the contents or form of the accounts, in addition to or, if additions do not suffice, in derogation of the provisions of the regulations, as they think necessary to secure compliance with those subsections and record, in the notes to the accounts, what they have done, the reasons for it and its effects.

(10) The power to make regulations under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(11) It is the duty of every director, other officer and employee of a building society as respects whom prescribed particulars are by virtue of subsection (8)(e) above required to be given in the accounts to give notice of such matters as may be necessary to enable the society to give those particulars in the accounts.

(12) In this section "prescribed" means prescribed in regulations under it.

Subordinate Legislation Made

P9 S. 73: s. 73 power exercised (09.09.1991) by S.I.1991/2086
S. 73: for previous exercise of this power before 01.02.1991 see Index to Government Orders

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

74 Duty of directors to prepare annual business statement.

(1) The directors of every building society shall, by reference to the annual accounts and other records and information at their disposal, prepare with respect to each financial year of the society a statement (referred to in this Act as "the annual business statement") relating to prescribed aspects of the business of the society during the year.

(2) Where the society has subsidiaries or associated bodies the annual business statement shall deal also with prescribed aspects of the business of the subsidiaries or associated bodies during the year to which it relates.

(3) The annual business statement shall contain such information relating to such aspects of the business of the society and shall be in such form as the Commission prescribes by regulations made with the consent of the Treasury; and in this section "prescribed" means prescribed by regulations under this subsection.

(4) Without prejudice to the generality of subsections (1) to (3) above the regulations may require the annual business statements of building societies to include prescribed information about directors and past directors and persons connected with them and other officers and past officers and persons connected with them and their financial interests.

(5) The information comprising the annual business statement shall give a true representation of the matters in respect of which it is given.

(6) To such extent as may be prescribed matters contained in the society's annual business statement shall not be the subject of report by the auditors under section 78.

(7) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(8) It is the duty of every director or other officer of a building society to give notice to the society of such matters relating to himself or his financial interests as may be necessary for the purposes of compliance with the preceding provisions of this section.

(9) Any person who fails to comply with subsection (8) above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(10) Any director who fails to comply with subsection (1) above shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum.

75 Directors' report.

(1) The directors of a building society shall prepare for submission to the annual general meeting a report on the business of the society containing—

(a) a fair review of the development of its business during the financial year and of its position at the end of it, and

(b) such information relating to such aspects of the business of the society or the society and any subsidiaries or other bodies associated with it as may be prescribed by regulations made by the Commission with the consent of the Treasury, and

(c) a statement whether any and, if so, what activities carried on during the year are believed to have been carried on outside the powers of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Where the society has subsidiaries or other associated bodies the report shall, in addition to containing the information prescribed in relation to them under subsection (1)(b) above, review the development of the business of the society and its subsidiaries and associated bodies during the year and their position at the end of it.

(3) The power to make regulations under subsection (1) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(4) If a directors' report does not contain the prescribed information or the information in the report is not given in accordance with the regulations, each director shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum.

76 Summary financial statement for members and depositors.

(1) The directors of a building society shall, with respect to each financial year, prepare for members and depositors a summary financial statement for that year, that is to say, a statement derived from the annual accounts, annual business statement and director's report, giving a summary account of the society's financial development during and financial position at the end of the year.

(2) Where the society has subsidiaries or other associated bodies the statement shall (so far as they are dealt with in the group accounts) give an account of the financial development and position of the society and its subsidiaries and other associated bodies.

(3) The Commission may, by regulations made with the consent of the Treasury, make provision with respect to—
- (a) the form of the summary financial statement, and
- (b) the information which must be included in it.

(4) Every summary financial statement shall also include in the prescribed form statements to the effect that—
- (a) it is only a summary of information in the accounts, business statement and directors' report;
- (b) in so far as it summarises the information in the accounts, those accounts have been audited;
- (c) the accounts, business statement and director's report will be available to members and depositors free of charge on demand at every office of the society after a specified date.

(5) Every summary financial statement shall include a statement of the auditors' opinion as to its consistency with the accounts, business statement and directors' report and its conformity with the requirements of this section and regulations made under it.

(6) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(7) The summary financial statement shall be signed by two directors on behalf of the board of directors and by the chief executive of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) A copy of the summary financial statement and, where this subsection extends under section 78(6) to the auditors' report also, of the auditors' report shall be sent by the society, not later than 21 days before the date of the annual general meeting at which the accounts and reports are to be considered, to—

(a) every member of the society who is entitled to receive notice of the meeting,

(b) the Commission, and

(c) the central office.

(9) A copy of the summary financial statement and, where this subsection extends under section 78(6) to the auditors' report also, of the auditors' report shall be given or sent by the society free of charge, at any time during the period ending with the publication of the next summary financial statement, to—

(a) any individual who for the first time subscribes for shares in, or deposits money with, the society, on his first subscribing for the shares or making the deposit, and

(b) any member of the society who was not sent a copy under subsection (8)(a) above, within seven days of his making a demand for a copy.

(10) If default is made by a building society in complying with subsection (8) above, the society shall be liable on summary conviction—

(a) to a fine not exceeding level 5 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £200 for every day during which the offence continues,

and so shall any officer who is also guilty of the offence.

(11) If default is made by a building society in complying with subsection (9) above, the society shall be liable on summary conviction—

(a) to a fine not exceeding level 3 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues,

and so shall any officer who is also guilty of the offence.

(12) The central office shall keep the copy of the summary financial statement received by it under subsection (8) above in the public file of the society.

Auditors and audit of accounts

77 Auditors: appointment, tenure, qualifications, etc.

(1) Every building society shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting.

(2) Schedule 11 to this Act has effect as regards—

(a) the appointment of auditors;

(b) their qualifications and grounds of disqualification, and

(c) the resignation and removal of auditors.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

78 Auditors' report.

(1) The auditors of a building society shall make a report to the members on the annual accounts which are to be laid before the society at the annual general meeting during their tenure of office.

(2) The auditors' report shall be read before the building society at the annual general meeting and shall be open to inspection by any member.

(3) The auditors shall, in their report under subsection (1) above, also make a report to the members on—

(a) the annual business statement, and

(b) the directors' report,

in so far as subsection (7) below requires them to do so.

(4) The auditors' report shall state whether the annual accounts have been prepared so as to conform to the requirements of this

Part and the regulations made under it and whether, in the opinion of the auditors, they give a true and fair view—

(a) in the case of the income and expenditure account, of the income and expenditure of the society for the financial year,

(b) in the case of the balance sheet, of the state of the affairs of the society as at the end of the financial year, and

(c) in the case of the statement of the source and application of funds, of the manner in which the business of the society has been financed and in which its financial resources have been used during the year.

(5) Subsection (4) above, in its application to the group accounts of a society, is to be read as referring to the society and (so far as it concerns the members of the society) the subsidiaries dealt with in the group accounts.

(6) If the auditors' report includes a qualification of their opinion that the annual accounts give a true and fair view of the matters specified in subsection (4) above, subsections (8) and (9) of section 76 extend also to the auditors' report.

(7) The auditors' report, in so far as it deals with the documents specified in subsection (3) above, shall state whether they have been prepared so as to conform to the requirements of sections 74 and 75 respectively and the regulations thereunder and whether, in the opinion of the auditors—

(a) the information given in the annual business statement gives a true representation of the matters in respect of which it is given, and

(b) the information given in the directors' report is consistent with the accounting records and the annual accounts for the year.

(8) The auditors' report on the annual business statement shall not deal with any matters which, by virtue of section 74(6), are not to be the subject of report under this section.

(9) The auditors of a building society shall, as regards the statement of particulars of transactions falling within section 65 which the society is to make available for "inspection by members under section 68(3), examine the statement before it is made available to members and make a report to the members on it; and the report shall be annexed to the statement before it is so made available.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(10) The auditors' report under subsection (9) above shall state whether in their opinion the statement contains the particulars required by section 68; and where their opinion is that it does not, they shall include in their report, so far as they are reasonably able to do so, a statement giving the requisite particulars.

79 Auditors' duties and powers.

(1) It is the duty of the auditors of a building society in preparing their report to the members under section 78, to carry out such investigations as will enable them to form an opinion as to the following matters—

(a) whether proper accounting records have been kept under section 71,

(b) whether the society has maintained satisfactory systems of control of its business and records and of inspection and report under that section, and

(c) whether the annual accounts are in agreement with the accounting records.

(2) If the auditors are of the opinion that the annual accounts are not in agreement with the accounting records they shall state that fact in their report.

(3) Every auditor of a building society has—

(a) a right of access at all times to the accounting and other records of the society and all other documents relating to its business, and

(b) a right to require from the officers of the society such information and explanations as he thinks necessary for the performance of the duties of the auditors.

(4) Where a building society has a subsidiary, then—

(a) if the subsidiary is a body corporate incorporated in any part of the United Kingdom, it is the duty of the subsidiary and its auditors to give to the society's auditors such information and explanation, and such access to documents, as those auditors may reasonably require for the purposes of their duties as auditors of the society;

(b) in any other case, it is the duty of the society, if required by its auditors to do so, to take all such steps as are reasonably open to it to obtain from the subsidiary such information and explanation and such access as are mentioned above.

(5) Subsection (4) above applies as regards any body associated with the society which is not a subsidiary as it applies as regards a subsidiary of the society.

(6) If the auditors fail to obtain all the information and explanations and the access to documents which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report.

(7) The auditors of a building society have the right—

(a) to attend any general meeting of the society, and to receive all notices of and other communications relating to any general meeting which any member of the society is entitled to receive, and

(b) to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditors.

(8) If a building society or other body corporate fails to comply with subsection (4) above, the society or other body shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any oficer of the society or, as the case may be, of the other body who is also guilty of the offence; and if an auditor fails without

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

reasonable excuse to comply with paragraph (a) of that subsection he shall be liable, on summary conviction, to such a fine.

(9) If a person who is an officer of a building society or of a body which is a subsidiary of or is associated with the society knowingly or recklessly makes to the auditors of that or another society or body a statement which—

(a) conveys or purports to convey any information or explanation which the auditors require, or are entitled to require, as auditors of the society or other body, as the case may be, and

(b) is false or misleading in a material particular,

that person shall be liable—

(i) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or both; and

(ii) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum, or both.

Modifications etc. (not altering text)
C85 S. 79(1)(2) modified (*temp.*) by S.I. 1986/2168, **art. 12(2)**(*e*)

Procedure on completion of accounts

80 Signing of balance sheet: documents to be annexed.

(1) Every balance sheet of a building society shall be signed by two directors on behalf of the board of directors and by the chief executive of the society.

(2) The income and expenditure account, the statement of the source and application of the funds and the annual business statement shall be annexed to the balance sheet, and so shall any group accounts; and the auditor's report shall be attached to it.

(3) The income and expenditure account, the statement of the source and application of the funds and the annual business statement shall be approved by the board of directors before the balance sheet is signed on their behalf, and so shall any group accounts; and the date of their approval of those documents shall be endorsed on the balance sheet.

(4) The directors' report shall be attached to the balance sheet.

(5) If a balance sheet has not been signed as required by subsection (1) above, and a copy of it is issued, circulated or published, the building society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.

(6) If any copy of a balance sheet is issued, circulated or published—

(a) without having annexed to it a copy of the income and expenditure account, or

(b) without having annexed to it a copy of the source and application of funds statement, or

(c) without having annexed to it a copy of the annual business statement, or

(d) without having attached to it a copy of the auditors' report, or

(e) without having attached to it a copy of the directors' report,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

the building society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.

81 Laying and furnishing accounts, etc., to members, Commission and central office.

(1) The directors of every building society shall lay before the society at the annual general meeting the annual accounts for the last financial year.

(2) The directors of every building society shall send a copy of the annual accounts for the last financial year to the Commission and to the central office not later than 14 days before the annual general meeting at which the accounts are to be considered.

(3) Every building society shall, as from the date by which at the latest its directors are required to send them to the Commission, make copies of the annual accounts available free of charge to members of and depositors with the society at every office of the society and, free of charge, shall send copies of those documents to any member or depositor who demands it.

(4) If default is made in complying with subsection (1) or (2) above, every person who was a director at any time during the relevant period shall be liable on summary conviction—

(a) to a fine not exceeding level 5 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £200 for every day during which the offence continues.

(5) If, on demand made of it under subsection (3) above, a building society fails, in accordance with that subsection, to make available or, as the case may be, within seven days of the demand, to send, to a person a copy of the annual accounts the society shall be liable on summary conviction—

(a) to a fine not exceeding level 3 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues,

and so shall any officer who is also guilty of the offence.

(6) In subsection (4) above "the relevant period" means the period beginning at the end of the last financial year and ending with the date which falls 14 days before the annual general meeting following the end of that year.

(7) The central office shall keep the copy of the annual accounts of a building society received by it under subsection (2) above in the public file of the society.

(8) In this section any reference to the annual accounts includes a reference to the documents annexed or attached to them under section 80.

82 Auditors' duties to Commission and related rights.

(1) The auditors of a building society shall, with respect to each financial year of the society, make to the Commission in accordance with subsection (5) below a report on the conduct of the business of the society during that year in the respects specified in subsection (2) below.

(2) The auditor's report shal deal with—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) the accounting records kept by the society under section 71,

(b) the systems of control of its business and records and of inspection and report maintained under that section, and

(c) the system of safe custody of documents maintained under section 12(12).

(3) The report shall state the auditors' opinion as respects the matters specified in subsection (2) above as follows, that is to say—

(a) as regards the accounting records of the society, whether or not they comply with the requirements of section 71 and, if not, specifying each requirement not complied with and the respects in which it was not complied with;

(b) as regards the system of control of its business and records, whether or not the system complies with the requirements of section 71 and, if not, specifying each requirement not complied with and the respects in which it was not complied with;

(c) as regards the system of inspection and report, whether or not the system complies with the requirements of section 71 and, if not, specifying each requirement not complied with and the respects in which it was not complied with;

(d) as regards the system of safe custody of documents, whether or not the system complies with the requirement of section 12(12) and, if not, specifying the respects in which it was not complied with.

(4) Where the society had, at any time during the year to which the report relates, subsidiaries or other associated bodies linked by resolution, the auditors' report shall deal also with and contain corresponding statements of their opinion as to compliance with the requirements of section 71 in its application to building societies having subsidiaries or other associated bodies linked by resolution.

(5) The auditors of a building society shall send their report under this section to the society and, subject to subsection (6) below, shall do so within the period of 72 days beginning with the end of the financial year to which it relates, and the society shall, within the period of 90 days so beginning, send the report to the Commission together with such comments as the board of directors think fit to make.

(6) A building society may allow its auditors a longer period in which to send their report than that specified in subsection (5) above, but not so as to prevent the society from complying with the duty imposed on it by that subsection as regards the Commission.

(7) If the board of directors of a building society make any comments to the Commission under subsection (5) above they shall cause a copy of the comments to be sent to the auditors before they send them to the Commission with the report under that subsection.

(8) The auditors of a building society, if they are satisfied that it is expedient to do so in order to protect the investments of shareholders or depositors or if they are requested to do so by the Commission on its being so satisfied, shall be entitled, notwithstanding any obligation of confidence incumbent on them and whether or not to do so would be contrary to the interests of the society, to furnish information to the Commission relating to the conduct of the society's business or the business of any of its subsidiaries or other associated bodies.

(9) The Treasury may by order impose on the auditors of building societies an obligation to furnish to the Commission, in such circumstances as may be prescribed in the order, relevant information available to them of such descriptions as may be prescribed in

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

the order; and it shall be the duty of any auditor to furnish information to which the obligation extends notwithstanding any obligation of confidence incumbent on him.

(10) The power to make an order under subsection (9) above is exercisable by statutory instrument but no such instrument shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

(11) In subsection (9) above "relevant information" means information relating to the conduct of the business of building societies or their subsidiaries or associated bodies.

Modifications etc. (not altering text)
C86 S. 82(1)–(4) modified (*temp.*) by S.I. 1986/2168, **art. 12(2)**(*f*)

PART IX

COMPLAINTS AND DISPUTES

83 Schemes for investigation of complaints.

(1) An individual shall, by virtue of and in accordance with schemes under this section, have the right, as against a building society, to have any complaint of his about action taken by the society in relation to a prescribed matter of complaint which affects him in prescribed respects investigated under the scheme.

(2) An individual shall also, by virtue of and in accordance with schemes under this section, have the right, as against any body which is associated with a building society, to have any complaint of his about action taken by that body in relation to a prescribed matter of complaint which affects him in prescribed respects investigated under the scheme.

(3) Every authorised building society shall be a member (and it may be the sole member) of one or more recognised schemes which or which between them confer the rights required to be conferred by subsection (1) above in relation to every matter (within its powers) which is for the time being a prescribed matter of complaint.

(4) The obligation imposed by subsection (3) above, in so far as it relates to a prescribed matter of complaint arising out of the exercise of adoptable powers, is to be construed as requiring a society to be a member of a recognised scheme conferring rights in relation to that matter not later than the date at which the alteration of the society's powers takes effect.

(5) Every authorised building society shall secure that each of the bodies associated with it is a member of one or more recognised schemes which or which between them confer the rights required to be conferred by subsection (2) above in relation to every matter (within the powers of that body) which is for the time being a prescribed matter of complaint.

(6) Schedule 12 to this Act has effect for the purposes of this section and, in that Schedule—

(a) Part I prescribes the matters for which provision must be made by a scheme if it is to be a scheme which qualifies for recognition for the purposes of this section;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) Part II prescribes the matters action in relation to any of which must be subject to investigation under a scheme if it is to qualify for recognition for the purpose of investigations in relation to that matter; and

(c) Part III contains other requirements to which a scheme must conform if it is to be so recognised.

(7) The Commission, with the consent of the Treasury, may by order vary Part II or Part III of Schedule 12 by adding to or deleting from it any provision or by varying any provision for the time being contained in it; and an order under this subsection may make such transitional provision as appears to the Commission to be necessary or expedient.

(8) The Commission shall have the function, in accordance with Schedule 13, of granting recognition of schemes and of withdrawing any recognition it has granted; but recognition does not extend to, and is not required for, provisions in a scheme which are not required to be made in pursuance of Schedule 12 to this Act.

(9) The Commission shall have power to do anything which is calculated to facilitate the discharge of its functions under subsection (8) above, or is incidental or conducive to their discharge, but this does not extend to expenditure for the purpose of operating a scheme.

(10) For the purpose of complying with the duty imposed on it by subsection (3) above, a building society may—

(a) make, or join with other building societies or other bodies in making, a scheme or schemes to be submitted to the Commission for approval by it as a recognised scheme; or

(b) accede as a member to any scheme, whether a scheme it has made or joined in making or a scheme made by other building societies or other bodies, which is for the time being a recognised scheme.

(11) A building society may also make or join in making, or accede to, schemes which are not required for the purposes of this section.

(12) The central office shall have the function, in accordance with Schedule 13, of recording accessions to schemes and of confirming any withdrawal from a scheme.

(13) A building society may withdraw from membership of a scheme but, if the scheme is a recognised scheme, its withdrawal is not effective except in accordance with the applicable provisions of Schedule 13.

(14) The power to make an order under subsection (7) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(15) In this section, section 84, Schedule 12 and Schedule 13—

"accede", in relation to a scheme, means assume the obligations and rights of membership and "accession" has a corresponding meaning;

"action" includes any failure to act, and so as regards "exercise" in relation to any power; and "action", in relation to a society, includes action on its behalf by any body associated with it;

"prescribed", in relation to matters of complaint, means prescribed for the time being in Part II of Schedule 12 and, in relation to the respects in which a complainant is affected by any action, means prescribed for the time being in

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Part III of that Schedule as grounds for making action subject to investigation under the scheme; and

"recognition" means recognition of a scheme by the Commission for the purposes of this section.

VALID FROM 01/12/1997

[F62 83A Persons entitled to have complaints investigated.

(1) This section applies to any individual.

(2) This section applies to any partnership, club or other unincorporated body if the amount of the body's turnover for its last financial year does not exceed £1 million.

(3) This section applies to any body corporate if—

(a) where it is not a member of a group, the amount of its turnover for its last financial year; or

(b) where it is such a member, the amount of the group's turnover for its last financial year,

does not exceed £1 million.

(4) The Commission may, with the consent of the Treasury, by order substitute for the amount specified in subsection (2) or (3) above such other amount as it thinks appropriate.

(5) The power to make an order under subsection (4) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(6) The amount of a body's or group's turnover for a financial year—

(a) shall be the amount shown as such in its accounts for that year; or

(b) where it has not prepared accounts for that year, shall be determined in such manner as may be provided by the scheme in accordance with which the complaint is made.

(7) Where the amount of a body's or group's turnover for a financial year is expressed otherwise than in sterling, it shall be converted into sterling at the rate of exchange prevailing at the end of that year.

(8) For a period which is a body's or group's financial year but is not in fact a year the amount specified in subsection (2) or, as the case may be, subsection (3) above shall be proportionately adjusted.

(9) In this section—

"body corporate" does not include a Scottish firm;

"group" means a parent undertaking and its subsidiary undertakings;

"last financial year", in relation to a body or group, means its last financial year to end before the complaint is made;

"parent undertaking" shall be construed in accordance with the relevant provisions;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"the relevant provisions" means the provisions of section 258 of the [M31]Companies Act 1985, read in conjunction with sections 259 and 260 of, and Schedule 10A to, that Act.

(10) Any person who, if he were an undertaking within the meaning given by section 259(1) of the [M32]Companies Act 1985, would be a parent undertaking shall be treated as if he were such an undertaking for purposes of—

(a) the definition of "group" in subsection (9) above; and

(b) the relevant provisions as they apply for the purposes of the definition of "subsidiary undertaking" in section 119(1).**]**

Textual Amendments

F62 S. 83A inserted (1.12.1997) by 1997 c. 32, **s. 35**; S.I. 1997/2668, art. 2, **Sch. Pt. I(g)**

Marginal Citations

M31 1985 c.6.

M32 1985 c.6.

84 Investigation of complaints: supplementary provisions.

(1) A building society, as a member of a recognised scheme, shall discharge any obligations and is entitled to enforce any rights imposed or conferred by the scheme or any determination of the adjudicator under the scheme, but nothing in section 83, this section or a scheme requires or authorises a building society to do anything which is outside its powers or otherwise contrary to any provision of this Act or any instrument under it.

(2) Determinations of complaints under recognised schemes shall be made by reference to what is, in the adjudicator's opinion, fair in all the circumstances of the case and any direction given to a building society or associated body by an adjudicator may (if the complainant accepts the determination) require it or the complainant not to exercise or require the performance of any of the contractual or other obligations or rights subsisting between them.

(3) Subject to subsections (4) and (5) below, a determination of the adjudicator under a recognised scheme which is, by virtue of the complainant's acceptance of it, binding on the building society or associated body shall be final and conclusive and shall not be questioned in any court of law.

(4) Subsection (3) above does not apply where a society or associated body is authorised by the scheme to relieve itself of its obligation to take the steps it is directed to take or pay the compensation awarded by the society's undertaking an obligation to give the requisite publicity for the reasons for not doing so and the society undertakes that obligation.

(5) Where a determination of the adjudicator under a recognised scheme is binding on the building society or associated body, the adjudicator shall, at the request of the society or associated body, state a case for the opinion of the High Court on any question of law and the High Court may direct the adjudicator to reconsider the complaint.

(6) A decision of the High Court under subsection (5) above shall be treated as a judgment of the High Court within the meaning of section 16 of the [M33]Supreme Court Act 1981

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

or section 39 of the [M34]Judicature (Northern Ireland) Act 1978 (which relate to the jurisdiction of the Court of Appeal to hear and determine appeals from any judgment of the High Court) but no appeal shall lie from the decision of the High Court on any case under subsection (5) above without the leave of the High Court or of the Court of Appeal.

(7) In the application of this section to Scotland—

(a) for the references in subsection (5) to the High Court there shall be substituted references to the Court of Session; and

(b) subsection (6) shall be omitted.

(8) if a building society fails to comply with section 83(3) the society shall be liable on summary conviction—

(a) to a fine not exceeding level 4 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £100 for every day during which the offence continuesX;

and so shall any director of the society who is also guilty of the offence.

(9) If a building society fails, without reasonable excuse, to comply with section 83(5) the society shall be liable on summary conviction—

(a) to a fine not exceeding level 4 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £100 for every day during which the offence continuesX;

and so shall any director of the society who is also guilty of the offence.

(10) If a building society fails to comply with section 83(3) or (5) the Commission may make an application to the High Court for an order directing the society to comply within a specified period with that subsection and the High Court may, if it thinks fit, make an order accordingly.

(11) In subsection (4) above the reference to an obligation to give the requisite publicity for a building society's or associated body's reasons is a reference to such an obligation undertaken in pursuance of a provision of the scheme authorised by paragraph 6(2) or (3) of Part III of Schedule 12.

Marginal Citations

M33 1981 c. 54.

M34 1978 c. 23

85 Settlement of disputes.

(1) Schedule 14 to this Act shall have effect for the settlement of certain disputes between a building society and a member, or representative of a member, of the society or, as provided by Part II of the Schedule, between a building society and a depositor with the society.

(2) Nothing in that Schedule affects the jurisdiction of any court to hear and determine disputes arising out of any mortgage or any contract other than the rules of a society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Modifications etc. (not altering text)
C87 S. 85 excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(4)**

PART X

DISSOLUTION, WINDING UP, MERGERS AND TRANSFER OF BUSINESS

Dissolution and winding up

86 Modes of dissolution and winding up.

(1) A building society—

(a) may be dissolved by consent of the members, or

(b) may be wound up voluntarily or by the court,

in accordance with this Part; and a building society may not, except where it is dissolved by virtue of section 93(5), 94(10) or 97(9), be dissolved or wound up in any other manner.

(2) A building society which is in the course of dissolution by consent, or is being wound up voluntarily, may be wound up by the court.

87 Dissolution by consent.

(1) A building society may be dissolved by an instrument of dissolution, with the consent (testified by their signature of that instrument) of three-quarters of the members of the society, holding not less than two-thirds of the number of shares in the society.

(2) An instrument of dissolution under this section shall set out—

(a) the liabilities and assets of the society in detail;

(b) the number of members, and the amount standing to their credit in the accounting records of the society;

(c) the claims of depositors and other creditors, and the provision to be made for their payment;

(d) the intended appropriation or division of the funds and property of the society;

(e) the names of one or more persons to be appointed as trustees for the purposes of the dissolution, and their remuneration.

(3) An instrument of dissolution made with consent given and testified as mentioned in subsection (1) above may be altered with the like consent, testified in the like manner.

(4) The provisions of this Act shall continue to apply in relation to a building society as if the trustees appointed under the instrument of dissolution were the board of directors of the society.

(5) The trustees, within 15 days of the necessary consent being given and testified (in accordance with subsection (1) above) to—

(a) an instrument of dissolution, or

(b) any alteration to such an instrument,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

shall give notice to the central office of the fact and, except in the case of an alteration to an instrument, of the date of commencement of the dissolution, enclosing a copy of the instrument or altered instrument, as the case may be; and if the trustees fail to comply with this subsection they shall each be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(6) An instrument of dissolution under this section, or an alteration to such an instrument, shall be binding on all members of the society as from the date on which the copy of the instrument or altered instrument, as the case may be, is placed in the public file of the society under subsection (10) below.

(7) The trustees shall, within 28 days from the termination of the dissolution, give notice to the central office of the fact and the date of the termination, enclosing an account and balance sheet signed and certified by them as correct, and showing the assets and liabilities of the society at the commencement of the dissolution, and the way in which those assets and liabilities have been applied and discharged; and, if they fail to do so they shall each be liable on summary conviction—

(a) to a fine not exceeding level 2 on the standard scale, and

(b) in the case of a continuing offence, to an additional fine not exceeding £10 for every day during which the offence continues.

(8) Except with the consent of the Commission, no instrument of dissolution, or alteration of such an instrument, shall be of any effect if the purpose of the proposed dissolution or alteration is to effect or facilitate the transfer of the society's engagements to any other society or to a company.

(9) Any provision in a resolution or document that members of a building society proposed to be dissolved shall accept investments in a company or another society (whether in shares, deposits or any other form) in or towards satisfaction of their rights in the dissolution shall be conclusive evidence of such a purpose as is mentioned in subsection (8) above.

(10) The central office shall keep in the public file of the society any notice or other document received by it under subsection (5) or (7) above and shall record in that file the date on which the notice or document is placed in it.

88 Voluntary winding up.

(1) A building society may be wound up voluntarily under the applicable winding up legislation if it resolves by special resolution that it be wound up voluntarily.

(2) A copy of any special resolution passed for the voluntary winding up of a building society"shall be sent by the society to the central office within 15 days after it is passed; and the central office shall keep the copy in the public file of the society.

(3) A copy of any such resolution shall be annexed to every copy of the memorandum or of the rules issued after the passing of the resolution.

(4) If a building society fails to comply with subsection (2) or (3) above the society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and so shall any officer who is also guilty of the offence.

(5) For the purposes of this section, a liquidator of the society shall be treated as an officer of it.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

89 Winding up by court: grounds and petitioners.

(1) A building society may be wound up under the applicable winding up legislation by the court on any of the followng grounds in addition to the grounds referred to or specified in section 37(1), that is to say, if—

(a) the society has by special resolution resolved that it be wound up by the court;

(b) the number of members is reduced below ten;

(c) the number of directors is reduced below two;

(d) being a society registered as a building society under this Act or the repealed enactments, the society has not been granted authorisation under section 9 or been authorised under any corresponding enactment and more than three years has expired since it was so registered;

(e) the society has had its authorisation revoked under section 43 and has not been reauthorised thereafter;

(f) the society exists for an illegal purpose;

(g) the society is unable to pay its debts; or

(h) the court is of the opinion that it is just and equitable that the society should be wound up.

(2) Except as provided by subsection (3) below, section 37 or the applicable winding up legislation, a petition for the winding up of a building society may be presented by—

(a) the Commission,

(b) the building society or its directors,

(c) any creditor or creditors (including any contingent or any prospective creditor), or

(d) any contributory or contributories,

or by all or any of those parties, together or separately.

(3) A contributory may not present a petition unless either—

(a) the number of members is reduced below ten, or

(b) the share in respect of which he is a contributory has been held by him, or has devolved to him on the death of a former holder and between them been held, for at least six months before the commencement of the winding up.

(4) For the purposes of this section, in relation to a building society,

(a) the reference to authorisation under an enactment corresponding to section 9 is a reference to authorisation granted or deemed to have been granted under—

(i) in Great Britain, regulation 5 of the [M35]Building Societies (Authorisation) Regulations 1981, and

(ii) in Northern Ireland, regulation 5 of the [M36]Building Societies (Authorisation) Regulations (Northern Ireland) 1982, and

(b) the reference to its existing for an illegal purpose includes a reference to its existing after its purpose or principal purpose has ceased to be that required by section 5(1) for the establishment of a building society under this Act.

(5) In this section, "contributory" has the same meaning as in paragraph 9(2) or, as the case may be, paragraph 37(2) of Schedule 15 to this Act.

Marginal Citations

M35 S.I. 1981/1488.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

M36 S.I. 1982/155. (N.I.)

90 Application of winding up legislation to building societies.

(1) In this section "the companies winding up legislation" means the enactments applicable in relation to England and Wales, Scotland or Northern Ireland which are specified in paragraph 1 of Schedule 15 to this Act (including any enactment which creates an offence by any person arising out of acts or omissions occurring before the commencement of the winding up).

(2) In its application to the winding up of a building society, by virtue of section 88(1) or 89(1), the companies winding up legislation shall have effect with the modifications effected by Parts I to III of Schedule 15 to this Act; and the supplementary provisions of Part IV of that Schedule shall also have effect in relation to such a winding up.

(3) In sections 37, 88, 89 and 103, "the applicable winding up legislation" means the companies winding up legislation as so modified.

Modifications etc. (not altering text)
C88 S. 90(3) excluded by S.I. 1986/2168, **art. 11**

VALID FROM 01/12/1997

[F63 90A Application of other companies insolvency legislation to building societies.

For the purpose of—

(a) enabling voluntary arrangements to be approved in relation to building societies,

(b) enabling administration orders to be made in relation to building societies, and

(c) making provision with respect to persons appointed in England and Wales or Northern Ireland as receivers and managers of building societies' property,

the enactments specified in paragraph 1(2) of Schedule 15A to this Act shall apply in relation to building societies with the modifications specified in that Schedule.]

Textual Amendments
F63 S. 90A inserted (1.12.1997) by 1997 c. 32, **s. 39(1)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(i)**

91 Power of court to declare dissolution of building society void.

(1) Where a building society has been dissolved under section 87 or following a winding up, the High Court or, in relation to a society whose principal office was in Scotland, the Court of Session, may, at any time within 12 years after the date on which the society was dissolved, make an order under this section declaring the dissolution to have been void.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) An order under this section may be made, on such terms as the court thinks fit, on an application by the trustees under section 87 or the liquidator, as the case may be, or by any other person appearing to the Court to be interested.

(3) When an order under this section is made, such proceedings may be taken as might have been taken if the society has not been dissolved.

(4) The person on whose application the order is made shall, within seven days of its being so made, or such further time as the Court may allow, furnish the central office with a copy of the order; and the central office shall keep the copy in the public file of the society.

(5) If a person fails to comply with subsection (4) above, he shall be liable on summary conviction—

(a) to a fine not exceeding level 3 on the standard scale, and

(b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues.

92 Supplementary.

Where a building society is being wound up or dissolved by consent, a member to whom an advance has been made under a mortgage or other security, or under the rules of the society, shall not be liable to pay any amount except at the time or times and subject to the conditions set out in the mortgage or other security, or in the rules, as the case may be.

VALID FROM 01/12/1997

[F64New business]

Textual Amendments

F64 S. 92A and cross-heading preceding it inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 29**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(u)**

[F65 92A Acquisition or establishment of a business.

(1) A building society—

(a) in order to acquire, or allow a subsidiary undertaking to acquire, a business to which subsections (3) and (4) below apply; or

(b) in order to establish, or allow such an undertaking to establish, a business to which subsections (3) and (5) below apply,

must resolve so to do by an ordinary resolution; but a failure to comply with this subsection shall not invalidate any transaction or other act.

(2) In order to be effective for the purposes of subsection (1) above, an ordinary resolution of a building society must be passed by a majority of the members of the society entitled to vote on such a resolution and voting either—

(a) in person or by proxy on a poll on the resolution at a meeting of the society; or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) in a postal ballot on the resolution;

and in a case falling within paragraph (a) above, a form for the appointment of a proxy shall be sent to each person entitled to notice of the meeting.

(3) This subsection applies to a business which is proposed to be acquired or established if, in the opinion of the board of directors of the society—

(a) the greater part of the income of the business is or will be derived from activities having no connection with loans secured on residential property;

(b) the greater part of the resources of the business are or will be devoted to such activities; or

(c) the greater part of the business consists or will consist of such activities.

(4) This subsection applies to a business which is proposed to be acquired if X is not less than 15 per cent of Y where—

X = the amount or value of the consideration to be given for the shares, voting rights or assets proposed to be acquired;

Y = the amount of the society's own funds as at the relevant date.

(5) This subsection applies to a business which is proposed to be established if X is not less than 15 per cent of Y where—

X = the aggregate of the following as estimated by the society, namely—

(a) the cost of acquiring, developing, adapting or repairing any premises required for the purposes of the business;

(b) the initial cost of acquiring any plant or equipment, or any intellectual property, so required;

(c) the initial cost of employing or training staff so required;

(d) the cost of obtaining any professional advice required in connection with the establishment of the business;

(e) any other non-recurring items of expenditure to be incurred in that connection; and

(f) in the case of a business proposed to be established by a subsidiary undertaking, the amount of any capital to be provided by the society which will not be used for defraying items of expenditure falling within the foregoing paragraphs;

Y = the amount of the society's own funds as at the relevant date.

(6) Where a business is proposed to be acquired or established by a syndicate whose members include a building society or subsidiary undertaking—

(a) subsection (1) above shall have effect as if the business were proposed to be acquired or (as the case may be) established by the society; and

(b) whichever of subsections (4) and (5) above is applicable shall have effect as if X were only so much of X as is referable to participation in the syndicate by the society or undertaking.

(7) For the purposes of subsections (1)(a) and (4) above, two or more proposed acquisitions by a building society or subsidiary undertaking which will form part of a larger acquisition or series of acquisitions shall be treated as a single acquisition.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Nothing in this section shall apply in relation to a building society in so far as it undertakes, in accordance with section 94 and Schedule 16 to this Act, to fulfil engagements transferred to it in accordance with that section and that Schedule.

(9) In this section—

"initial", in relation to any cost, means incurred, or likely in the directors' opinion to be incurred, not later than 12 months after the establishment of the business;

"intellectual property" includes—

(a) any patent, know-how, trade mark, service mark, registered design, copyright or design right; and

(b) any licence under or in respect of any such right;

"the relevant date", in relation to a building society, means—

(a) the date of the end of its last financial year or, failing that, the date of its establishment; or

(b) where it has been involved in a transfer of engagements, the date of that transfer,

whichever is the later.

(10) The Commission may, with the consent of the Treasury, by order substitute for the percentage specified in subsection (4) or (5) above such other percentage as appears to it to be appropriate; and an order under this subsection may make such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.

(11) The Commission may, with the consent of the Treasury, by order vary subsections (5) and (9) above by adding to or deleting from them any provision or by varying any provision contained in them; and an order under this subsection may make—

(a) different provisions for different cases or purposes; and

(b) such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.

(12) The power to make an order under subsection (10) or (11) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.**]**

Textual Amendments

F65 S. 92A and cross-heading preceding it inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 29**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(u)**

Mergers

93 Amalgamations.

(1) Any two or more buildings societies desiring to amalgamate may do so by establishing a building society as their successor in accordance with this section and Schedule 16 to this Act

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) In order to establish a building society as their successor the societies desiring to amalgamate must—

(a) agree upon the purpose or principal purpose of their successor and upon the extent of its powers in a memorandum which complies with the requirements of Schedule 2 to this Act;

(b) agree upon the rules for the regulation of their successor which comply with the requirements of that Schedule;

(c) each approve the terms of the amalgamation by two resolutions, of which—

(i) one is passed as a special resolution which also approves the memorandum and the rules of their successor, and

(ii) the other is passed as a borrowing members' resolution,

in accordance with the applicable provisions of that Schedule;

(d) make a joint application to the Commission for confirmation of the amalgamation and send to the central office four copies of the rules and of the memorandum, each copy signed by the secretary of each of the societies.

(3) If the Commission confirms the amalgamation under section 95, the central office, if it is satisfied, as regards the proposed successor, of the matters relating to its rules, its purpose and powers and its name as to which it must, under paragraph 1 of Schedule 2 to this Act, be satisfied before it registers a society, shall—

(a) register the successor society,

(b) issue to it a certificate of incorporation, specifying a date ("the specified date") as from which the incorporation takes effect,

(c) retain and register one copy of the memorandum and of the rules,

(d) return another copy to the secretary of the successor, together with a certificate of registration, and

(e) keep another copy, together with a copy of the certificate of incorporation and of the certificate of registration of the memorandum and the rules, in the public file of the successor society.

(4) On the specified date all the property, rights and liabilities of each of the societies whose amalgamation was confirmed by the Commission (whether or not capable of being transferred or assigned) shall by virtue of this subsection be transferred to and vested in the society so incorporated as their successor.

(5) On the specified date, each of the societies to which the successor succeeds shall be dissolved by virtue of this subsection; but the transfer effected by subsection (4) above shall be deemed to have been effected immediately before the dissolution.

(6) If, on the specified date, the societies whose amalgamation was confirmed by the Commission are all authorised, their successor shall be treated as authorised for the purposes of this Act, whether or not the requirements of section 9(4) would be fulfilled in its case, as from that date.

(7) The central office shall record in the public file of the successor the fact that, by virtue of subsection (6) above, the society is to be treated as authorised for the purposes of this Act.

Modifications etc. (not altering text)

C89 Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)**(*b*)(3)

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

94 Transfer of engagements.

(1) A building society may, in accordance with this section and Schedule 16 to this Act, transfer its engagements to any extent to another building society which, in accordance with this section and that Schedule, undertakes to fulfil the engagements.

(2) A building society, in order to transfer its engagements, must resolve to do so by two resolutions, of which one is passed as a special resolution and the other as a borrowing members' resolution in accordance with the applicable provisions of Schedule 2.

(3) A building society, in order to transfer some but not all of its engagements to its members in respect of shares held by them (with or without other engagements) must, in addition to resolving to transfer the engagements by the two resolutions required by subsection (2) above, resolve to do so by an affected shareholders' resolution.

(4) For the purposes of this section in its application to a transfer by a society of engagements in respect of some shares in the society, an "affected shareholders' resolution" is a resolution passed by a majority of the holders of those shares who, under the rules of the society, would be entitled to vote on a special resolution, disregarding for this purpose any shares of theirs in respect of which the society's engagements are not to be transferred.

(5) A building society, in order to undertake to fulfil the engagements of another society, must resolve to do so—

(a) by two resolutions, of which one is passed as a special resolution and the other as a borrowing members' resolution in accordance with the applicable provisions of Schedule 2; or

(b) by a resolution of the board of directors, if the Commission consents to that mode of proceeding.

(6) The extent of the transfer, as so resolved by the society making and the society taking the transfer, shall be recorded in an instrument of transfer of engagements.

(7) A transfer of engagements between building societies shall be of no effect unless—

(a) the transfer is confirmed by the Commission under section 95; and

(b) a registration certificate is issued in respect of the transfer under subsection (8) below.

(8) Where the Commission confirms a transfer of engagements between building societies, the central office shall—

(a) register a copy of the instrument of transfer of engagements; and

(b) issue a registration certificate to the building society taking the transfer;

and, on such date as is specified in the certificate, the property, rights and liabilities of the society transferring its engagements (whether or not capable of being transferred or assigned) shall, by virtue of this subsection, be transferred to and vested in the society taking the transfer to the extent provided in the instrument of transfer of engagements.

(9) The central office shall keep a copy of the instrument and of the registration certificate issued under subsection (8) above in the public file of the building society taking the transfer.

(10) Where all its engagements have been transferred, the society shall, by virtue of this subsection, be dissolved on the date specified in the registration certificate; but the

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

transfer effected by subsection (8) above shall be deemed to have been effected immediately before the dissolution.

Modifications etc. (not altering text)
C90 Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)**(*b*)(3)

95 Mergers; provisions supplementing ss. 93 and 94.

(1) Part I of Schedule 16 to this Act shall have effect for imposing on building societies proposing to amalgamate or to transfer or undertake engagements requirements to issue statements to their members relating to the proposed amalgamation or transfer.

(2) Part II of Schedule 16 to this Act shall have effect for imposing requirements for notification by a building society, to its members and to the central office, of the receipt by the society of proposals for a transfer of engagements or an amalgamation.

(3) Where application is made to the Commission for confirmation of an amalgamation or transfer of engagements it shall, except as provided in subsections (4) to (9) below, confirm the amalgamation or transfer; and Part III of Schedule 16 to this Act shall have effect with respect to the procedure on an application for such confirmation.

(4) Subject to subsection (5) below, the Commission shall not confirm an amalgamation or transfer of engagements if it considers that—

(a) some information material to the members' decision about the amalgamation or transfer was not made available to all the members eligible to vote; or

(b) the vote on any resolution approving the amalgamation or transfer does not represent the views of the members eligible to vote; or

(c) some relevant requirement of this Act or the rules of any of the societies participating in the amalgamation or transfer was not fulfilled or not fulfilled as regards that society.

(5) The Commission shall not be precluded from confirming an amalgamation or transfer of engagements by virtue only of the non-fulfilment of some relevant requirement of this Act or the rules of a society if it appears to the Commission that it could not have been material to the members' decision about the amalgamation or transfer and the Commission gives a direction that the failure is to be disregarded for the purposes of this section.

(6) Where the Commission would be precluded from confirming an amalgamation or transfer of engagements by reason of any of the defects specified in paragraphs (a), (b) and (c) of subsection (4) above, it may direct any building society concerned—

(a) to take such steps to remedy the defect or defects, including the calling of a further meeting, as it specifies in the direction; and

(b) to furnish the Commission with evidence satisfying it that it has done so;

and, if the Commission is satisfied that the steps have been taken and the defect or defects has or have been substantially remedied; the Commission shall confirm the amalgamation or transfer; but, if it is not so satisfied, it shall refuse its confirmation.

(7) The Commission shall not confirm an amalgamation of or transfer of engagements between any two building societies one of which does not have a qualifying asset holding and is, for the purposes of this subsection, of disproportionate size in relation

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

to the other unless the Commission is satisfied that, as regards the smaller society, the amalgamation or transfer—

(a) has the requisite support of its members, or

(b) is desirable in order to protect the investments of shareholders and depositors.

(8) For the purposes of subsection (7) above—

(a) one society is of "disproportionate size" in relation to another if its total assets amount to less than one eighth of the total assets of the other;

(b) "the requisite support", in relation to the members of a society, is constituted by the votes of not less than 20 per cent. of the members qualified to vote on a special resolution of the society cast in favour of the special resolution approving the terms of the amalgamation or transfer of engagements; and

(c) "total assets", in relation to a building society, means its total assets as shown in the latest balance sheet.

(9) Where more than two building societies propose an amalgamation or transfer of engagements and, by virtue of subsection (7)(a) above the Commission refuses to confirm the amalgamation or transfer because of the failure of the smaller of any two of the societies that are of disproportionate size to secure the requisite support, the Commission shall refuse to confirm the amalgamation or transfer in relation to the other societies participating in the amalgamation or transfer.

(10) A failure to comply with a relevant requirement of this Act or any rules of a society shall not invalidate an amalgamation or transfer of engagements; but, if a society fails without reasonable excuse to comply with such a requirement the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

(11) In this section "relevant requirement", with reference to this Act or the rules of a society, means a requirement of section 93 or 94 or this section or of Schedule 16 to this Act or of any rules prescribing the procedure to be followed by the society in approving or effecting an amalgamation or transfer of engagements.

Modifications etc. (not altering text)
C91 Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)**(*b*)(3)

96 Mergers: compensation for loss of office and bonuses to members.

(1) The terms of an amalgamation of or transfer of engagements between building societies may include provision for compensation to be paid by a society to or in respect of any director or other officer of that or any other society for loss of office or diminution of emoluments attributable to the amalgamation or transfer, but the provision must be authorised as follows that is to say—

(a) except in so far as paragraph (b) below applies, the provision for such compensation to be paid by a society must be approved by the society by a resolution passed as a special resolution, not being the resolution required by section 93(2)(c) or 94(2) for the approval of the other terms of the amalgamation or transfer;

(b) if regulations are made under subsection (2) below authorising payments of such compensation within prescribed limits and the provision for such compensation includes only payments of amounts not exceeding the

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

prescribed limits, the passing of the special resolution approving the terms of the amalgamation or transfer is sufficient authority for their payment.

(2) The Commission, with the consent of the Treasury, may by regulations authorise payments by building societies of compensation to directors or other officers for loss of office or diminution of emoluments attributable to amalgamations of, or transfers of engagements between, societies subject to limits specified in or determinable under the regulations and the regulations may make different provision for different classes of person.

(3) Nothing in subsection (1) or (2) above prevents a director or other officer from receiving payments from societies which, in the aggregate, exceed any limit applicable to him under subsection (2) above if the excess payment is included in provision approved as required by subsection (1)(a) above; but if any payment is received which has not been authorised under paragraph (a) or (b) of that subsection it shall be repaid.

(4) The terms of an amalgamation of, or transfer of engagements between, building societies may include provision for part of the funds of one or more of the participating societies to be distributed in consideration of the amalgamation or transfer among any of the members of the participating societies, but the provision must be authorised as follows, that is to say—

(a) subject to paragraph (b) below, the provision for such a distribution by a society shall not exceed the limits prescribed by regulations under subsection (5) below and the distribution must be approved by the special resolution giving the approval of the society to the terms of the amalgamation or transfer;

(b) if the provision for such a distribution by a society exceeds the prescribed limits, it must be approved by the special resolution of that society and each of the other societies particpating in the amalgamation or transfer by which each approved the terms of the amalgamation or transfer.

(5) The Commission, with the consent of the Treasury, shall by regulations authorise distributions of funds to members by building societies particpating in amalgamations or transfers of engagements subject to limits specified in or determinable under the regulations and the regulations may make different provision for different circumstances.

(6) Where the terms of a transfer of engagements include provision for a distribution of the funds of the society transferring or the society undertaking the engagements and the society undertaking the engagements applies to the Commission for its consent to the society's approving the transfer by a resolution of the board of directors instead of a special resolution of the society, the Commission shall not give its consent unless it is satisfied that the distribution proposed to be made by each society will not exceed the prescribed limits.

(7) The power to make regulations under subsection (2) or (5) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(8) In this section—

"compensation" includes the provision of benefits in kind;

"distribution of funds" with reference to bonuses paid to members, includes distribution by means of a special rate of interest available to members for a limited period;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"loss of office" includes, in relation to a director or other officer of a building society holding office in a subsidiary of that society or in an associated body by virtue of his position in that society, the loss of that office;

"prescribed" with reference to limits on compensation or on distributions of assets, means prescribed by regulations under subsection (2) or (5) above, as the case may be.

Modifications etc. (not altering text)
C92 Ss. 93–96 excluded by S.I. 1986/2168, **art. 9(2)**(*b*)(3)

Transfer of business to commercial company

97 Transfer of business to commercial company.

(1) A building society may, in accordance with this section and the other applicable provisions of this Act, transfer the whole of its business to a company (its "successor").

(2) The applicable provisions of this Act other than this section are section 98, section 99, section 100, section 101, section 102, paragraph 30 of Schedule 2 and Schedule 17.

(3) The successor may be a company formed by the society wholly or partly" for the purpose of assuming and conducting the society's business in its place or an existing company which is to assume and conduct the society's business in its place; and for the purposes of the transfer the society may, notwithstanding anything in section 18, form, or acquire and hold shares in, a company whose objects extend to the carrying on of activities which the building society has no power to carry on.

(4) In order to transfer its business to its successor a building society must—

(a) in the case of a specially formed company, secure that it is formed having articles of association with the requisite protective provisions;

(b) agree conditionally with its successor in a transfer agreement on the terms of the transfer which, in so far as they are regulated terms, comply with section 99, section 100 and transfer regulations;

(c) approve the transfer and the terms of the transfer by the requisite transfer resolutions, that is to say, resolutions passed by the members of the society in accordance with paragraph 30 of Schedule 2 to this Act; and

(d) obtain the confirmation of the Commission of the transfer and its terms.

(5) In so far as the transfer agreement made between the society and its successor provides for rights to be conferred on members or officers of the society, whether or not in pursuance of regulated terms, the members or officers shall, in relation to those provisions, be treated as if they had been parties to the agreement and the rights shall be enforceable accordingly.

(6) If the Commission confirms the transfer under section 98 then, on the vesting date, all the property, rights and liabilities of the society making the transfer (whether or not capable of being transferred or assigned), except any shares in its successor, shall by virtue of this subsection and in accordance with transfer regulations be transferred to and vested in the successor.

(7) Where a building society continues to hold shares in its successor after the vesting date, the consideration (if any) for the disposal of the shares together with any other

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

property, rights or liabilities of the society acquired or incurred after that date shall, by virtue of this subsection, be transferred to and vested in its successor on the date specified for its dissolution under subsection (10) below.

(8) A building society which has obtained confirmation of the transfer of its business shall send to the central office notice of the date which is to be the vesting date and shall do so not later than seven days before that date; and the central office shall record the date and, if a later date is notified under subsection (10) below, that date, in the public file of the society.

(9) Except where notice is given under subsection (10) below, a building society which, under this section, transfers its business to its successor shall, by virtue of this subsection, be dissolved on the vesting date; but the transfer effected by subsection (6) above shall be deemed to have been effected immediately before the dissolution.

(10) A building society may, for the purpose of facilitating the disposal of shares in its successor, include in the notice of the vesting date under subsection (8) above notice of a later date for the dissolution of the society; and if it does so, the society shall by virtue of this subsection be dissolved on that date instead of the vesting date, but the transfer effected by subsection (7) above shall be deemed to have been effected immediately before the dissolution.

(11) As from the vesting date, a society which has given notice under subsection (10) above shall cease to transact any business except such as is necessary for the purpose of securing the disposal of the society's holding of shares in its successor.

(12) In this section, and the other applicable provisions of this Act—

"company" means a company within the meaning of the [M37]Companies Act 1985 or the [M38]Companies (Northern Ireland) Order 1986 which is a public company limited by shares; and a company is a "specially formed" company if it is formed by a building society (and by no others than its nominees) for the purpose of assuming and conducting its business in its place and is an "existing" company if it is a company carrying on business as a going concern on the date of the transfer agreement;

"confirmation", in relation to a transfer, means the confirmation of the Commission required by subsection (4)(d) above;

"regulated terms" means any terms of a transfer agreement which are regulated terms under section 99, section 100 or section 102;

"the requisite protective provisions" means the provisions required to be made by section 101(2);

"the requisite transfer resolutions" has the meaning given by subsection (4)(c) above;

"successor", in relation to a building society, has the meaning given by subsection (1) above;

"transfer agreement" means the agreement required by subsection (4)(b) above and, in relation to it, "conditionally" means conditional on the approval of the transfer by the requisite transfer resolutions and on confirmation of the transfer;

"transfer of business" means the transfer of the business of a building society to its successor under this section and "transfer" has a corresponding meaning;

"transfer regulations" means regulations under section 102; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"the vesting date" means the date specified in or determined under the transfer agreement as the vesting date for the purposes of subsection (6) above.

Marginal Citations

M37 1985 c. 6.

M38 S.I. 1986/1032 (N.I.6)

98 Transfers of business: supplementary provisions.

(1) Part I of Schedule 17 to this Act shall have effect for imposing on a building society proposing to transfer its business to a company an obligation to issue statements to its members relating to the proposed transfer.

(2) Where application is made to the Commission for confirmation of a transfer of business to a company it shall, except as provided in subsections (3) to (5) below, confirm the transfer; and Part II of that Schedule shall have effect with respect to the procedure on an application for such confirmation.

F66(3) Subject to subsection (4) below, the Commission shall not confirm a transfer of business if it considers that—

(a) some information material to the members' decision about the transfer was not made available to all the members eligible to vote; or

(b) the vote on any resolution approving the transfer does not represent the views of the members eligible to vote; or

(c) there is a substantial risk that the successor will not become or, as the case may be, remain **[**F67an authorised institution for the purposes of the Banking Act 1987**]**: or

(d) some relevant requirement of this Act or the rules of the society was not fulfilled.

(4) The Commission shall not be precluded from confirming a transfer of business by virtue only of the non-fulfilment of some relevant requirement of this Act or the rules of the society if it appears to the Commission that it could not have been material to the members' decision about the transfer and the Commission gives a direction that the failure is to be disregarded for the purposes of this section.

(5) Where the Commission would be precluded from confirming a transfer of business by reason of any of the defects specified in paragraphs (a), (b), (c) and (d) of subsection (3) above, it may direct the society making the transfer—

(a) to take such steps to remedy the defect or defects as it specifies in the direction; and

(b) to furnish the Commission with evidence satisfying it that it has been done so;

and, if the Commission is satisfied that the steps have been taken and the defect or defects has or have been substantially remedied, the Commission shall confirm the transfer; but, if it is not so satisfied, it shall refuse its confirmation.

(6) The steps that a society may be required under subsection (5)(a) above to include the calling of a further meeting, securing the variation of the transfer agreement or securing the alteration of the approved protective provisions of the articles of association of its successor.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(7) A failure to comply with a relevant requirement of this Act or the rules of a building society shall not invalidate a transfer of the business of the society; but, if a society fails without reasonable excuse to comply with such a requirement, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

(8) In this section "relevant requirement", with reference to this Act or the rules of a society, means a requirement of the applicable provisions of this Act or of any rules prescribing the procedure to be followed by the society in approving the transfer and its terms.

Textual Amendments

F66 S. 98(3) extended (1. 1. 1993) by S.I. 1992/3218, reg. 82(1), **Sch. 10 para.22(c)**

F67 Words substituted by Banking Act 1987 (c. 22, SIF 10), s. 108(1), **Sch. 6 para. 26(6)**

99 Regulated terms: compensation for loss of office, etc.

(1) Subject to subsections (2) and (3) below, the terms of a transfer of business by a building society to the company which is to be its successor may include provision for compensation to be paid by the society or the company to or in respect of any director or other officer of the society for loss of office or diminution of emoluments attributable to the transfer.

(2) Any such provision must be authorised so far as the society is concerned as follows, that is to say—

(a) except in so far as paragraph (b) below applies, the provision must be approved by a resolution passed as a special resolution, not being one of the requisite transfer resolutions;

(b) if regulations are made under subsection (3) below authorising payments of such compensation within prescribed limits and the provision for such compensation includes only payments of amounts not exceeding the prescribed limits, the passing of the requisite transfer resolutions is sufficient authority for their payment.

(3) The Commission, with the consent of the Treasury, may by regulations authorise payments of compensation to directors or other officers attributable to transfers of business under section 97 subject to limits specified in or determinable under the regulations and the regulations may make different provision for different classes of person.

(4) Nothing in subsection (2) or (3) above prevents a director or other officer from receiving payments which, in the aggregate, exceed any limit applicable to him under either of those subsections if the excess payment is included in provision approved as required by subsection (2)(a) above; but if any payment is received which has not been authorised under paragraph (a) or (b) of that subsection it shall be repaid.

(5) The power to make regulations under subsection (3) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(6) In this section—

"compensation" includes the provision of benefits in kind;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"loss of office" includes, in relation to a director or other officer of a building society holding office in a subsidiary of that society or in an associated body by virtue of his position in that society, the loss of that office; and

"prescribed", with reference to limits on compensation, means prescribed by regulations under subsection (3) above;

and any terms of a transfer of business to which subsection (2) or regulations under subsection (3) above apply are regulated terms for the purposes of section 97.

VALID FROM 09/06/1997

[F68 99A Transfers of business: increased remuneration etc.

(1) Subject to subsection (2) below, the terms of a transfer of business by a building society to the company which is to be its successor may include provision for any director or other officer of the society to receive increased emoluments in consequence of the transfer, whether by way of increased remuneration or the grant of share options or otherwise.

(2) An ordinary resolution approving any such provision must be put before a meeting of the society.**]**

Textual Amendments

F68 S. 99A inserted (9.6.1997) by 1997 c. 32, **s. 31**; S.I. 1997/1427, **art. 2(f)**

100 Regulated terms etc: distributions and share rights.

(1) Subject to subsections (2) to (10) below, the terms of a transfer of business by a building society to the company which is to be its successor may include provision for part of the funds of the society or its successor to be distributed among, or other rights in relation to shares in the successor conferred on, members of the society in consideration of the transfer.

(2) The terms of a transfer of a society's business must—

(a) require its successor to assume as from the vesting date a liability to every qualifying member of the society as in respect of a deposit made with the successor corresponding in amount to the value of the qualifying shares held by him in the society; and

(b) confer a right, subject to subsection (7) below, to a distribution of funds, whether of the society or its successor, by way of bonus on every qualifying member of the society equal to the relevant proportion of the value of the qualifying shares held by him in the society; and

(c) in a case where the successor is a specially formed company, confer a right on every qualifying member of the society to a priority liquidation distribution by its successor calculated in the prescribed manner so as to represent the extent of his deposit under paragraph (a) above and secured on the property or undertaking of the successor.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) For the purposes of the liabilities assumed under subsection (2)(a) above by the society's successor, a member is a qualifying member if he held shares in the society on the day immediately preceding the vesting date and his qualifying shares are those held by him on that day.

(4) For the purposes of the rights conferred under subsection (2)(b) above on members of the society, a member is a qualifying member is he held shares in the society on the qualifying day and was not eligible to vote on the requisite transfer resolution, his qualifying shares are those held by him on that day and the relevant proportion is the portion which (as shown in the latest balance sheet of the society) the society's reserves bear to its total liability to its members in respect of shares.

(5) For the purposes of the rights conferred under subsection (2)(c) above on former members of the society, a member is a qualifying member if he held shares in the society on the qualifying day, was eligible to vote on the requisite resolution and is a depositor with its successor.

(6) For the purposes of subsection (2)(c) above,—

(a) a right to a liquidation distribution by a society's successor is a right to a distribution of its assets in the event of its being wound up;

(b) the right shall confer priority in the distribution of the assets over all other creditors and members of the company other than those creditors the debts to whom are preferential debts for the purposes of the [M39]Insolvency Act 1986 or **[**[F69]the Insolvency (Northern Ireland) Order 1989**]**; and

(c) "prescribed" means prescribed by transfer regulations.

(7) The Commission may, where it confirms a transfer of a society's business to an existing company, as it thinks fit having regard to what is equitable between the members of the society, direct that no bonus distribution of funds in pursuance of subsection (2)(b) above shall be made or that the amount distributed shall be such lesser amount as it provides for in the direction; and where the Commission gives a direction under this subsection no liability to make such a distribution shall arise or, as the case may be, that liability shall be discharged by payment of the lesser amount.

(8) Where, in connection with any transfer, rights are to be conferred on members of the society to acquire shares in priority to others subscribers, the right shall be restricted to those of its members who held shares in the society throughout the period of two years which expired with the qualifying day; and it is unlawful for any right in relation to shares to be conferred in contravention of this subsection.

(9) Where the successor is an existing company, any distribution of funds to members of the society, except for the distribution required by subsection (2)(b) above, shall only be made to those members who held shares in the society throughout the period of two years which expired with the qualifying day; and it is unlawful for any distribution to be made in contravention of the provisions of this subsection.

(10) The following restrictions apply to any distribution of funds, or any conferring of rights in relation to shares, in connection with the transfer of its business from the society to its successor where the successor is a company specially formed by the society, that is to say—

(a) no distribution shall be made except that required by subsection (2)(b) above; and

(b) where negotiable instruments acknowledging rights to shares are issued by the successor within the period of two years beginning with the vesting date, no

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

such instruments shall be issued to former members of the society unless they are also issued, and on the same terms, to all other members of the company;

and it is unlawful for any distribution of funds to be made in contravention of the provisions of this subsection.

(11) Where the successor is a specially formed company, the terms of the transfer must include provision to secure that the society ceases to hold any shares in the successor by the date on which the society is to dissolve.

(12) Any terms of a transfer of business to which subsection (2), (8), (9), (10) or (11) above apply are regulated terms for the purposes of section 97.

(13) In subsections (4), (5), (8) and (9) above, "qualifying day" means the day specified in the transfer agreement as the qualifying day for the purposes of this subsection.

Textual Amendments

F69 Words in s. 100(6)(b) substituted (N.I.) (01.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 44**; S.R. 1991/411, **art.2**

Marginal Citations

M39 S.I. 1986/1032 (N.I.6.)

101 Protective provisions for specially formed successors.

(1) No company specially formed by a building society to be its successor shall, at any time during the protective period—

[F70(a) offer for sale or invite subscription for any shares in or debentures of the company or allot or agree to allot any such shares or debentures with a view to their being offered for sale;**]**

(b) allot or agree to allot any share in or debenture of the company, or

(c) register a transfer of shares in or debentures of the company,

if the effect of the offer **[**F71the invitation**]**, the allotment or the registration of the transfer would be that more shares or debentures than the permitted proportion would be held by, or by nominees for, any one person (other than the society).

(2) The articles of association of the comapany shall include provision such will secure that the company does not offer **[**F72, invite subscription for,**]**,allot or register transfers of, shares or debentures in contravention of subsection (1) above and no alteration in those provisions may be made by the company during the protective period.

(3) Any provision (including any altered provision) of the company's articles of association which is to any extent inconsistent with subsection (1) above shall, to that extent, be void; and any allotment or registration of a transfer of shares or debentures in contravention of that subsection shall be void.

(4) The Bank of England, if it considers it desirable in the interests of the depositors and potential depositors of a successor to do so, may direct by notice to the successor that this section shall cease to apply to the successor.

(5) In subsections (1) to (3) above—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"the permitted proportion", in relation to shares in or debentures of the company, is 15 per cent. of, in the case of shares, the company's issued share capital and, in the case of debentures, the total indebtedness of the company on its debentures, as the case may be;

"the protective period" is the period beginning with the date of the company's incorporation and ending five years after the vesting date; and

"transfer", in relation to shares or debentures, does not include a transfer to a person to whom the right to any shares or debentures has been transmitted by operation of law;

and any expression used in those subsections and in the [M40]Companies Act 1985 or, as regards Northern Ireland, the [M41]Companies (Northern Ireland) Order 1986 has the same meaning in those subsections as in that Act or that Order.

Textual Amendments

F70 S. 101(1)(*a*) substituted by Financial Services Act 1986 (c. 60, SIF 69), s. 212(2), **Sch. 16 para. 30**(*a*)

F71 Words inserted by Financial Services Act 1986 (c. 60, SIF 69), s. 212(2), **Sch. 16 para. 30**(*b*)

F72 Words substituted by Financial Services Act 1986 (c. 60, SIF 69), s. 212(2), **Sch. 16 para. 30**(*c*)

Marginal Citations

M40 1985 c. 6.

M41 S.I. 1986/1032 (N.I.6.)

102 Transfer regulations.

(1) The Commission with the consent of the Treasury, may, by transfer regulations under this section, make provision regulating transfers of business under section 97.

(2) Transfer regulations may, in particular—

(a) make provision for and in connection with the transition from regulation by and under this Act to regulation by and under the Companies Act 1985 or, as regards Northern Ireland, the Companies (Northern Ireland) Order 1986 and the **[**[F73]Banking Act 1987**]**;

(b) make provision for the treatment, in the hands of companies taking such transfers, of the property, rights and liabilities transferred and for the modification of any enactment in its application to property, rights and liabilities so transferred;

(c) make provision for the purposes of and incidental to section 100 and section 101.

(3) The power to make transfer regulations is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(4) Any terms of a transfer of business to which transfer regulations apply are regulated terms for the purposes of section 97.

Textual Amendments

F73 Words substituted by Banking Act 1987 (c. 22, SIF 10), s. 108(1), **Sch. 6 para. 26(7)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

VALID FROM 01/05/1995

[F74 102A Rights of second-named joint shareholders.

(1) This section applies where the terms of a transfer of business by a building society to the company which is to be its successor include such provision as is mentioned in section 100(1).

(2) If—

(a) a person ("A") held shares in the society throughout the requisite period;

(b) any shares in the society held by A were jointly held for any period ("the joint ownership period") constituting the whole or part of the requisite period;

(c) A was the second-named holder of the jointly held shares for the whole or part of the joint ownership period; and

(d) no person who has priority over A for the purposes of this section held shares in the society throughout the requisite period,

the jointly held shares shall be treated for the purposes of subsections (8) and (9) of section 100 as having been held by A alone.

(3) The following persons shall have priority over A for the purposes of this section, namely—

(a) where A was not the first-named holder of the jointly held shares for any part of the joint ownership period—

(i) any person who was the first-named holder of those shares for the whole or part of that period; and

(ii) where A was the second-named holder of those shares for part only of that period, any person who was the second-named holder of those shares for a later part of that period; and

(b) where A was the first-named holder of the jointly held shares for part of the joint ownership period, any person who was the first-named holder of those shares for a later part of that period.

(4) If a person dies during the requisite period at a time when he is named in the records of the society as a joint holder of any shares jointly held, this section shall have effect in relation to any later time as if he had never been so named.

(5) In this section—

"the first-named holder", in relation to any shares jointly held, means that one of the joint holders who is named first in the records of the society, that is to say, the person by whom alone, apart from this section, those shares would, by virtue of paragraph 7(5) of Schedule 2, be treated as held for the purposes of section 100;

"qualifying day" has the same meaning as in subsections (8) and (9) of section 100;

"the requisite period" means the period beginning two years before the end of the qualifying day and ending immediately before the vesting date;

"the second-named holder", in relation to any shares jointly held, means that one of the joint holders who is named second in the records of the society;

"the vesting date" has the same meaning as in section 100.**]**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F74 S. 102A inserted (1.5.1995 with application as mentioned in s. 2(2) of the amending Act) by 1995 c. 5, **s. 1(1)**

VALID FROM 21/03/1997

[F75 102B Protection of interests of beneficiaries in the case of trustee account holders.

(1) This section shall have effect (notwithstanding anything to the contrary in the rules of the society) where the terms of the transfer of the business of a building society to its successor include provision for a distribution to be made to its members, and where more than one distribution is provided for, shall have effect in relation to each of them.

(2) In this section "distribution" in relation to a society means—

(a) a distribution among members of the society of part of the funds of the society or its successor, other than a distribution within section 100(2)(b), or

(b) the conferring of rights in relation to shares in the successor on members of the society,

in consideration of the transfer.

(3) Subject to the following provisions of this section and section 102C, a trustee account holder shall be treated by the society and its successor as not being disentitled from sharing in the distribution—

(a) as such trustee account holder, and

(b) also in relation to another account which he may hold as a trustee account holder or in relation to another account which he may hold otherwise than as a trustee account holder,

by reason only of his holding more than one account; and the terms of the transfer of business in question shall comply with this subsection.

(4) A trustee account holder shall not be entitled to share in a distribution as such trustee account holder by virtue of any provision of this section if—

(a) the society has notified that account holder that he must make, in relation to any account as respects which he is a trustee account holder, a statutory declaration under the M42 Statutory Declarations Act 1835 complying with subsection (5); but

(b) the trustee account holder does not give the society that declaration before such date as may be specified in the society's notice to him.

(5) A statutory declaration complies with this subsection if the person making it declares in it—

(a) that he is a trustee account holder in respect of an account identified in the declaration,

(b) the name and address of each beneficiary for whom he holds the account,

(c) the reason why it is not reasonably practicable for any beneficiary to act in relation to that account himself, and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(d) in a case where section 102D(8) applies, the names and addresses of all the trustee account holders of the account during the period referred to in that subsection.

(6) In any case, where in response to a notice under subsection (4) (and within the time specified in that notice), a person gives a society a statutory declaration complying or purporting to comply with subsection (5) that he is a trustee account holder as respects any account he holds with that society then, subject to section 102C, the society and its successor—

(a) shall treat him as such an account holder in respect of that account, and

(b) shall not be liable to any other person in respect of any distribution to him (whether or not the society makes any enquiry into his eligibility before making the distribution).**]**

Textual Amendments

F75 Ss. 102B-102D inserted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by 1997 c. 41, **s. 1(1)**

Marginal Citations

M42 1835 c. 62.

VALID FROM 21/03/1997

[F76 102C Consequences of false declaration.

(1) Where it is shown, in relation to a person who has made a statutory declaration to a society purporting to comply with section 102B(5), that, at the time the declaration is made, he is not a trustee account holder in relation to the account in question, then—

(a) a distribution shall not be made to him in pursuance of section 102B if it is so shown before the distribution is made;

(b) if a distribution is made to him, he shall be liable—

(i) to repay to the society's successor any funds, and to surrender to it any shares or rights to any shares, which he may have received as the holder of that account,

(ii) if any shares or rights to any shares are not surrendered, to pay the successor an amount equal to the relevant value of those shares or rights.

(2) Where subsection (1)(b) applies in relation to a person, he shall also be liable to pay to the successor interest (at the rate applicable to judgment debts or, as respects Scotland, to decrees of the Court of Session)—

(a) on any funds which he is liable to repay to the successor under sub-paragraph (i) of subsection (1)(b),

(b) on the relevant value of any shares or rights which are surrendered under that sub-paragraph, and

(c) on any amount payable under subsection (1)(b)(ii),

as from the day on which he received the funds, shares or rights until subsection (1)(b) is complied with in relation thereto.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) In subsections (1) and (2) "relevant value", in relation to any shares or rights to any shares, means the market value of those shares on the first day on which they are quoted on the Stock Exchange Daily Official List, and section 272 of the [M43]Taxation of Chargeable Gains Act 1992 shall apply for the purposes of this subsection.

(4) Where the successor receives any payment in circumstances where subsection (1)(b) applies, the amount of the payment shall be treated as settlement of a debt due to the successor and accordingly not as an amount due to members of the society.

(5) In section 146(1) of the [M44]Companies Act 1985 (treatment of shares held by or for a public company) the following paragraph shall be inserted after paragraph (a)—

"(aa) where shares in the company are surrendered to the company in pursuance of section 102C(1)(b) of the [M45]Building Societies Act 1986;".

(6) In Article 156(1) of the [M46]Companies (Northern Ireland) Order 1986 (treatment of shares held by or for a public company) the following sub-paragraph shall be inserted after sub-paragraph (a)—

"(aa) where shares in the company are surrendered to the company in pursuance of section 102C(1)(b) of the [M47]Building Societies Act 1986;".**]**

Textual Amendments

F76 Ss. 102B-102D inserted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by 1997 c. 41, **s. 1(1)**

Marginal Citations

M43 1992 c. 12.
M44 1985 c. 6.
M45 1986 c. 53.
M46 S.I. 1986/1032 (N.I. 6).
M47 1986 c. 53.

VALID FROM 21/03/1997

[F77102D Provisions supplementary to sections 102B and 102C.

(1) This section has effect for the purposes of sections 102B and 102C.

(2) "Trustee account holder", in relation to any society, is a person who is the holder of an account as respects which all the conditions in subsection (4) are satisfied and which he holds in trust for another person, but subject to subsection (5).

(3) Any reference in this section or in sections 102B and 102C to the holder of an account (however expressed) includes a reference to a person to whom the society has advanced a loan secured on land.

(4) The conditions referred to in subsection (2) are—

(a) that he is a member of the society by virtue of holding that account;

(b) that the account holder—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(i) is the sole account holder or the representative joint holder (within the meaning of paragraph 7 of Schedule 2 to this Act), or

(ii) in the case of a borrowing member, is the representative joint borrower (within the meaning of paragraph 8 of that Schedule);

(c) that it is not reasonably practicable for any one or more of the persons for whom he holds the account, by reason of ill-health or old age or any physical or mental incapacity or disability, to act in relation to the account himself.

(5) Where a person holds more than one account in trust for any other person or persons and the beneficiary or any of the beneficiaries in respect of two or more of those accounts ("the duplicate accounts") are the same, then—

(a) the account holder shall not be a trustee account holder in respect of any of those duplicate accounts except the one which was first opened, and

(b) accordingly, section 102B(3) and (4) shall apply only in relation to that first opened duplicate account.

(6) "Beneficiary", in relation to any account or any trustee account holder, is the person or any of the persons for whose benefit the account is held or for whose benefit the trustee account holder holds the account (as the case may be).

(7) Any beneficiary of any account who is a child shall be disregarded for the purposes of subsection (4) above unless he suffers ill-health or any physical or mental incapacity or disability which if suffered by an adult would prevent it being reasonably practicable for such an adult to act in relation to the account himself.

(8) In any case where—

(a) the identity of the trustee account holder changes during any period which is relevant to the distribution in question, and

(b) the account is not closed but continues to be held for the benefit of the same beneficiaries (disregarding any who have died),

the trustee account holders during that period shall be treated for the purpose of section 102B and the distribution as one person.

(9) Any reference to a person holding an account in trust for any other person includes a reference—

(a) to any person holding an account for another person in pursuance of any order, direction or authority made or given under Part VII of the [M48]Mental Health Act 1983 or under Part VIII of the [M49]Mental Health (Northern Ireland) Order 1986;

(b) to an attorney holding an account for another person under an enduring power registered under the [M50]Enduring Powers of Attorney Act 1985 or the [M51]Enduring Powers of Attorney (Northern Ireland) Order 1987; and

(c) in relation to Scotland—

(i) to a curator bonis and a judicial factor holding an account for another person; and

(ii) to a person holding an account for another person under a factory and commission or power of attorney which continues to have effect by virtue of section 71 of the [M52]Law Reform (Miscellaneous Provisions) (Scotland) Act 1990;

and references to a beneficiary shall be construed accordingly.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(10) Where rights to acquire shares are to be conferred on one or more members of the society by reference to more than one account, in accordance with the provisions of section 102B, those rights shall not, without more, be taken, for the purposes of section 100(8), to confer rights to acquire the shares in priority to other subscribers.

(11) The Commission may with the consent of the Treasury make regulations prescribing—

(a) the time within which the notice required by section 102B(4)(a) must be given, and

(b) the minimum time which may be specified in the notice for the purposes of section 102B(4)(b),

but, if such regulations are not made, any such notice must be given in such time, and must specify such time, as will give the trustee account holder a reasonable opportunity to make the declaration and give it to the society in compliance with the notice.

(12) Regulations under subsection (11) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.**]**

Textual Amendments

F77 Ss. 102B-102D inserted (21.3.1997 with application as mentioned in s. 2(2) of the amending Act) by 1997 c. 41, **s. 1(1)**

Modifications etc. (not altering text)

C93 S. 102D(11): Functions of Building Societies Commission transferred (1.12.2001) to the Treasury by S.I. 2001/2617, arts. 1(2)(b), 4(1), **Sch. 1 Pt. III**

Marginal Citations

M48 1983 c. 20.
M49 S.I. 1986/595 (N.I. 4).
M50 1985 c. 29.
M51 S.I. 1987/1627 (N.I. 16).
M52 1990 c. 40.

Cancellation of registration

103 Cancellation of registration.

(1) Where the central office is satisfied, with respect to a building society—

(a) that the society has been dissolved by virtue of section 93(5), 94(10), 97(9) or 97(10), or

(b) that the society has been wound up under the applicable winding up legislation and dissolved,

the central office shall cancel the registration of the society.

(2) Where the central office is satisfied, with respect to a building society—

(a) that a certificate of incorporation has been obtained for the society by fraud or mistake and that the society is not an authorised society, or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) that the society has ceased to exist,

the central office may cancel the registration of the society.

(3) Without prejudice to subsection (2) above, the central office may, if it thinks fit, cancel the registration of a building society at the request of the society, evidenced in such manner as the central office may direct.

(4) Before cancelling the registration of a building society under subsection (2) above, the central office shall give to the society not less than two months' previous notice, specifying briefly the grounds of the proposed cancellation.

(5) Where the registration of a building society is cancelled under subsection (2) above, the society may appeal to—

(a) the High Court, where the principal office of the society is situated in England and Wales or in Northern Ireland, or

(b) the Court of Session, where that office is situated in Scotland.

and on any such appeal the High Court or the Court of Session, as the case may be, if it thinks it just to do so, may set aside the cancellation.

(6) Where the registration of a building society is cancelled under subsection (2) or (3) above, then, subject to the right of appeal conferred by subsection (5) above, the society, so far as it continues to exist, shall cease to be a society incorporated under this Act (and accordingly shall cease to be a building society within the meaning of this Act).

(7) Subsection (6) above shall have effect in relation to a building society without prejudice to any liability actually incurred by the society; and any such liability may be enforced against the society as if the cancellation had not taken place.

(8) Any cancellation of the registration of a building society under this section shall be effected in writing signed by the central office.

(9) As soon as practicable after the cancellation of the registration of a society under this section the central office shall cause notice thereof to be published in the London Gazette, the Edinburgh Gazette or the Belfast Gazette according to the situation of the society's principal office, and if it thinks fit, in one or more newspapers.

Modifications etc. (not altering text)
C94 S. 103(5)(6)(7) applied by S.I. 1986/2168, **art. 10(3)**(*b*)

PART XI

MISCELLANEOUS AND SUPPLEMENTARY AND CONVEYANCING SERVICES

Miscellaneous and supplementary

104 Power to amend, etc. to assimilate to company law.

(1) If, on any modification of the statutory provisions in force in Great Britain or Northern Ireland relating to companies, it appears to the Treasury to be expedient to modify

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

the relevant provisions of this Act for the purpose of assimilating the law relating to companies and the law relating to building societies, the Treasury may, by order, make such modifications of the relevant provisions of this Act as they think appropriate for that purpose.

(2) The "relevant provisions of this Act" are the following provisions as for the time being in force, that is to say—

(a) so much of Part VI as relates to investigations or inspections;

(b) the provisions of Part VII (management);

(c) the provisions of Part VIII (accounts and audit); [F78] . . .

(d) so much of Part X as relates to winding up **[**[F79]; and

(e) section 110 (provisions exempting officers and auditors from liability).**]**.

(3) The power conferred by subsection (1) above includes power to modify the relevant provisions of this Act so as to—

(a) confer power to make orders, regulations, rules or other subordinate legislation;

(b) create criminal offences; or

(c) provide for the charging of fees but not any charge in the nature of taxation.

(4) An order under this section may—

(a) make consequential amendments of or appeals in other provisions of this Act; or

(b) make such transitional or saving provisions as appear to the Treasury to be necessary or expedient.

(5) The power to make an order under this section is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

(6) In this section—

"modification" includes any additions and, as regards modifications of the statutory provisions relating to companies, any modification whether effected by any future Act or by an instrument made after the passing of this Act under an Act whenever passed; and

"statutory provisions" includes the provisions of any instrument made under this Act.

Subordinate Legislation Made

P10 S. 104: power exercised by S.I.1991/1729
S. 104: power exercised (4.12.1991) by S.I.1991/2738

Textual Amendments

F78 Word in s. 104(2) omitted (1.10.1991) by virtue of Companies Act 1989 (c. 40, SIF 27), **s. 211(1)**; S.I. 1991/1996, **art. 2(1)(b)**

F79 Word in s. 104(2) and s. 104(2)(e) added (1.10.1991) by Companies Act 1989 (c. 40, SIF 27), **s. 211(1)**; S.I. 1991/1996, **art. 2(1)(b)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

VALID FROM 09/06/1997

[F80 104A Registration of charges: application of company law.

(1) For the purpose of securing the registration of charges created by building societies, the Secretary of State may, by order made with the concurrence of the Treasury and after consultation with the Commission, provide that such of the provisions of—

(a) Part XII of the M53 Companies Act 1985 (registration of charges); and

(b) Part XIII of the M54 Companies (Northern Ireland) Order 1986,

as may be specified in the order shall apply in relation to building societies, and charges created by building societies, with such modifications as may be so specified.

(2) An order under this section may make different provision for different cases or different areas and may contain such incidental, supplemental and transitional provisions as may appear to the Secretary of State to be necessary or expedient.

(3) The power to make an order under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.**]**

Textual Amendments

F80 S. 104A inserted (9.6.1997) by 1997 c. 32, **s. 42**; S.I. 1997/1427, **art. 2(j)**

Marginal Citations

M53 1985 c.6.

M54 S.I. 1986/1032 (N.I.6).

105 Limited power to anticipate future statutory instrument powers.

(1) This section has effect as regards any power conferred under any provision of this Act on building societies or building societies of any description by—

(a) an instrument a draft of which has to be approved by a resolution of each House of Parliament before it can be made, or

(b) an instrument which is subject to annulment in pursuance of a resolution of either House of Parliament and which defers its operation until a future date;

and in this section "the anticipation date" is, in the case of an instrument falling within paragraph (a), the date on which either House approves the draft and, in the case of an instrument falling within paragraph (b), the date on which it was laid before Parliament.

(2) Every building society or, as the case may be, every building society of the description to which the instrument applies, has, as from the anticipation date, power, for the purposes of the power conferred by the instrument, to do such things, subject to subsection (3) below, as are reasonably necessary to enable it—

(a) to decide whether or not, and to what extent, to exercise (and in the case of an adoptable power to adopt) the power, and

(b) if it decides to exericse the power, to exercise it as from the date when it becomes exercisable by the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) Subsection (2)(b) above does not authorise a society—

(a) to make contracts, other than conditional contracts, for the acquisition of land, the acquisition of a business or the acquisition of shares in any company if that company offers the public any service or facility within the power,

(b) to issue invitations to members of the society or the public to apply for any power to be exercised for their benefit, or

(c) to retain shares in a company which offers the public any service or facility within the power;

and, in this subsection, "conditional", in relation to contracts with respect to the exercise of a power, means conditional on the power's becoming exercisable by the society.

(4) The power conferred by this paragraph, and activities carried on under it, for the purposes of an adoptable power are not to be treated as included in, or in activities comprised in, that adoptable power for the purposes of paragraph 16 of Schedule 2 to this Act.

106 Public file of the society.

(1) The central office shall prepare and maintain a file relating to each building society (to be known as the public file) and the file shall—

(a) contain the documents or, as the case may be, the copies of the documents and the records of the matters directed by or under any provision of this Act to be kept in the public file of the society; and

(b) be available for inspection on reasonable notice by members of the public on payment of the prescribed fee.

(2) Any member of the public shall be entitled, on payment of the prescribed fee, to be furnished with a copy of all or any of the documents or records kept in the public file of a building society.

107 Restriction of use of certain names and descriptions.

(1) Subject to subsections (2) to (9) below, no person carrying on in the United Kingdom a business of any description shall, unless that person is a building society, use any name or in any other way so describe himself or hold himself out so as to indicate, or reasonably be understood to indicate—

(a) that he is a building society,

(b) that he, or his business, is connected with one or more building societies, or

(c) that he, or his business, is connected with building societies generally.

(2) Subsection (1) does not prohibit the use by an institution carrying on the business of taking deposits and making loans secured on land which has its principal place of business in a country or territory outside the United Kingdom, of the name under which the institution carries on business in that country or territory if—

(a) the name is used in immediate conjunction with a description distinguishing the institution from a building society, being a description which has been approved for the purposes of this subsection by the Commission and the approval has not been revoked under subsection (7) below, and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) where the name appears in writing, that description is sufficiently prominent to secure that a person who reads the name will also read the description.

(3) For a description to distinguish an institution from a building society for the purposes of subsection (2) above it must distinguish it by reference to all or any of the following matters,—

(a) the situation of its principal place of business,

(b) its legal status or constitution, and

(c) the law (if any) which authorises it to take deposits in the United Kingdom,

as the Commission determines in its case, but need not indicate any other distinction.

(4) Subsection (1) above does not prohibit a person from carrying on a business under a name which indicates a connection between—

(a) that person, or his business, and one or more building societies, or

(b) that person, or his business, and building societies generally,

if the name has been approved for the purposes of this subsection by the Commission and the approval has not been revoked under subsection (7) below.

(5) No name shall be approved for the purposes of subsection (4) above unless the Commission, having regard to—

(a) the true connection (if any) in fact existing between the person using, or proposing to use, the name and the particular society or societies in question or with building societies generally, as the case may be, and

(b) in the cases referred to in subsection (4)(a) above, the respective natures of the business of that person and the society or societies in question,

is satisfied that the connection indicated by the name is not misleading; and, in so far as the name indicates investment or other financial support on the part of a building society the Commission shall not approve the use of the name unless it is satisfied that the name indicates no more investment or support than is the case and than is, in the opinion of the Commission, within the financial capacity of the building society to provide.

(6) An application for approval under subsection (2) or (4) above shall be made to the Commission in such form as it directs and accompanied by such information or evidence as it requires generally or in the particular case.

(7) The Commission may revoke any approval under subsection (2) or (4) above of a distinguishing description or a name, as the case may be, if it is of the opinion—

(a) in the case of a distinguishing description, that, by reason of any change in the matters by reference to which the distinction is made, the description does not or does not any longer distinguish the institution as required by subsection (2) above, or

(b) in the case of a name.

(i) that the name has proved to be misleading to the public,

(ii) that the approval has been obtained by fraud or mistake, or

(iii) that there has been a change in the facts to which the Commission had regard in giving its approval,

but it shall not do so withou"t first giving the person to whom the approval was given an opportunity of making representations with respect to the proposed revocation of that approval.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) Subsection (1) above does not prohibit a person from using a description (other than his name) which, or from holding himself out in a way that, indicates a connection between himself or his business and one or more building societies if and to the extent he has been authorised to do so in writing by the society or societies in question.

(9) Subsection (1) above does not prohibit a person from using a description (other than his name) which, or from holding himself out in a way that, indicates a connection between himself or his business and building societies generally where the connection indicated is not misleading.

(10) Where on an application for—

(a) the first registration of a company, or the registration of a company by a new name, by the registrar under the [M55]Companies Act 1985 or the [M56]Companies (Northern Ireland) Order 1986, or

(b) approval by the Secretary of State of words or expressions for inclusion in a business name under section 2 of the [M57]Business Names Act 1985, or

(c) approval by the Department of Economic Development of words or descriptions for inclusion in a business name under Article 4 of the [M58]Business Names (Northern Ireland) Order 1986,

it appears to the registrar, the Secretary of State or the Department, as the case may be, that the use of the name or the words or description by the person seeking to register with it would contravene subsection (1) above, the registration shall not be made or the approval given.

(11) A person who contravenes subsection (1) above shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale; and where the contravention involves a public display or exhibition of the offending name, description or other matter, there shall be a fresh contravention of the subsection on each day during which that person causes or permits the display or exhibition to continue for which that person shall be liable on summary conviction to a fine not exceeding £200.

(12) In this section—

"deposit" means a deposit within the meaning of the **[**[F81]Banking Act 1987**]**; and

"institution" has the same meaning as in that Act.

Textual Amendments

F81 Words substituted by Banking Act 1987 (c. 22, SIF 10), s. 108(1), **Sch. 6 para. 26(7)**

Marginal Citations

M55 1985 c. 6.
M56 S.I.1986/1032 (N.I.6).
M57 1985 c. 7.
M58 S.I.1986/1033 (N.I.7).

108 Power to require building society to change misleading name.

(1) If, in the Commission's opinion, the name by which a building society is registered is misleading to the public as regards—

(a) the scope of the society's activities,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) the geographical area of its activities, or

(c) the description of persons who are or may become members of it,

the Commission may, by notice served on the society, direct it to change its name.

(2) A direction must, if not duly made the subject of an application to the court under subsection (3) below, be compiled with within a period of six weeks from the date of the direction or such longer period as the Commission may think fit to allow.

(3) The building society may, within three weeks from the date of the direction, apply to the court to set it aside; and the court may set the direction aside or confirm it and, if it confirms the direction, shall specify a period within which it must be complied with.

(4) If a building society fails to comply with a direction under this section, it shall be liable on summary conviction—

(a) to a fine not exceeding level 3 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues;

and so shall any officer who is also guilty of the offence.

(5) Where the Commission directs a building society under this section to change its name the society may change its name either by resolution of the board of directors or by a special resolution and paragraph 9 of Schedule 2 to this Act shall apply as if the change had been effected under that paragraph (but with the appropriate modifications).

109 Exemption from stamp duty.

[[F82](1)**]** The following instruments shall be exempted from all such stamp duties (if any) as apart from this section would be chargeable on them, that is to say—

(a) any copy of the rules of a building society;

(b) any transfer of a share in a building society;

(c) any bond or other security to be given to, or on account of, a building society or by an officer of a building society;

(d) any instrument appointing an agent of a building society or revoking such an appointment; and

(e) any other instrument whatsoever which is required or authorised to be given, issued, signed, made or produced in pursuance of this Act or of the rules of a building society.

[[F83](2) No transfer effected by subsection (6) or (7) of section 97 shall give rise to any liability to stamp duty**]**

Textual Amendments

F82 S. 109 renumbered as s. 109(1) by Finance Act 1988 (c. 39, SIF 63:1), s. 145, **Sch. 12 para. 8**

F83 S. 109(2) inserted by Finance Act 1988 (c. 39, SIF 63:1), s. 145, **Sch. 12 para. 8**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

110 Officers and auditors not to be exempted from liability

(1) Subject to subsection (3) below, any provision to which this section applies, whether contained in the rules of a building society or in any contract with a building society or otherwise, shall be void.

(2) This section applies to any provision for—

(a) exempting any director, other officer or person employed as auditor of a building society from any liability which, by virtue of any rule of law, would otherwise attach to him in respect of the negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the society, or

(b) indemnifying any such person against any such liability.

[F84(3) Subsection (1) above shall not prevent a building society from

(a) purchasing and maintaining for a person insurance against any such liability, or

(b) indemnifying a person against any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or he is acquitted.**]**

(4) Section 727 of the M59Companies Act 1985 or, as the case may be, Article 675 of the M60Companies (Northern Ireland) Order 1986 (which empower the court to grant relief in certain cases of negligence, default, breach of duty or breach of trust) shall apply in relation to officers and auditors of a building society as it applies in relation to officers and auditors a company.

Textual Amendments

F84 S. 110(3) substituted (1.1.1992) by S.I. 1991/2738, **art.2**

Marginal Citations

M59 1985 c. 6.

M60 S.I. 1986/1032 (N.I.6).

111 Time limit for commencing proceedings.

(1) Notwithstanding any limitation on the time for the taking of proceedings contained in any Act, summary proceedings for any offence under this Act may, subject to subsection (2) below, be commenced by the Commission at any time within the period of one year beginning with the date of which evidence sufficient in the opinion of the Commission to justify a prosecution for the offence, comes to its knowledge.

(2) Nothing in subsection (1) above shall authorise the commencement of proceedings for any offence at a time more than three years after the date on which the offence was committed.

(3) For the purposes of subsection (1) of this section a certificate, purporting to be signed by or on behalf of the Commission, as to the date on which such evidence as is mentioned in that subsection came to its knowledge, shall be conclusive evidence of that date.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(4) In the application of this section to Scotland, in subsection (1) the words "by the Commission" shall be omitted and in this section references to the Commission shall be read as references to the Lord Advocate.

(5) In the application of this section to Scotland, section 331(3) of the [M61]Criminal Procedure (Scotland) Act 1975 shall apply for the purposes of this section as it applies for the purposes of that section.

Marginal Citations
M61 1975 c. 21.

112 Offences: liability of officers and defence of due diligence.

(1) Where an offence under any provision of this Act committed by a building society is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any officer of the society he, as well as the society, shall be guilty of that offence and liable to be proceeded against and punished in accordance with that provision.

(2) Where an offence under any of the following provisions of this Act, that is to say, section 9(11), section 48(5), section 52(11) or paragraph 3 of Schedule 3 is committed by a building society every director and the chief executive of the society shall also be guilty of that offence and liable to be proceeded against and punished accordingly.

(3) Where an offence under any provision of this Act committed by a body corporate other than a building society is proved to have been committed with the consent or connivance, or to be attributable to any neglect on the part of, any officer of the body corporate he, as well as the body corporate, shall be guilty of that offence and liable to be proceeded against and punished accordingly.

(4) In any proceedings for an offence under this Act, it shall be a defence for a person charged to prove that he took all reasonable precautions and exercised all due diligence to avoid the commission of such an offence by himself or any person under his control

113 Evidence.

(1) Any document purporting to have been signed by a registrar on behalf of the central office and to be a certificate of incorporation or registration or other document relating to a building society shall be received in evidence and shall, in the absence of any evidence to the contrary, be deemed to have been signed by a registrar on behalf of the central office.

(2) Any printed document purporting to be a copy of the rules or memorandum of a building society, and certified by the secretary or other officer of the society to be a true copy of its rules or memorandum as registered, shall be received in evidence and shall, in the absence of any evidence to the contrary, be deemed to be a true copy of its rules or memorandum.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

114 Records.

(1) Subject to any other provision of this Act or regulations under it, any record to be kept by a building society may be kept in any manner.

(2) Where any such record is not kept by making entries in a bound book, but by some other means, adequate precautions shall be taken for guarding against falsification and facilitating its discovery.

(3) The power in subsection (1) above includes power to keep the record by recording matters otherwise than in legible form so long as the recording is capable of being reproduced in a legible form; and any duty imposed by or under this Act to allow inspection of, or to furnish a copy of, the record or any part of it is to be treated as a duty to allow inspection of, or to furnish, a reproduction of the recording or of the relevant part of it in a legible form.

(4) The Commission may, by regulations made with the consent of the Treasury, make such provision in addition to subsection (3) above as it considers appropriate in connecton with such records as are kept otherwise than in legible form; and the regulations may make modifications of this Act so far as it relates to the records of building societies.

(5) If default is made in complying with this section the building society shall be liable on summary conviction—

(a) to a fine not exceeding level 4 on the standard scale, and

(b) in the case of a continuing offence, to an additional fine not exceeding £100 for every day during which the offence continues,

and so shall any officer who is also guilty of the offence.

115 Service of notices.

(1) This section has effect in relation to any notice, directions or other document required or authorised by or under any provision of this Act or by the rules of a building society to be served on any person other than the Commission and the central office but subject, in the case of notices or other documents to be given or sent to members of a building society, to any provision of its rules.

(2) Any such document may be served on the person in question—

(a) by delivering it to him;

(b) by leaving it at his proper address; or

(c) by sending it by post to him at that address.

(3) Any such document may—

(a) in the case of a building society, be served on the secretary of the society;

(b) in the case of a body corporate (other than a building society), be served on the secretary or clerk of that body;

(c) in the case of a partnership, be served on any partner;

(d) in the case of an unincorporated association other than a partnership, be served on any member of its governing body.

(4) For the purposes of this section and section 7 of the [M62]Interpretation Act 1978 (service of documents) in its application to this section, the proper address of any person is—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) in the case of a building society or its secretary, the address of its principal office;

(b) in the case of a member of a building society, his registered address;

(c) in the case of a director or the chief executive of a building society, his officially notified address;

(d) in the case of a body corporate (other than a building society) its secretary or clerk, the address of its registered or principal office in the United Kingdom;

(e) in the case of an unincorporated association (other than a partnership) or a member of its governing body, its principal office in the United Kingdom;

and, in any other case, his last-known address (whether of his residence or of a place where he carries on business or is employed).

Marginal Citations

M62 1978 c. 30.

116 Form of documents and power to prescribe fees.

(1) The Chief Registrar may, by directions under this subsection, make provision with respect to the form of, and the particulars to be included in, any document to be issued or sent by, or to be sent to, the central office under this Act.

(2) The Treasury may, by regulations under this subsection, make provision for the fees to be paid to the Chief Registrar for the inspection, or the furnishing of copies, of any documents in the custody of the central office, or in respect of the exercise by the central office of any of its functions, under this Act.

(3) The power to make regulations under this section is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(4) Any amounts received by the Chief Registrar under subsection (2) above shall be applied as an appropriation in aid of money provided by Parliament for the expenses of the Chief Registrar under this Act, and in so far as not so applied, shall be paid by the Chief Registrar into the Consolidated Fund.

Subordinate Legislation Made

P11 S.2(2) and S.116(2) power exercised by S.I. 1991/277.

117 Financial year of building societies.

(1) Subject to the provisions of this section and Schedule 20, the financial year of building societies shall be the period of twelve months ending with 31st December.

(2) The initial financial year of a building society shall be such period as expires with the end of the calendar year in which it is established and the final financial year of a building society shall be such shorter period than twelve months as expires with the date as at which the society makes up its final accounts.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) A building society whose financial year does not, by virtue of the saving provisions of Schedule 20, end with 31st December may alter its financial year by making up its accounts for one period of more than 6 months, and not more than 18 months, ending with 31st December; and in relation to a building society exercising the power conferred by this subsection, references in this Act to a financial year of the society include references to that period.

118 Qualifying asset holding for certain powers.

(1) This section has effect for determining for the purposes of this Act whether, in any financial year, a building society has a "qualifying asset holding".

(2) A building society has a qualifying asset holding in any financial year, if, and only if, the aggregate value of its total commercial assets, as shown in its annual accounts for the previous year, is not less than £100 million or such other amount as may be substituted for it under subsection (3) below.

(3) The Commission, with the consent of the Treasury, may by order made by statutory instrument substitute for the amount for the time being specified in subsection (2) above such other amount as the Commission considers appropriate.

(4) An order under subsection (3) above may contain such transitional provisions as the Commission considers necessary or expedient.

(5) An instrument containing an order under subsection (3) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

VALID FROM 01/01/1993

[118A F85 Associates.

(1) In this Act 'associate', in relation to a person holding deferred shares in, or entitled to exercise or control the exercise of voting power in relation to, a building society, means—

(a) the wife or husband or son or daughter of that person;

(b) the trustees of any settlement under which that person has a life interest in possession or, in Scotland, a life interest;

(c) any company of which that person is a director;

(d) any person who is an employee or partner of that person;

(e) if that person is a company—

(i) any director of that company;

(ii) any subsidiary undertaking of that company; and

(iii) any director or employee of any such subsidiary undertaking; and

(f) if that person has with any other person an agreement or arrangement with respect to the acquisition, holding or disposal of deferred shares in that society or under which they undertake to act together in exercising their voting power in relation to it, that other person.

(2) For the purposes of this section—

'son' includes stepson and 'daughter' includes stepdaughter;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

'settlement' includes any disposition or arrangement under which property is held in trust.**]**

Textual Amendments

F85 S. 118A inserted (1. 1. 1993) by S.I. 1992/3218, **reg.80**

119 Interpretation.

(1) In this Act, except where the context otherwise requires—

"adopt" and "adopted", in relation to powers, and "adoptable powers" have the meaning given by paragraph 1 of Schedule 2 of this Act;

"advance secured on land" and "advance fully secured on land" have the meanings given by section 10(1) and (11) and references to class 1 or class 2 advances are to be construed in accordance with sections 11 and 12;

"the annual accounts" has the meaning given by section 72(10);

"the annual business statement" has the meaning given by section 74(1);

"the applicable winding up legislation" and "the companies winding up legislation" have the meanings given by section 90;

"associated body" and, in that context, "associated" and "linked by resolution", in relation to a building society, have the meanings given by section 18(9) and (17) respectively;

"authorisation" means authorisation under section 9 or, on renewal, under section 41 or reauthorisation under section 44 or authorisation by virtue of section 93(6) or paragraph 6(1) of Schedule 20 to this Act and "authorised" in relation to any time, means having an authorisation current at that time;

"borrowing members' resolution" and "borrowing member" have the meanings given by paragraph 29 of Schedule 2 to this Act;

"building society" means a building society incorporated (or deemed to be incorporated) under this Act;

"the central office" means the central office of the registry of friendly societies except in relation to Scotland in relation to which it means the assistant registrar of friendly societies for Scotland;

"the Chief Registrar" means the Chief Registrar of Friendly Societies;

"the Commission" means the Building Societies Commission established by section 1;

"the court", in relation to a building society, except in relation to the winding up of the society, means—

(a) in the case of a society whose principal office is situated in England and Wales, the county court for the district in which the office is situated;

(b) in the case of a society whose principal office is situated in Scotland, the sheriff in whose jurisdiction the office is situated;

(c) in the case of a society whose principal office is situated in Northern Ireland, the county court for the division in which the office is situated;

and, in relation to the winding up of a building society, means the court which has jurisdiction under the applicable winding up legislation to wind up the society;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"the criteria of prudent management" means the criteria set out in section 45(3);

"deferred shares" means shares of a class defined by order of the Commission, with the consent of the Treasury, in a statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament;

"deposit" includes loan, and cognate expressions shall be construed accordingly;

"dispose", in relation to any property, includes the granting of any interest in or right over it;

"executive", in relation to a director, means a person who holds office as a director and also as chief executive, secretary or manager;

"financial year" is to be construed in accordance with section 117;

"heritable security" means a security capable of being constituted over any land by disposition or assignation of that interest in security of any debt and of being recorded in the Register of Sasines or, as the case may be, in the Land Register of Scotland and includes a security constituted by a standard security and any other charge enforceable in the same manner as a standard security;

"Investor Protection Board" means the Board established by section 24;

"manager", in relation to a building society, means a person (other than the chief executive) employed by the society who, under the immediate authority of a director or the chief executive of the society exercises managerial functions or is responsible for maintaining accounts or other records of the society;

"member", in relation to a building society, includes any person who for the time being holds a share (whether advanced or not) in the society;

"memorandum" has the meaning given by paragraph 1 of Schedule 2 to the Act;

"mobile home loan" means a loan under section 15;

"mortgage" includes charge;

"mortgage debt", in relation to an advance secured on land, has the meaning given by section 11(14) and, in relation to a loan so secured, has a corresponding meaning;

"notice" means written notice and "notice to" a person means notice given to that person, and "notify" shall be construed accordingly;

"officer", in relation to a building society, means any director, chief executive, secretary or manager of the society; and, in relation to any offence, "officer" also includes any person who purports to act as an officer of the society; and in relation to any other body corporate means the corresponding officers of that body;

"officially notified", in relation to the appointment or address of a director or the chief executive of a building society, means respectively notified to, and the last address notified to, the central office under section 61(13) or 59(6), as the case may be;

"prescribed", in relation to fees, means prescribed under section 2 or 116 according as the fees are payable to the Commission or, in the case of functions of the central office, to the Chief Registrar;

"the public file", in relation to a building society, means the file relating to the society which the central office is required to maintain under section 106;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"qualifying asset holding", in relation to a building society, shall be construed in accordance with section 118;

"registered address", in relation to a member of a building society, has the meaning given by paragraph 13 of Schedule 2 to this Act;

"the repealed enactments" means the [M63]Building Societies Act 1962 or the [M64]Building Societies Act 1874 or, in relation to Northern Ireland, the [M65]Building Societies Act (Northern Ireland) 1967;

"share" includes stock;

"shareholder and depositor" includes a potential shareholder or depositor;

"special resolution" has the meaning given by paragraph 27 of Schedule 2 to this Act;

"subsidiary" **[**[F86]has the meaning given by section 736 of**]** the [M66]Companies Act 1985;

"summary financial statement" has the meaning given by section 76(1);

"total commercial assets", in relation to a building society, means the aggregate of its class 1 assets, its class 2 assets and its class 3 assets.

(2) In relation to advances secured on land in Scotland, "mortgage" means a heritable security, "mortgagor" and "mortgagee" mean respectively the debtor and creditor in a heritable security and connected expressions shall be construed accordingly.

(3) For the purposes of any provision of this Act referring to the value of a person's shareholding in a building society—

(a) the value of a person's shares shall be taken as the amount standing to his credit in respect of payments made by him on the shares and interest credited to him by way of capitalisation; and

(b) shares held by a person to whom, as the holder of the share, the society has made an advance, shall be disregarded.

(4) The value in sterling of any transaction effected by or with a building society in another currency shall be determined for any purpose of this Act in accordance with directions given by the Commission under this subsection.

(5) The foregoing provisions of this Act shall be construed and have effect as if section 124 and Schedule 21 were contained in another Act and references in those provisions to this Act shall be construed accordingly.

Subordinate Legislation Made

P12 S. 119(1) power exercised by S.I.1991/701

Textual Amendments

F86 Words substituted by virtue of Companies Act 1989 (c. 40, SIF 27), s. 145(4), **Sch. 18 para. 45**

Modifications etc. (not altering text)

C95 Definition of "total commercial assets" modified by S.I. 1986/2168, **art. 4(2)**(*a*)(ii)(3)

Marginal Citations

M63 1962 c. 37.

M64 1874 c. 42.

M65 1967 c. 31 (N.I.).

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

M66 1985 c. 6.

120 Amendments, repeals, revocations and transitional and saving provisions.

(1) The enactment specified in Schedule 18 to this Act shall have effect with the amendments made by that Schedule.

(2) Subject to the saving provisions of Schedule 20, and of any order under section 121, the enactments specified in Schedule 19 to this Act are hereby repealed or revoked to the extent specified in the third column of that Schedule.

(3) Where any enactment amended or repealed or revoked by subsection (1) or (2) above extends to any part of the United Kingdom, the amendment or repeal or revocation extends to that part.

(4) The transitional and saving provisions of Schedule 20 to this Act shall have effect.

Modifications etc. (not altering text)
C96 S. 120(2) excluded by S.I. 1986/2168, **art. 2(2)**

121 Power to make transitional and saving provisions.

(1) The Treasury may, by order made by statutory instrument, make such provision as appears to them to be necessary or expedient for the purposes of the transition to the provisions of this Act from the existing enactments applicable in England and Wales, Scotland or Northern Ireland to building societies.

(2) An order under this section may—

(a) modify any of the existing enactments or provisions of this Act, in particular in their application to proceedings pending before the Chief Registrar or the Commission;

(b) create criminal offences or otherwise provide for the enforcement of obligations imposed by or under the order;

(c) provide for the charging of fees but not of any charge in the nature of taxation.

(3) An order under this section which contains any provision authorised by subsection (2)(b) or (c) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(4) In this section "the existing enactments" means the enactments in force at the passing of this Act, including any enactment amended by Schedule 18 to this Act.

Modifications etc. (not altering text)
C97 S. 121 amended by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 30 para. 16**

122 Northern Ireland

(1) With the exception of section 15, section 124 and Schedule 21 and subject to section 120(3), this Act extends to Northern Ireland.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Subject to any Order made by virtue of subsection (1)(a) of section 3 of the [M67]Northern Ireland Constitution Act 1973 building societies shall not be a transferred matter for the purposes of that Act but shall for the purposes of subsection (2) of that section be treated as specified in Schedule 3 to that Act.

Marginal Citations
M67 1973 c. 36.

123 Expenses.

There shall be paid out of money provided by Parliament—

(a) any expenses incurred by the Commission which are attributable to the provisions of this Act, and

(b) any expenses incurred by the Chief Registrar which are attributable to any functions of his or of the central office under this Act.

Provision of conveyancing services by recognised institutions and practitioners

PROSPECTIVE

[F87]124 Recognition of building societies, other institutions and individuals as suitable to provide conveyancing services.

. . . . . .

Textual Amendments
F87 S. 124 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

General

125 Short title.

This Act may be cited as the Building Societies Act 1986.

126 Commencement.

(1) This Act shall come into operation as follows.

(2) Part I (and Schedule 1) shall come into operation at the end of the period of two months beginning with the day on which this Act is passed.

(3) The remaining provisions of this Act, except sections 121, 124, 125, this section, in Schedule 20, paragraph 7 (and section 120(4) so far as it relates to that paragraph) and Schedule 21, shall come into operation on such day as the Treasury may appoint by order made by statutory instrument and different days may be appointed for different provisions or different purposes.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(4) Section 124 and Schedule 21 shall come into operation on such day as the Lord Chancellor may appoint by order made by statutory instrument.

(5) Any reference to the commencement of or the commencement date for a provision of this Act is a reference to the date appointed under this section for that provision to come into operation.

Modifications etc. (not altering text)

C98 Power of appointment conferred by s. 126(3) partly exercised: S.I. 1986/1560, 1989/1083

C99 Power of appointment conferred by s. 126(4) not yet exercised

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

SCHEDULES

SCHEDULE 1

Section 1.

THE BUILDING SOCIETIES COMMISSION

Status

1 The Commission shall be a body corporate.

The First Commissioner, etc.

2 The person who holds office as Chief Registrar may also hold the office of chairman of the Commission and any person who holds office as an assistant registrar may also hold office as a member of the Commission.

Tenure of office of member

3 (1) Subject to the provisions of this paragraph, a person shall hold and vacate office as a member or the chairman or deputy chairman of the Commission in accordance with the terms of the instrument appointing him to that office.

(2) A person may at any time resign office as a member or the chairman or deputy chairman of the Commission by giving the Treasury a signed notice stating that he resigns that office.

(3) When a member becomes or ceases to be the chairman or deputy chairman, the Treasury may vary the terms of his appointment so as to alter the date on which he is to vacate office as a member.

(4) If the chairman or deputy chairman ceases to be a member, he shall cease to be the chairman or deputy chairman, as the case may be.

(5) If the Treasury are satisfied that a member—

(a) has been absent from meetings of the Commission for a period longer than three consecutive months without the permission of the Commission, or

(b) has become bankrupt or made an arrangement with his creditors, or

(c) is incapacitated by physical or mental illness, or

(d) is otherwise unable or unfit to discharge the functions of his office,

the Treasury may declare his office as a member vacant, and shall notify the declaration in such manner as they think fit; and thereupon the office shall become vacant.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

4 No person who has attained the age of 70 years is eligible to be or to remain a part-time member of the Commission.

Remuneration and pensions, etc. for part-time members

5 The Commission shall pay to its part-time members such fees for services and such allowances in respect of expenses as may be determined by the Treasury.

Modifications etc. (not altering text)
C100 Sch. 1 para. 5: functions of the Treasury under or by virtue of provision transferred to the Minister for the Civil Service (1.4.1995) by S.I. 1995/269, art. 3, **Sch. para. 14**

6 (1) If the Treasury so determines in the case of any person who is or has been a part-time member of the Commission, the Commission shall pay or make arrangements for the payment of such pensions to or in respect of that person as the Treasury may determine.

(2) Where a person who is a part-time member of the Commission ceases to be a member otherwise than on the expiry of his term of office and it appears to the Treasury that there are special circumstances which make it right for that person to receive compensation, the Treasury may direct the Commission to make to that person a payment of such amount as the Treasury may determine.

Modifications etc. (not altering text)
C101 Sch. 1 paras. 6: functions of the Treasury under or by virtue of provision transferred to the Minister for the Civil Service (1.4.1995) by S.I. 1995/269, art. 3, **Sch. para. 14**

Parliamentary disqualification

7 (1) In part II of Schedule 1 to the [M68]House of Commons Disqualification Act 1975 (bodies of which all members are disqualified under that Act) there shall be inserted at the appropriate place the entry: “The Building Societies Commission".

(2) A corresponding amendment shall be made in Part II of Schedule 1 to the [M69]Northern Ireland Assembly Disqualification Act 1975.

Marginal Citations
M68 1975 c. 24.
M69 1975 c. 25.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Staff

8 The Commission may appoint such staff as the chairman of the Commission thinks fit, subject to the approval of the Treasury as to numbers and as to terms and conditions of service.

Proceedings

9 The quorum of the Commission and the arrangements relating to its meeting shall be such as the Commission may determine.

10 The validity of any proceedings of the Commission shall not be affected by any vacancy among the members or by any defect in the appointment of a member.

Performance of functions

11 (1) With the exception specified in sub-paragraph (2) below, the Commission may authorise any member or members of the Commission to perform on behalf of the Commission such of the Commission's functions (including the power conferred by this paragraph) as are specified in the authorisation.

(2) The Commission shall not delegate any power it has under this Act to make orders, rules or regulations by statutory instrument.

12 The [M70]Statutory Instruments Act 1946 shall apply to all powers of the Commission of making statutory instruments under this Act as if the Commission were a Minister of the Crown.

Marginal Citations
M70 1946 c. 36.

F88 . . . . . .

13

Textual Amendments
F88 Sch. 1 para. 13 repealed by Parliamentary and Health Service Commissioners Act 1987 (c. 39, SIF 89), s. 10, **Sch. 2**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Instruments

14 (1) The fixing of the common seal of the Commission shall be authenticated by the signature of the chairman or deputy chairman or by some other person authorised by the Commission to act for that purpose.

15 (1) A document purporting to be duly executed under the seal of the Commission shall be received in evidence and shall, unless the contrary is proved, be deemed to be so executed.

(2) A document purporting to be signed on behalf of the Commission shall be received in evidence and shall, unless the contrary is proved, be deemed to be so signed.

SCHEDULE 2

Sections 5, 93, 94 and 97.

ESTABLISHMENT, INCORPORATION AND CONSTITUTION OF BUILDING SOCIETIES

Modifications etc. (not altering text)
C102 Sch. 2 modified (3.1.1995) by 1994 c. 40, **ss. 17(3)**, 82(2)

PART I

GENERAL

Requirements for establishment

1 (1) Any ten or more persons may establish a society under this Act by taking the following steps—

(a) agreeing upon the purpose or principal purpose of the society and upon the extent of its powers in a memorandum the provisions of which comply with the requirements of this Part of this Schedule;

(b) agreeing upon rules for the regulation of the society which comply with the requirements of this Part of this Schedule;

(c) sending to the central office four copies of the memorandum and the rules, each copy signed by at least ten of those persons (or, if there are only ten, by all of them) and by the intended secretary.

(2) Where copies of the memorandum and rules are sent to the central office in accordance with sub-paragraph (1)(c) above, the central office, if satisfied that—

(a) the provisions of the memorandum are in conformity with this Act and any instruments under it,

(b) the rules are in conformity with this Act,

(c) the intended name of the society is not, in its opinion, undesirable,

shall register the society and issue it with a certificate of incorporation.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) On registering a building society under sub-paragraph (2) above, the central office shall—

(a) retain and register one copy of the memorandum and of the rules,

(b) return another copy to the secretary of the society, together with a certificate of registration, and

(c) keep another copy, together with a copy of the certificate of incorporation, and of the certificate of registration of the memorandum and the rules, in the public file of the society.

(4) Subject to Schedule 20 in this Act, in relation to a building society—

"adoptable powers" means powers which, by any provision of this Act, must, in order to be exercisable, be adopted by the society;

"adopt" or "adopted" means adopt or adopted by agreement upon the establishment of the society or subsequently under paragraph 4 below; and

"assume" or "assumed" means assume or assumed by agreement upon the establishment of the society or subsequently under paragraph 4 below;

"memorandum" means the memorandum of the purpose and the extent of the powers of the society including the record of any alteration under paragraph 4 below.

The memorandum

2 (1) The memorandum of a building society shall specify—

(a) the name of the society and the address of its principal office;

(b) the purpose or principal purpose of the society;

(c) the adoptable powers (if any) which the society has adopted, including the restrictions (if any) on their extent which it has assumed; and

(d) the restrictions (if any) which it has assumed on the extent of any of its other powers under this Act.

(2) Subject to sub-paragraph (3) below, in order to comply with sub-paragraph (1)(c) and (d) above the terms of each adoptable power and of each restriction on the extent of any power must be set out in the memorandum.

(3) For compliance with sub-paragraph (1)(c) above as respects the powers conferred by section 18 or under section 23, it shall be sufficient—

(a) in the case of section 18, to specify (as the case may be) the fact that the power of investment or support or both the powers of investment and support has or have been adopted in the case of companies, industrial and provident societies, corresponding European bodies and bodies included in designation orders under that section respectively, specifying, in the case of designated bodies, or descriptions of designated bodies, the body or description of body in relation to which the power or powers is or are exercisable;

(b) in the case of section 23, to specify the power in terms of subsection (1) of that section.

(4) The provisions of the memorandum of a building society, as read with the provisions of ths Act as in force for the time being, are binding upon—

(a) each of the members and officers of the society; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) all persons claiming on account of a member or under the rules;

and all such members, officers and persons so claiming and all persons dealing with the society shall be taken to have notice of those provisions.

(5) Where any adoptable power conferred by virtue of an instrument under a provision of this Act ceases, by reason of the amendment or revocation of the instrument, to be available to building societies or building societies of any description, every society affected by the amendment or revocation shall annex to its memorandum a note of the fact that, as from the operative date of the instrument, it no longer has that power and shall send a copy of the note to the central office which shall keep the copy in the public file of the society.

The rules

3 (1) The rules of a building society shall provide for the matters specified in the Table in sub-paragraph (4) below.

(2) The rules of a building society are binding upon each of the members and officers of the society and on all persons claiming on account of a member or under the rules; and all such members, officers and persons (but no others) shall be taken to have notice of the rules.

(3) Nothing in this paragraph shall be taken to authorise any provision to be made which is inconsistent with this Act or an instrument made under it by the Commission or the Treasury or to affect the operation of any provision of this Act making rules void to any specified extent.

(4) The Table referred to in sub-paragraph (1) above is as follows:—

TABLE OF MATTERS TO BE COVERED BY THE RULES

1. The name of the society and the address of its principal Office.

2. The manner in which the stock or funds of the society is or are to be raised.

3. The manner in which the terms are to be determined on which shares are to be issued and the manner in which shareholders are to be informed of changes in the terms on which their shares are held.

4. Whether any preferential or deferred shares are to be issued and, if so, within what limits.

5. The manner in which advances are to be made and repaid, and the conditions on which a borrower may redeem the amount due from him before the end of the period for which the advance was made.

6. The manner in which losses are to be ascertained and provided for.

7. The manner in which membership is to cease.

8. The manner of remunerating the auditors.

9. As respects directors— (a) the manner of electing them and whether they may be co-opted; (b) any conditions which must be satisfied with respect to the holding of shares in the society if a person is to become, or is to remain, a director; (c) the

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

manner of remunerating and, where it is not to be fixed by resolution at the annual general meeting, the maximum amount of the remuneration to be paid to, directors; and (d) the circumstances in which pensions may be awarded to persons by virtue of their office as director and the method of determining the terms of such pensions.

10. The powers and duties of the board of directors.

11. The custody of the mortgage deeds and other securities belonging to the society.

12. The form, custody and use of the society's common seal.

13. The calling and holding of meetings and, in particular— (a) the right of members to requisition meetings; (b) the right of members to move resolutions at meetings; (c) the manner in which notice of any resolutions to be moved at meetings is to be given to members; (d) the procedure to be observed at meetings; (e) the form of notice for the convening of a meeting and the manner of its service; (f) the voting rights of members, the right to demand a poll and the manner in which a poll is to be taken.

14. The entitlement of members to participate in the distribution of any surplus assets after payments to creditors, on the winding up, or dissolution by consent, of the society.

Requirements for alteration of purpose, powers and rules

4 (1) A building society may by special resolution—

(a) alter its purpose or principal purpose;

(b) alter its powers by the adoption or the rescission of the adoption of any adoptable power or by the assumption, rescission of the assumption or variation of a restriction on a power (whether an adoptable or other power); or

(c) alter its rules by the addition, rescission or variation of any rule.

(2) Where a building society alters its purpose or powers or its rules under this paragraph, it shall send to the central office—

(a) three copies of a record of the alteration signed by the secretary; and

(b) a statutory declaration by the secretary that the alteration was effected by a resolution passed as a special resolution and that the record is a true record of the resolution.

(3) On altering its purpose or powers or its rules under this paragraph the building society shall determine the date on which it intends the alteration to take effect; and the record of the alteration shall specify that date (in this paragraph referred to as "the specified date").

(4) Where copies of a record of an alteration of a building society's purpose, powers or rules are sent to the central office under sub-paragraph (2) above and the central office is satisfied that the alteration is in conformity with this Act and (where applicable) any instruments under it, the central office shall, subject to paragraph 19 below—

(a) retain and register one of the copies,

(b) return another to the secretary of the society together with a certificate of registration of the alteration, and

(c) keep another copy, together with a copy of the certificate of registration of the alteration, in the public file of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(5) An alteration of the purpose or powers or of the rules of a building society under this paragraph shall take effect on the specified date or, if registration of the alteration is not effected under sub-paragraph (4) above until a later date, that later date.

(6) Any provision in the rules of a building society that the memorandum or rules may be altered without passing a special resolution shall be void.

(7) If a building society arranges for the publication in consolidated form of its rules or memorandum as altered for the time being, it shall send a copy to the central office and the central office—

(a) shall keep the copy in the public file of the society, but

(b) shall not register the copy.

(8) If a building society fails to comply with sub-paragraph (2) above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

Modifications etc. (not altering text)
C103 Sch. 2 para. 4(1)(3) modified (3.1.1995) by 1994 c. 40, **ss. 17(2)**, 82(2)

Membership

5 (1) The rules of a building society may allow a person to become a member without holding a share in the society.

(2) Such of the rules as concern the making of advances to members need not be expressed in terms which treat a member to whom an advance is made as being, by reason of the making of the advance, the holder of a share in the society.

(3) A person who is a minor—

(a) may, if the rules do not otherwise provide, be admitted as a member of a building society and give all necessary receipts; but

(b) may not vote or hold any office in the society; and

(c) may not nominate, or join in nominating, a person for election as a director of the society.

Liability of members

6 (1) The liability of a member of a building society in respect of a share on which no advance has been made shall be limited to the amount actually paid, or in arrear, on the share.

(2) The liability of a member of a building society in respect of a share on which an advance has been made shall be limited to the amount payable on the share under any mortgage or other security or under the rules of the society.

(3) The liability of a member of a building society to whom an advance is made under rules made in pursuance of paragraph 5(1) or (2) above shall be no greater than it

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

would be if the rules treated him as being, by reason of the making of the advance, the holder of a share in the society.

Joint shareholders

7 (1) Two or more persons may jointly hold shares in a building society and the following provisions of this paragraph shall apply to any shares so held.

(2) In this paragraph, in relation to any shares jointly held, "representative joint holder" means that one of the joint holders who is named first in the records of the society.

(3) Except where the rules of the society otherwise provide, any notice or other document may be given or sent by the society to the joint holders by being given or sent to the representative joint holder; but this sub-paragraph shall not prevent any of the joint holders from exercising the rights under this Act of a member of a building society to obtain from the society on demand a copy of the summary financial statement, the annual accounts and the annual business statement.

(4) For the purpose of determining—

(a) who is entitled to vote in an election of directors of the society;

(b) who is qualified to vote on a resolution of the society, and

(c) where it is relevant, the number of votes a person may then give,

the shares shall be treated as held by the representative joint holder alone; and accordingly a person who is a member of the society by reason only of being a joint holder of those shares (other than the representative joint holder) shall not be entitled to vote in any such election or qualified to vote on any such resolution.

(5) For the purposes of sections 87 and 93 to 102 the shares shall be treated as held by the representative joint holder alone; and accordingly a person who is a member of the society by reason only of being a joint holder of those shares (other than the representative joint holder) shall not be regarded as a member of the society for the purposes of those sections.

(6) The representative joint holder (but none of the other joint holders) shall have the right to join in making an application under section 56 and any reference in that section to the total membership of a building society shall be construed accordingly.

(7) In the register to be maintained under paragraph 13 below the entry of that one of the joint holders who is the representative joint holder shall indicate that fact.

(8) The joint holders shall be entitled to choose the order in which they are named in the records of the society.

Joint borrowers

8 (1) Where an advance secured on land is made by a building society to two or more persons jointly the following provisions of this paragraph shall apply to their rights as borrowing members of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) In this paragraph, in relation to any rights of theirs as borrowing members, "representative joint borrowers" means that one of the joint borrowers who is named first in the records of the society.

(3) Except where the rules of the society otherwise provide, any notice or other document may be given or sent by the society to the joint borrowers by being given or sent to the representative joint borrowers; but this sub-paragraph shall not prevent any of the joint borrowers from exercising the rights under this Act of a borrowing member of a building society to obtain from the society on demand a copy of the summary financial statement, the annual accounts and the annual business statement.

(4) For the purpose of determining—

(a) who is entitled to vote in any election of directors of the society, and

(b) who is qualified to vote on a resolution of the society,

the rights of the joint borrowers as borrowing members of the society shall be treated as the rights of the representative joint borrower alone; and accordingly a person who is a member of the society by reason only of being a joint borrower (other than the representative joint borrower) shall not be entitled to vote in any such election or qualified to vote on any such resolution.

(5) For the purposes of sections 87 and 93 to 102 the rights of the joint borrowers as borrowing members of the society shall be treated as the rights of the representative joint borrower alone; and accordingly a person who is a member of the society by reason only of being a joint borrower (other than the representative joint borrower) shall not be regarded as a borrowing member of the society for the purposes of those sections.

(6) The representative joint borrower (but none of the other joint borrowers) shall have the right to join in making an application under section 56 and any reference in that section to the total membership of a building society shall be construed accordingly.

(7) In the register to be maintained under paragraph 13 below the entry of that one of the joint borrowers who is the representative joint borrower shall indicate that fact.

(8) The joint borrowers shall be entitled to choose the order in which they are named in the records of the society.

Use and change of name

9 (1) The common seal of a building society shall bear the registered name of the society.

(2) A building society shall not use any name or title other than its registered name.

(3) A building society may change its name by special resolution.

(4) Where a society changes its name in accordance with this paragraph notice of the change of name shall be sent to the central office and, unless the central office is of the opinion that the changed name is undesirable, the central office shall register the notice of the change of name and give the society a certificate of registration.

(5) A change of name shall take effect on the date on which the certificate of registration under sub-paragraph (4) above is issued or on such later date as may be specified in the certificate.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) The central office shall keep a copy of the certificate of registration issued under sub-paragraph (4) above in the public file of the society.

(7) A change of name shall not affect the rights and obligations of the society or of any of its members or of any other person concerned.

Offences relating to society's name

10 (1) If a building society contravenes paragraph 9(2) above, the society shall be liable on summary conviction—

(a) to a fine not exceeding level 4 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £100 for every week during which the offence continuesX;

and so shall any officer who is also guilty of the offence.

(2) If a building society fails to send to the central office a notice which it is required to send to it under paragraph 9(4) above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

VALID FROM 01/12/1997

[F89 Restrictions on business names]

Textual Amendments

F89 Cross-heading inserted (1.12.1997) by 1997 c. 32, **s. 36(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(h)**

[F90 10A (1) This paragraph and paragraph 10B below apply where a building society carries on business under a name other than the following, namely—

(a) its registered name;

(b) its registered name with the omission of the words "Building Society"; and

(c) its registered name with an addition which merely indicates that the business is carried on in succession to a former building society with which it has merged.

(2) The society shall not, without the written approval of the Commission, carry on business under a name which—

(a) would be likely to give the impression that the business is connected with Her Majesty's Government or with any local authority, or

(b) includes any word or expression for the time being specified in regulations made under sub-paragraph (3) below.

(3) The Commission may, with the consent of the Treasury, by regulations—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) specify words or expressions for the use of which as or as part of a business name the approval of the Commission is required by sub-paragraph (2) above, and

(b) in relation to any such word or expression, specify a Government department or other body for the purposes of sub-paragraph (4) below.

(4) Where the society proposes to carry on business under a name which is or includes any such word or expression, and a government department or other body is specified under sub-paragraph (3)(b) above in relation to that word or expression, the society shall—

(a) request (in writing) the relevant body to indicate whether (and if so why) it has any objections to the proposal, and

(b) submit to the Commission a statement that such a request has been made and a copy of any response received from the relevant body.

(5) For the purposes of this paragraph "local authority" means—

(a) any local authority within the meaning of the [M71]Local Government Act 1972, the Common Council of the City of London or the Council of the Isles of Scilly;

(b) any local authority within the meaning of the [M72]Local Government etc. (Scotland) Act 1994;

(c) any district council within the meaning of the [M73]Local Government Act (Northern Ireland) 1972.**]**

Textual Amendments

F90 Sch. 2 Pt. I paras. 10A-10C inserted (1.12.1997) by 1997 c. 32, **s. 36(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(h)**

Marginal Citations

M71 1972 c.70.

M72 1994 c.39.

M73 1972 c.9 (N.I.).

VALID FROM 01/12/1997

[F91**Use of business names: required disclosure**]

Textual Amendments

F91 Cross-heading inserted (1.12.1997) by 1997 c. 32, **s. 36(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(h)**

[F9210B(1) Paragraph 9(2A) above shall have effect as if after the words "in legible characters" there were inserted the words "which are reasonably prominent".

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) The society shall in all documents mentioned in paragraph 9(2A) above state in legible characters an address in the United Kingdom at which service of any document relating in any way to the business will be effective.

(3) The society shall also in any premises where the business is carried on and to which the members of the society, the customers of the business or suppliers of any goods or services to the business have access, display in a prominent position so that it may easily be read by such persons a notice containing the society's registered name and the address mentioned in sub-paragraph (2) above.

(4) The society shall secure that the registered name and the address mentioned in sub-paragraph (2) above is immediately given, by written notice, to any person with whom anything is done or discussed in the course of the business and who asks for the registered name or the address.

(5) The Commission may, with the consent of the Treasury, by regulations require a notice under sub-paragraph (3) or (4) above to be displayed or given in a specified form.**]**

Textual Amendments

F92 Sch. 2 Pt. I paras. 10A-10C inserted (1.12.1997) by 1997 c. 32, **s. 36(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(h)**

VALID FROM 01/12/1997

[F93** Use of business names: supplementary**]

Textual Amendments

F93 Cross-heading inserted (1.12.1997) by 1997 c. 32, **s. 36(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(h)**

[F9410C (1) A building society which contravenes paragraph 10A(2) above shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(2) A building society which, without reasonable excuse, does not comply with paragraph 9(2A) or 10B(2), (3) or (4) above, or any regulations made under paragraph 10B(5) above, shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(3) Where paragraph 10A above applies any legal proceedings brought by the society to enforce a right arising out of a contract made in the course of the business in respect of which the society was, at the time the contract was made, in breach of paragraph 9(2A) or 10B(2), (3) or (4) above shall be dismissed if the defendant (or, in Scotland, the defender) to the proceedings shows—

(a) that he has a claim against the plaintiff (pursuer) arising out of that contract which he has been unable to pursue by reason of the plaintiff's (pursuer's) breach of paragraph 9(2A) or 10B(2), (3) or (4) above, or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) that he has suffered some financial loss in connection with the contract by reason of the latter's breach of paragraph 9(2A) or 10B(2), (3) or (4) above,

unless the court before which the proceedings are brought is satisfied that it is just and equitable to let the proceedings continue.

(4) Sub-paragraph (3) above is without prejudice to the right of any person to enforce such rights as he may have against another person in any proceedings brought by that person.

(5) Regulations made under paragraph 10A(3) or 10B(5) above shall be made by statutory instrument subject to annulment by resolution of either House of Parliament.

(6) Such regulations may contain such transitional provisions and savings as the Commission thinks fit, and may make different provision for different cases or classes of case.**]**

Textual Amendments

F94 Sch. 2 Pt. I paras. 10A-10C inserted (1.12.1997) by 1997 c. 32, **s. 36(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. I(h)**

Change of principal office

11 (1) A building society may change its pricipal office—

(a) in such manner as its rules direct, or

(b) if there is no such direction in the rules, then at a general meeting specially called for the purpose in accordance with its rules.

(2) Notice of any such change and of the date of it shall, within seven days after the change, be sent to the central office and the central office shall keep the notice in the public file of the society.

(3) It is not necessary to alter the memorandum or rules of a building society by reason only that its principal office is changed.

(4) If a building society fails to send to the central office a notice which it is required to send to it under sub-paragraph (2) above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

Societies to supply copies of rules etc.

12 (1) A building society shall, on demand, give a copy of its statutory documents—

(a) free of charge, to any member of the society to whom a copy of those documents has not previously been given, and

(b) to any other person, upon payment of such fee as the society may require, not exceeding the prescribed amount.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) The reference in sub-paragraph (1) above to a copy of a building society's statutory documents is a reference to—

(a) a printed copy of the society's rules for the time being, with a copy of the certificate of incorporation of the society annexed to it, and

(b) a printed copy of the memorandum of the society for the time being.

(3) If a building society fails to comply with the requirements of sub-paragraph (1) above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

(4) In sub-paragraph (1) above the "prescribed amount" means £1 or such other amount as the Commission prescribes by order made by statutory instrument.

Register of members

13 (1) Every building society shall maintain a register of the names and addresses of the members of the society.

(2) The register shall be kept at the principal office or at such other place or places as the directors think fit.

(3) If a building society contravenes sub-paragraph (1) above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

(4) For the purposes of this Act "registered address" in relation to a member of a building society, means—

(a) the address shown in the register maintained under this paragraph, except in a case where paragraph (b) below applies;

(b) where the member has requested that communications from the society be sent to some other address, that other address.

Exception to duties to send documents

14 (1) A building society is not obliged by any provision of this Act or its rules to send a notice or other document to a member in whose case the society has reason to believe that communications sent to him at his registered address are unlikely to be received by him.

(2) Where the requirement relates to notice of a meeting or postal ballot of the society, the society must, instead, comply with the advertising requirements of paragraph 35 below.

Right of members to obtain particulars from the register

15 (1) At any time when a building society has had its authorisation revoked under section 43 and the society has not been re-authorised under section 44, a member of the society shall have the right to obtain, from the register kept under paragraph 13 above, the names and addresses of members of the society, for the purpose of communicating with them on a subject relating to the affairs of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) If, at any time not falling within sub-paragraph (1) above, a member of a building society makes a written application to the Commission for the right to obtain names and addresses from the register, the Commission, if satisfied that the applicant requires that right for the purpose of communicating with members of the society on a subject relating to its affairs, and having regard to the interests of the members as a whole and to all the other circumstances, may direct that the applicant shall have the right to obtain from the register the names and addresses of the members for the purpose of communicating with them on such a subject.

(3) Any direction under sub-paragraph (2) above may be given subject to such limitations or conditions as the Commission may think fit.

(4) Before giving a direction under sub-paragraph (2) above, the Commission shall give particulars of the application to the building society and shall afford the society an opportunity of making representations with respect to the application; and the Commission shall, if the applicant or the society so requests, afford to the applicant and to the society an opportunity of being heard by it.

(5) A member entitled under this paragraph to obtain the names of members of a building society may apply in writing to the society, describing in the application the subject on which he proposes to communicate with other members of the society; and the society shall give him all necessary information as to the place or places where the register, or part of it, is kept, and reasonable facilities for inspecting the register and taking a copy of any names and addresses in the register.

(6) A building society shall not be obliged to disclose to a member making an application under this paragraph any particulars contained in the register other than the names of the members and their addresses, and may construct the register in such a way that it is possible to disclose the names and addresses to inspection without disclosing any such other particulars.

PART II

UNLAWFUL ANTICIPATION OF POWERS

Undertaking against and declaration of non-anticipation of powers

16 (1) Where a building society adopts any adoptable power under paragraph 4 above then—

(a) it shall, by virtue of this paragraph, assume an obligation, enforceable as provided in paragraph 17 below, not to exercise that power until the date on which the alteration of its powers takes effect, and

(b) it shall send to the central office, with the documents required by paragraph 4(2) above, a declaration as respects that power made on behalf of the society which satisfies the requirements of this paragraph.

(2) The obligation assumed by virtue of this paragraph on the adoption of a power does not extend to the exercise of any power included in the adoptable power which the society has under the law in force at any time before the registration takes effect.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) A declaration, to satisfy the requirements of this paragraph, must be made by the chairman of the board of directors of the society, by one other director and by the chief executive of the society and it must either—

(a) state that, to the best of the knowledge and belief of the declarants, after due enquiry, the society has not, or has not with the permitted qualification, carried on any activity comprised in the power during the period which began one year before the specified date and expired with the date of the meeting at which the power was adopted, or

(b) state that, to the best of the knowledge and belief of the declarants, after due enquiry, the society, with specified exceptions, has not, or has not with the permitted qualification, carried on any activity comprised in the power during the period which began one year before the specified date and expired with the date of the meeting at which the power was adopted.

(4) The qualification of the statement so required which is permitted is that in so far as the society has, at any time during the said period, carried on any activity comprised in the power to which the statement relates, the society had the power to carry on that activity at that time under the law in force at that time

(5) The exceptions to the statement so required must not include activities of the society which constitute significant excesses of its powers during the said period; and a declaration specifying activities as exceptions to the statement so required must also state the opinion of the declarants that the activities are believed not to constitute significant excesses of the society's powers during the period to which the declaration relates.

16 (1) Where a building society adopts any adoptable power under paragraph 4 above then—

(a) it shall, by virtue of this paragraph, assume an obligation, enforceable as provided in paragraph 17 below, not to exercise that power until the date on which the alteration of its powers takes effect, and

(b) it shall send to the central office, with the documents required by paragraph 4(2) above, a declaration as respects that power made on behalf of the society which satisfies the requirements of this paragraph.

(2) The obligation assumed by virtue of this paragraph on the adoption of a power does not extend to the exercise of any power included in the adoptable power which the society has under the law in force at any time before the registration takes effect.

(3) A declaration, to satisfy the requirements of this paragraph, must be made by the chairman of the board of directors of the society, by one other director and by the chief executive of the society and it must either—

(a) state that, to the best of the knowledge and belief of the declarants, after due enquiry, the society has not, or has not with the permitted qualification, carried on any activity comprised in the power during the period which began one year before the specified date and expired with the date of the meeting at which the power was adopted, or

(b) state that, to the best of the knowledge and belief of the declarants, after due enquiry, the society, with specified exceptions, has not, or has not with the permitted qualification, carried on any activity comprised in the power

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

during the period which began one year before the specified date and expired with the date of the meeting at which the power was adopted.

(4) The qualification of the statement so required which is permitted is that in so far as the society has, at any time during the said period, carried on any activity comprised in the power to which the statement relates, the society had the power to carry on that activity at that time under the law in force at that time

(5) The exceptions to the statement so required must not include activities of the society which constitute significant excesses of its powers during the said period; and a declaration specifying activities as exceptions to the statement so required must also state the opinion of the declarants that the activities are believed not to constitute significant excesses of the society's powers during the period to which the declaration relates.

Penalty for breach of undertaking

17 If, in breach of the obligation assumed by virtue of paragraph 16 above, a building society exercises any power to which the obligation extends, then—

(a) the society shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum, and

(b) any officer of the society who is also guilty of the offence shall be liable on summary conviction to a fine not exceeding the statutory maximum.

Penalty for false declaration

18 If the statement in a declaration made for the purposes of paragraph 16 above is false, then, any person who made the statement knowing it to be false or reckless as to whether it was true or false shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or both, and

(b) on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum, or both.

Powers of central office

19 (1) The central office, on receiving from a building society the declaration required by and the other documents referred to in paragraph 16 above, shall refer to the Commission for its determination the question whether or not the alteration of the society's powers is to be registered.

(2) On a reference to the Commission of the question whether or not the alteration of a society's powers is to be registered—

(a) if the declaration contains the statement specified in paragraph 16(3)(a) above and the Commission has no reasonable cause to believe that the society in question has carried on any activity comprised in the power to which the obligation imposed by paragraph 16 above extends at any time

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

during the period which began one year before the specified date and expired on the date on which it considers the reference, the Commission shall direct the central office to register the alteration, and

(b) in any other case, the Commission may, as it thinks fit, direct the central office to register, or not to register, the alteration.

(3) The Commission, in deciding, in a case falling within subparagraph (2)(b) above, whether or not to direct the registration of the alteration of a society's powers may have regard to all the circumstances of the case.

(4) No registration of an alteration shall be effected by the central office under paragraph 4(4) above before the expiry of the period of 21 days beginning with the date on which it receives the declaration required by and the other documents referred to in paragraph 16 above.

(5) If the central office, in pursuance of a direction of the Commission under sub-paragraph (2) above, refuses registration of the alteration of a society's powers under sub-paragraph (1) above it shall serve on the society a notice—

(a) recording its refusal,

(b) specifying the activity which is believed to constitute a breach of the society's obligation, and

(c) directing the society to make an application to the Commission under section 38 for a determination under that section whether the activity was or was not within the powers of the society at the time specified under sub-paragraph (b) above,

and shall send a copy of the notice to the Commission.

(6) The central office shall comply with any direction as regards the registration of the alteration of the society's powers given to it by the Commission consequent on the Commission's determination of the society's powers under section 38.

(7) In this paragraph "the specified date" has the same meaning as in paragraph 4 above.

PART III

MEETINGS, RESOLUTIONS AND POSTAL BALLOTS

Modifications etc. (not altering text)
C104 Sch. 2 Pt. III (paras. 20–36) excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(2)**
C105 Sch. 2 Pt. III (paras. 20–36) modified by S.I. 1987/426, **art. 4**

Annual general meeting

20 (1) Subject to sub-paragraph (2) below, every building society shall hold a meeting in the first four months of each financial year as its annual general meeting (in addition to any other meetings in that year) and shall specify the meeting as such in the notices calling it.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Sub-paragraph (1) above does not require a building society to hold an annual general meeting in the calendar year in which it is incorporated.

(3) If default is made in holding a meeting in accordance with sub-paragraph (1) above, the Commission may—

(a) call, or direct the calling of, an annual general meeting in that financial year, and

(b) give such ancillary or consequential directions as it thinks expedient, including directions modifying or supplementing the operation of the rules of the society in relation to the calling, holding and conducting of the meeting.

(4) Notwithstanding anything in the rules of a building society, the business which may be dealt with at the annual general meeting shall include any resolution whether special or not.

(5) In any case where default is made—

(a) in holding an annual general meeting in accordance with sub-paragraph (1) above, or

(b) in complying with any directions of the Commission given under sub-paragraph (3) above,

the building society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

VALID FROM 01/12/1997

[F95 Special meeting on members' requisition]

Textual Amendments

F95 Sch. 2 Pt. III para. 20A and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 25**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(q)**

[F96 20A (1) On a members' requisition, a building society shall—

(a) duly call a special meeting, and specify the meeting as such in the notice calling it; and

(b) if so required by the requisition, send to each member entitled to receive notice of the meeting a copy of a statement of not more than 500 words with respect to the matters to be dealt with at the meeting;

and where a meeting is so called no business shall be conducted at the meeting other than that stated in the notice calling it or (where applicable) that mentioned in sub-paragraph (8)(b) below.

(2) A members' requisition is a requisition of not less than the requisite number of members of the society; and that number is 100 or such lesser number as may be specified in the rules of the society.

(3) The requisition—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) must state the objects of the meeting, be signed by the requisitionists and be deposited at the society's principal office; and

(b) may consist of several documents in like form each signed by one or more requisitionists and each after the first deposited within three months of the date on which the first was deposited.

(4) Where the requisition consists of several documents, the date of its deposit shall be taken to be the date on which the document signed by the requisitionist making up the requisite number is deposited at the society's principal office.

(5) The rules of the society may require a requisitionist—

(a) to state his full name and address;

(b) to fulfil one or other of the following conditions, namely—

(i) to have been a shareholding member for a specified period and to hold, or to have held at any time during that period, shares in the society to such value (not greater than the prescribed amount) as is specified in the rules; and

(ii) to have been a borrowing member for a specified period and to owe to the society, or to have owed to the society at any time during that period, a mortgage debt of such amount (not greater than the prescribed amount) as is so specified; and

(c) to identify a share or mortgage account with the society which will evidence the fact that he fulfils one or other of those conditions;

and in this sub-paragraph "specified period" means such period (not more than two years) before the date of the requisition as is specified in the rules.

(6) No objection may be made by virtue of such rules to the requisition or, where the requisition consists of several documents, to any of those documents unless it is made within 14 days of the requisition or document being deposited at the society's principal office.

(7) The rules of the society may also require a sum of money, not exceeding £25 per requisitionist, to be deposited with the requisition; and, where any money is so deposited, it shall be forfeited to the society, or returned to the persons who deposited it, as provided by the rules.

(8) The rules shall not provide for any deposited money to be forfeited to the society except—

(a) where a quorum is not present within half an hour after the time appointed for the meeting; or

(b) where and to the extent that those eligible to vote at the meeting decide by ordinary resolution that the money should be applied to defray the whole or any part of the expenses of holding the meeting.

(9) If the rules of a building society so provide, sub-paragraph (1) above does not require the society—

(a) to call a special meeting if the only or main object of the meeting is to move a resolution in substantially the same terms as any resolution which has been defeated at a meeting or on a postal ballot during the period beginning with the third annual general meeting before the date on which the requisition is deposited at the society's principal office; or

(b) to call a special meeting to be held during the period of four months beginning one month after the end of its financial year.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(10) Sub-paragraph (1)(b) above does not require the society to send copies of a statement to members entitled to receive notice of a meeting in any case where—

(a) publicity for the statement would be likely to diminish substantially the confidence in the society of investing members of the public; or

(b) the rights conferred by sub-paragraph (1)(b) above are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes;

and that provision shall not be taken to confer any rights on members, or to impose any duties on a building society, in respect of a statement which does not relate directly to the affairs of the society.

(11) Where sub-paragraph (1)(b) above requires copies of a statement to be sent to members entitled to receive notice of a meeting, the proceedings at the meeting are not invalidated by—

(a) the accidental omission to send a copy of the statement to a member entitled to receive one, or

(b) the non-receipt of such a copy by such a member.

(12) The Commission shall hear and determine any dispute arising under sub-paragraph (10)(a) above, whether on the application of the society or of any other person who claims to be aggrieved.

(13) The Commission may, with the consent of the Treasury, by order substitute—

(a) for the number specified in sub-paragraph (2) above; or

(b) for the sum specified in sub-paragraph (7) above,

such other number or sum as appears to it to be appropriate; and an order under this subsection may make such supplementary, transitional and saving provision as appears to the Commission to be necessary or expedient.

(14) The power to make an order under sub-paragraph (13) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.**]**

Textual Amendments

F96 Sch. 2 Pt. III para. 20A and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 25**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(q)**

VALID FROM 01/12/1997

[*F97**Failure to comply with members' requisition**]***

Textual Amendments

F97 Sch. 2 Pt. III para. 20B and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 26**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(r)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

[F98 20B (1) This paragraph applies where a members' requisition is deposited at a building society's principal office and the society is not relieved of the obligation to call a special meeting by paragraph 20A(9)(a) above.

(2) Subject to sub-paragraph (5) below, if the society does not within 28 days from the date of the deposit of the requisition duly call a meeting to be held within 63 days from that date—

(a) the requisitionists, or any proportion of them exceeding one half, may themselves call a meeting to be held within five months from that date; and

(b) no business shall be conducted at a meeting so called other than that stated in the notice calling it or (where applicable) that mentioned in paragraph 20A(8)(b) above.

(3) A meeting called under sub-paragraph (2) above by requisitionists shall be called in the same manner, as nearly as may be, as that in which meetings are to be called by the society.

(4) If—

(a) paragraph 20A(1)(b) above requires the society to send to each member entitled to receive notice of the meeting a copy of a statement of not more than 500 words with respect to the matters to be dealt with at the meeting; and

(b) subject to sub-paragraph (5) below, that requirement is not complied with within 28 days from the date of the deposit of the requisition,

the requisitionists, or any proportion of them exceeding one half, may themselves send a copy of the statement to each such member.

(5) If the rules of the society make such provision as is mentioned in paragraph 20A(9)(b) above, any days falling within the period there mentioned shall be disregarded in determining any period for the purposes of sub-paragraph (2) or (4)(b) above.

(6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the society to call a meeting, or to comply with such a requirement as is mentioned in sub-paragraph (4) above, shall be repaid to the requisitionists by the society.

(7) Any sum so repaid shall be recoverable by the society from such of the directors of the society as were responsible for the failure (whether by the retention of fees or other remuneration in respect of services or otherwise).**]**

Textual Amendments

F98 Sch. 2 Pt. III para. 20B and cross-heading inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, **ss. 26**, 47(3); S.I. 1997/2668, art. 2, **Sch. Pt. II(r)**

Length of notice for calling meetings

21 (1) Any provision contained in the rules of a building society shall be void to the extent that it provides for the calling of a meeting of the society (other than an adjourned meeting) by less than 21 days' notice expiring with the date of the meeting or, if earlier, the date specified by the society, under its rules, as the final date for the receipt of instruments appointing proxies to vote at the meeting.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) A meeting of a building society may be called by 21 days' notice, unless the rules provide for longer notice of the meeting to be given.

(3) Where notice of a meeting is given in accordance with sub-paragraph (2) above, the notice shall be taken for the purposes of this Act or any other enactment to have been duly given according to the rules of the building society.

Persons entitled to notice of meetings

22 (1) Subject to the provisions of this Part of this Schedule, notice of a meeting of a building society shall be given to every member of the society who would be eligible to vote at the meeting if the meeting were held on the date of the notice.

(2) If the notice of the meeting includes notice of the intention to move a resolution as a borrowing members' resolution, notice of the meeting shall, subject to those provisions, be given also to every person who becomes a borrowing member of the society before the date which the society specifies as the final date for the receipt of instruments appointing proxies to vote on that resolution.

(3) Accidental omission to give notice of a meeting to, or non-receipt of notice of a meeting by, any person entitled to receive notice of the meeting does not invalidate the proceedings at that meeting.

Modifications etc. (not altering text)
C106 Sch. 2 Pt. III paras. 22, 34 excluded by S.I. 1987/426, **art. 3**

Members' entitlement to vote on resolutions

23 (1) A member of a building society is entitled to vote—

(a) on a resolution, other than a borrowing members' resolution, if he was also a member at the end of the last financial year before the voting date; and

(b) on a borrowing members' resolution if he was, at the end of that year, and is, on the voting date, a borrowing member of the society,

but subject, in either case, to paragraphs 5(3), 7(4) and 8(4) above and, in the case of paragraph (a), to sub-paragraph (3) below.

(2) Subject to the following provisions of this paragraph, any provision in the rules of a building society is void to the extent that it would have the effect of restricting the rights conferred on members by sub-paragraph (1) above.

(3) If the rules of the society so provide, a member is not entitled to vote on a resolution (other than a borrowing members' resolution) if—

(a) he did not have a qualifying shareholding at the qualifying shareholding date; or

(b) he does not have any shares on the voting date; or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) although he was a member at the qualifying shareholding date and is a member on the voting date, he ceased to be a member at some time during the intervening period.

(4) Where a building society's rules provide that a member is not entitled to vote on a resolution (other than a borrowing members' resolution) unless he has a qualifying shareholding on the qualifying shareholding date, he shall be taken to satisfy that requirement if he had such a holding—

(a) at the end of the last financial year before the voting date, except where paragraph (b) below applies; or

(b) in a case where the voting date falls during that part of a financial year which follows the conclusion of the annual general meeting commenced in that year, at the beginning of the period of 56 days immediately preceding the voting date for mem bers voting in person at a meeting or, as the case may be, on a postal ballot.

(5) For the purposes of this paragraph a member of a building society has a "qualifying shareholding" at any time if at that time he holds shares in the society to a value not less than the prescribed amount or such lesser amount as may be specified in the rules.

(6) In this paragraph "voting date", with reference to any resolution, means—

(a) the date of the meeting at which the resolution is intended to be moved, except where paragraph (b) or (c) below applies;

(b) where voting on the resolution is to be conducted by postal ballot, the date which the society specifies as the final date for the receipt of completed ballot papers;

(c) in the case of a member appointing a proxy to vote instead of him at a meeting, the date which the society specifies as the final date for the receipt of instruments appointing proxies to vote on that resolution.

Proxies

24 (1) A member of a building society who is entitled to attend and vote at a meeting of the society—

(a) may appoint another person (whether a member of the society or not) as his proxy, to attend and, subject to sub-paragraph (3) below, to vote at the meeting instead of him, and

(b) may direct the proxy how to vote at the meeting.

(2) Where the society, under its rules, specifies a final date for the receipt of instruments appointing proxies to vote at a meeting, a person appointed a proxy by a member who at that date is entitled to attend and vote at the meeting may act as his proxy at the meeting whether or not the member ceases to be so entitled after that date.

(3) A proxy is entitled to vote on a poll but, subject to any provision in the rules of the building society, not otherwise.

(4) In every notice calling a meeting of a building society there shall appear with reasonable prominence a statement—

(a) that a member entitled to attend and vote may appoint a proxy (or, where it is allowed, one or more proxies) to attend and vote at the meeting instead of him;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) that the proxy need not be a member of the society; and

(c) that the member may direct the proxy how to vote at the meeting.

(5) If default is made in complying with sub-paragraph (4) above in respect of a meeting of a building society, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale, and so shall any officer who is also guilty of the offence.

(6) Any provision contained in the rules of a building society shall be void in so far as it would have the effect of requiring the instrument appointing a proxy, or any other document necessary to show the validity of, or otherwise relating to, the appointment of a proxy, to be received by the society or any other person more than seven days before a meeting or adjourned meeting in order that the appointment may be effective at the meeting or adjourned meeting.

Right to demand a poll

25 (1) Any provision contained in the rules of a building society shall be void in so far as it would have the effect either—

(a) of excluding the right to demand a poll at a meeting of the society on any question other than the election of a chairman of the meeting or the adjournment of the meeting, or

(b) of making ineffective a demand for a poll on any such question which is made by not less than ten members having the right to vote at the meeting.

(2) The instrument appointing a proxy to vote at a meeting of a building society shall be taken also to confer authority to demand or join in demanding a poll; and for the purposes of sub-paragraph (1) above a demand by a person as proxy of a member shall be the same as the demand by the member.

Special resolutions

26 No resolution of a building society shall be passed as a special resolution unless it is required to be so passed by or under any provision of this Act or by the rules of the society.

27 (1) A resolution of a building society shall be a special resolution when it has been passed by not less than three-quarters of the number of the members of the society qualified to vote on a special resolution and voting either—

(a) in person or by proxy on a poll on the resolution at a meeting of the society of which notice specifying the intention to move the resolution as a special resolution has been duly given; or

(b) in a postal ballot on the resolution of which notice specifying that the resolution will not be effective unless it is passed as a special resolution has been duly given.

(2) In any rules made by a building society on or after 1st October 1960, whether before or after the commencement of this Act, "special resolution", unless the context otherwise requires, means a special resolution as defined in this paragraph.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

VALID FROM 01/12/1997

[F99 27A A resolution of a building society shall be a shareholding members' resolution when it has been passed by not less than three-quarters of the number of the shareholding members of the society—

(a) qualified to vote on a shareholding members' resolution; and

(b) voting in person or by proxy on a poll on the resolution at a meeting of the society of which notice specifying the intention to move the resolution as a shareholding members' resolution has been duly given.]

Textual Amendments

F99 Sch. 2 Pt. III para. 27A inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 57(8)**; S.I. 1997/2668, art. 2, **Sch. Pt. II**((w)(z)(xxxiv)

Borrowing members' resolutions

28 No resolution of a building society shall be passed as a borrowing members' resolution unless it is required to be so passed by or under any provision of this Act or by the rules of the society.

29 (1) A resolution of a building society shall be a borrowing members' resolution when it has been passed by a majority of the borrowing members of the society voting either—

(a) in person or by proxy on a poll on the resolution at a meeting of the society of which notice specifying the intention to move the resolution as a borrowing members' resolution has been duly given; or

(b) in a postal ballot on the resolution of which notice specifying that the resolution will not be effective unless it is passed as a borrowing members' resolution has been duly given.

(2) For the purposes of this Part of this Schedule a person is a borrowing member of a building society at any time if at that time his indebtedness to the society is in respect of an advance fully secured on land and the amount of his mortgage debt is not less than the prescribed amount.

(3) Where a borrowing member's resolution approving a transfer of engagements by a building society is moved, only those borrowing members whose mortgages are to be transferred shall be entitled to vote on the resolution.

(4) In any rules made by a building society after the commencement of this paragraph, "borrowing members' resolution", unless the context otherwise requires, means a borrowing members' resolution as defined in this paragraph.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Transfer resolutions

30 (1) The transfer resolutions required for the purposes of section 97 for the approval by members of a building society of a transfer of its business are two resolutions, of which—

(a) one is passed as a borrowing members' resolution, and

(b) the other ("the requisite shareholders' resolution") is passed in accordance with sub-paragraphs (2) to (5) below.

(2) In a case where the successor is to be a specially formed company, the requisite shareholders' resolution—

(a) must be passed as a special resolution, and

(b) must be passed on a poll on which not less than 20 per cent. of the members of the society qualified to vote on a special resolution voted;

and the notice of the resolution required by sub-paragraph (a) or sub-paragraph (b) of paragraph 27(1) above, as the case may be, must specify that the resolution will not be effective unless both of the requirements specified in this sub-paragraph are fulfilled.

(3) Subject to any direction under sub-paragraph (5) below, in a case where the successor is to be an existing company, the requisite shareholders' resolution must be passed as a special resolution and either—

(a) must be passed by not less than 50 per cent. of the members qualified to vote on a special resolution, or

(b) must be passed by the holders, being members qualified to vote on a special resolution, of shares in the society to a value, on the voting date, representing not less than 90 per cent. of the total value of the shares held on that date by the members so qualified to vote;

and, in either case, the resolution must be a resolution in relation to which the notice required by paragraph 27 above includes a statement specifying that the resolution will not be effective unless either of the above requirements is fulfilled has been duly given.

(4) If the Commission considers it expedient, in relation to a transfer of the business of a building society to an existing company, to do so for the purpose of protecting the investments of the shareholders of or depositors with the society, the Commission may give a direction under sub-paragraph (5) below.

(5) A direction under this sub-paragraph is a direction that, for the purposes of the transfer of business specified in the direction, the requisite shareholders' resolution is to be effective if it is passed as a special resolution.

(6) The Treasury, after consultation with the Commission, may by order amend sub-paragraph (2)(b), (3)(a) or (3)(b) above so as to substitute for the percentage for the time being specified in the subparagraph such other percentage as it thinks appropriate.

(7) The power to make orders under sub-paragraph (6) above is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(8) In this paragraph "voting date", with reference to a requisite shareholders' resolution, has the same meaning as in paragraph 23(6) above.

Members' right to propose and circulate resolutions

31 (1) If at least the requisite number of qualified members of a building society give notice to the society of their intention to have moved on their behalf a resolution, other than a borrowing members' resolution, specified in the notice at an annual general meeting of the society, it shall be the duty of the society, subject to sub-paragraphs (4), (5) and (6) below—

(a) to include in the notice of the annual general meeting a notice specifying the intention to have the resolution moved on their behalf at the meeting and, where applicable, the intention to move it as a special resolution;

(b) at the request of the members intending to have the resolution moved on their behalf, to send to each member entitled to receive notice of the meeting a copy of any statement of not more than 100 words with respect to the matter referred to in the resolution.

(2) For the purposes of sub-paragraph (1) above—

(a) "the requisite number"—

(i) in the case of a society with a qualifying asset holding, is fifty or such lesser number as is specified for the purpose in the rules of the society, and

(ii) in the case of any other society is ten or such lesser number as is specified for the purpose in the rules of the society;

(b) every member of a building society is a "qualified member" unless the rules make other provision for the purpose which is not rendered void under sub-paragraph (3) below.

(3) Any provision contained in the rules of a building society shall be void to the extent that it would have the effect of requiring a qualified member, for the purposes of sub-paragraph (1) above,—

(a) to hold or have at any time held shares in the society to a value greater than the prescribed amount in force on the qualifying date, or

(b) to have held shares in the society at any time before the commencement of the period of two years ending with the qualifying date;

and for the purposes of this sub-paragraph the qualifying date is the date on which the notice is given to the society under sub-paragraph (1) above.

(4) Sub-paragraph (1) above does not require a building society to send notices of a resolution or copies of a statement to members of the society in any case where—

(a) publicity for the resolution or, as the case may be, the statement would be likely to diminish substantially the confidence in the society of investing members of the public; or

(b) the rights conferred by sub-paragraph (1) are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes;

and that sub-paragraph shall not be taken to confer any rights on members, or to impose any duties on a building society, in respect of a resolution or statement which does not relate directly to the affairs of the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(5) If the rules of a building society so provide, sub-paragraph (1) above does not require notice of a resolution to be given to members of the society if the resolution is in substantially the same terms as any resolution which has been defeated at a meeting or on a postal ballot during the period beginning with the third annual general meeting before the date on which notice of the resolution is given to the society.

(6) No copies of a statement with respect to a resolution shall be sent to members of a building society if, on any of the grounds in sub-paragraph (4) or (5) above, the society does not give the notice of the resolution to them required by sub-paragraph (1)(a) above.

(7) The Commission shall hear and determine any dispute arising under sub-paragraph (4)(a) above, whether on the application of the building society or of any other person who claims to be aggrieved.

(8) If a building society fails to comply with the requirements of sub-paragraph (1) above where notice is duly given under that sub-paragraph, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

Members' resolutions: supplementary provisions

32 (1) Notice of a resolution given under paragraph 31(1) above must be given to the building society not later than the last day of the financial year preceding the financial year in which is held the annual general meeting at which it is intended to move the resolution; and any statement to be sent to members under paragraph 31 (1)(b) above must also be notified to the society not later than that day.

(2) The notices of a resolution and the copies of a statement required to be sent to members by paragraph 31(1)(a) or (b) above shall be sent to them in the same manner and (so far as practicable) at the same time as the notice of the annual general meeting at which the resolution is intended to be moved; and, where it is not practicable for them to be sent at the same time as the notice, they shall be sent as soon as practicable thereafter.

(3) Where notices of a resolution, or copies of a statement in respect of a resolution, intended to be moved at a meeting of a building society are required to be sent to any persons, the proceedings at the meeting are not invalidated by—

(a) the accidental omission to send a notice or copy to a person entitled to receive one, or

(b) the non-receipt of a notice or copy by such a person.

(4) The Commission may by order vary—

(a) the definition of "requisite number" or "qualified member" in sub-paragraph (2) of paragraph 31 above, or

(b) the descriptions of provisions which are rendered void by sub-paragraph (3) of that paragraph.

whether by the addition of any description or other provision or by the substitution or deletion of any definition, description or other provision for the time being specified or contained in that paragraph.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(5) An order under sub-paragraph (4) above shall be made by statutory instrument subject to annulment in pursu" ance of a resolution of either House of Parliament.

(6) An order under sub-paragraph (4) above may contain transitional, consequential or supplementary provision.

Postal ballots

33 (1) The rules of a building society may provide for the voting in an election of directors or on any resolution of the society to be conducted in all, or in any particular, circumstances by postal ballot; and in this Act "ballot" or "postal ballot", in relation to an election or a resolution of the society, means the postal ballot, if any, taking place by virtue of those rules in the case of the election or the resolution in question.

(2) Where, under the rules of a society, a postal ballot is to take place, the following provisions of this paragraph have effect.

(3) Notice of a postal ballot shall be given not less than 21 nor more than 56 days before the date which the society specifies as the final date for the receipt of completed ballot papers (referred to in this paragraph as "the voting day").

(4) Subject to the provisions of this Part of this Schedule, notice of a postal ballot shall be given to every member of the society who would be entitled to vote in the election or on the resolution if the voting date for the election or the resolution fell on the date of the notice.

(5) If voting on the postal ballot is to be in respect of a resolution of which notice has been given of the intention to move it as a borrowing members' resolution, notice of the postal ballot shall, subject to those provisions, be given also to every person who becomes a borrowing member of the society before the voting day.

(6) Notice of a postal ballot—

(a) shall contain such other notices relating to the election or resolution, and

(b) shall be accompanied by such other documents,

as would be required to be given or sent to a member in connection with notice of a meeting, had it been intended to hold the election or vote on the resolution at a meeting instead of by postal ballot with the exception, however, of any notice relating to voting by proxy at a meeting.

(7) Accidental omission—

(a) to give notice of a postal ballot, or

(b) to send any document required by sub-paragraph (6) above to accompany such a notice,

to any person entitled to receive it, or non-receipt of such a notice or document by such a person, does not invalidate the postal ballot.

Declarations to be made in proxy and ballot forms

34 (1) If a member of a building society who purports to exercise his right—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) to appoint a proxy to vote instead of him at a meeting of the society, or

(b) to vote in a postal ballot, or

(c) to vote on a poll at a meeting of the society,

fails to make a declaration in accordance with sub-paragraph (2) below in the instrument of appointment or, as the case may be, on the voting paper, the appointment made or, as the case may be, the vote cast by him is invalid.

(2) The declaration to be made by a person in pursuance of sub-paragraph (1) above is as follows—

(a) that he has attained the age of 18 years or will have attained that age on or before the voting date or, where he is voting by proxy, on or before the date of the meeting;

(b) where the vote is to be cast otherwise than on a borrowing members' resolution, that on the voting date he is or, so far as he can reasonably foresee, will be a shareholder of the society;

(c) where the vote is to be cast on a borrowing members' resolution, that on the voting date he is or, so far as he can reasonably foresee, will be a borrowing member of the society; and

(d) where the member is not entitled to vote unless he had a qualifying shareholding at the qualifying shareholding date, that he had or, so far as he can reasonably foresee, will have such a shareholding on that date.

(3) A building society shall secure that every document issued by it for use as a voting paper or as an instrument for the appointment of a proxy incorporates a form of declaration under this paragraph for completion by the member using it.

(4) If a building society fails to comply with the requirements of sub-paragraph (3) above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale and so shall any officer who is also guilty of the offence.

(5) In this paragraph—

"qualifying shareholding" shall be construed in accordance with paragraph 23(5) above;

"qualifying shareholding date" has the same meaning as it has for the purposes of paragraph 23 above; and

"voting date" has the meaning given by paragraph 23(6) above.

Modifications etc. (not altering text)
C107 Sch. 2 Pt. III paras. 22, 34 excluded by S.I. 1987/426, **art. 3**

Advertising requirements in lieu of notice of meetings, etc.

35 (1) The advertising requirements referred to in paragraph 14 above, in relation to notices of meetings or postal ballots of building societies, are as follows.

(2) Notice of the holding of the meeting or of the postal ballot must be given either—

(a) by displaying a notice in a prominent position in every branch office, or

(b) by advertisement in one or more newspapers circulating in the areas in which the members of the society reside,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

according as the rules of the society provide.

(3) The notice must be given not later than 21 days before the date of the proposed meeting or, as the case may be, the final date for the receipt of completed ballot papers.

(4) The notice shall state where members may obtain copies of the resolutions and any statements with respect to the matter referred to in a resolution, forms relating to voting by proxy and, in the case of a postal ballot, the ballot papers.

The prescribed amount

36 (1) For the purposes of this Part of this Schedule, the "prescribed amount" is £100 or such other amount as the Commission, with the consent of the Treasury, by order specifies for the time being.

(2) The power to make an order under sub-paragraph (1) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

(3) An order under sub-paragraph (1) above may contain transitional, consequential or supplementary provision.

VALID FROM 01/12/1997

[F100SCHEDULE 2A

DISCHARGE OF MORTGAGES: SUPPLEMENTARY PROVISIONS

Textual Amendments

F100 Sch. 2A inserted (1.12.1997) by 1997 c. 32, s. 7(2), **Sch. 2**; S.I. 1997/2668, art. 2, **Sch. Pt. I(a)**

. . . . . .

SCHEDULE 3

Sections 9 and 41 to 44.

AUTHORISATION; SUPPLEMENTARY PROVISIONS

PART I

PRELIMINARY

1 In this Schedule—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"authorisation" means authorisation under section 9 or on renewal under section 41 or reauthorisation under section 44;

"conditions" means conditions to be complied with by a building society and imposed on the grant of authorisation under section 9, on the renewal of authorisation under section 41, on reauthorisation under section 44 or under section 42;

"revocation", with reference to authorisation, means revocation under section 43.

PART II

AUTHORISATION

Procedure for authorisation

2 (1) An application for authorisation—

(a) shall be made in such manner as the Commission may specify, either generally or in any particular case; and

(b) shall be accompanied by such information as the Commission may reasonably require, either generally or in any particular case, in order to decide whether or not to grant authorisation and whether with or without conditions.

(2) If required to do so by notice from the Commission given at any time after an application for authorisation has been made and before a decision has been reached on the application, the applicant shall furnish to the Commission such additional information as it may reasonably require in order to reach a decision on the application.

(3) If on an application for authorisation the Commission proposes to impose conditions the provisions of Part III of this Schedule shall apply.

(4) If the Commission proposes to refuse to grant authorisation it shall serve a notice on the applicant stating—

(a) that it proposes to refuse to grant authorisation;

(b) the grounds for the proposed refusal; and

(c) that the applicant may make representations with respect to the proposed refusal within such period of not less than 28 days as may be specified in the notice and that, if the applicant so requests, the Commission will afford to it an opportunity of being heard by the Commission within that period.

(5) If the grounds for the proposed refusal include the ground that any officer of the society is not a fit and proper person to hold office in the society the Commission shall also serve the notice specified in sub-paragraph (4) above on the officer concerned giving him the like right to make representations and to be heard with respect to his fitness and propriety for office.

(6) The Commission shall, before reaching a decision on the application, consider any representations made to it in accordance with sub-paragraph (4) or (5) above.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(7) If, on an application for authorisation, the Commission refuses to grant authorisation it shall serve on the society and, subject to paragraph 10 below, on every director of and the chief executive of the society, and every other person on whom a notice was served under sub-paragraph (5) above, a notice stating the Commission's decision and the grounds for it and, subject to sub-paragraph (8) below, shall do so before the expiry of the period of 6 months beginning with the date on which the application was received.

(8) In any case where, under sub-paragraph (2) above, the Commission requires additional information with respect to an application, the latest time for the giving of a notice under sub-paragraph (7) above with respect to the application shall be the expiry of whichever of the following periods first expires, namely—

(a) the period of 6 months beginning with the date on which the additional information is furnished to the Commission; and

(b) the period of 12 months beginning with the date on which the application was received by the Commission.

(9) In the application of this paragraph to an application for the renewal of authorisation under section 41—

(a) sub-paragraph (7) shall have effect with the substitution of 3 for 6 months; and

(b) sub-paragraph (8) shall have effect with the substitution of 3 for 6 months and of 6 for 12 months respectively.

Offences in connection with application

3 (1) Any building society which furnishes any information or makes any statement which is false or misleading in a material particular in connection with an application for authorisation shall be liable, on conviction on indictment or on summary conviction, to a fine which, on summary conviction, shall not exceed the statutory maximum.

(2) Any person who knowingly or recklessly furnishes any information or makes any statement which is false or misleading in a material particular in connection with an application for authorisation shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both; or

(b) on summary conviction, to a fine not exceeding the statutory maximum.

PART III

IMPOSITION OF CONDITIONS

4 (1) If the Commission proposes to impose conditions it shall serve on the society and, subject to paragraph 10 below, on every director of the society and its chief executive a notice stating—

(a) that the Commission proposes to impose conditions;

(b) what the conditions will be;

(c) the grounds for their imposition; and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(d) that the society may make representations with respect to the proposed imposition of the conditions within such period of not less than 14 days as may be specified in the notice and that, if the society so requests, the Commission will afford to it an opportunity of being heard by the Commission within that period.

(2) If any condition proposed to be imposed on the society includes a requirement for the removal from office of any officer of the society the Commission shall also serve the notice specified in sub-paragraph (1) above on the officer whose removal is proposed giving him the like right to make representations and to be heard with respect to his proposed removal from office.

(3) The Commission shall, before reaching a decision on whether to impose conditions and, if so, what conditions, consider any representations made in accordance with sub-paragraph (1) or (2) above and, except where paragraph 5 below applies, the Commission shall serve on the society and, subject to paragraph 10 below, on every director of and the chief executive of the society and every other person on whom a notice was served under sub-paragraph (2) above, a notice stating its decision.

(4) If the Commission decides to impose conditions the notice under sub-paragraph (3) above shall—

(a) specify the conditions, and

(b) state the grounds for its decision to impose them.

(5) The Commission may not impose conditions on grounds other than those stated, or grounds included in those stated, in the notice served by it under sub-paragraph (1) above.

5 (1) This paragraph applies where the Commission has decided to impose conditions but proposes to impose conditions different from and more onerous than those stated in the notice served by the Commission under paragraph 4(1) above.

(2) The Commission shall serve on the society and, subject to paragraph 10 below, on every director of the society and its chief executive, a notice stating—

(a) what conditions the Commission proposes to impose;

(b) the grounds for the imposition of those conditions instead of the conditions stated in the notice under paragraph 4(1) above; and

(c) that the society may make representations with respect to the conditions the Commission proposes to impose within such period of not less than seven days as may be specified in the notice and that, if the society so requests, the Commission will afford to it an opportunity of being heard by the Commission within that period.

(3) If any condition proposed to be imposed on the society includes a requirement for the removal from office of any officer of the society the Commission shall also serve the notice specified in sub-paragraph (2) above on the officer whose removal is proposed giving him the like right to make representations and to be heard with respect to his proposed removal from office.

(4) The Commission shall, before reaching a decision on whether to impose conditions different from those stated in the notice served under paragraph 4(1) above and, if so, what conditions, consider any representations made in accordance with sub-paragraph (2) or (3) above and shall serve on the society and subject to paragraph

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

10 below, on every director of and the chief executive of the society and every other person on whom a notice was served under sub-paragraph (3) above, a notice stating its decision.

(5) If the Commission decides to impose conditions the notice under sub-paragraph (4) above shall—

(a) specify the conditions, and

(b) state the grounds for their imposition.

(6) The Commission may not impose conditions on grounds other than those stated, or grounds included in those stated, in the notice served by it under sub-paragraph (2) above.

PART IV

REVOCATION OF AUTHORISATION

Procedure for revocation

6 (1) If the Commission proposes to revoke a society's authorisation it shall serve on the society and, subject to paragraph 10 below, on every director and its chief executive a notice stating—

(a) that the Commission proposes to revoke the authorisation

(b) the grounds for the proposed revocation; and

(c) that the society may make representations with respect to the proposed revocation within such period of not less than 14 days as may be specified in the notice and that, if the society so requests, it will be afforded an opportunity of being heard by the Commission within that period.

(2) If the grounds for the proposed revocation include the ground that any officer of the society is not a fit and proper person to hold office in the society the Commission shall also serve the notice specified in sub-paragraph (1) above on the officer concerned giving him the like right to make representations and to be heard with respect to his fitness and propriety for office.

(3) The Commission shall, before reaching a decision on whether to revoke the authorisation, consider any representations made to it in accordance with sub-paragraph (1) or (2) above and, except where paragraph 7 below applies the Commission shall serve on the society and, subject to paragraph 10 below, on every director of and the chief executive of the society and every other person on whom a notice was served under sub-paragraph (2) above, a notice stating its decision.

(4) If the Commission decides to revoke a society's authorisation, the notice under sub-paragraph (3) above shall state the grounds for the decision.

(5) The Commission may not revoke a society's authorisation on grounds other than those stated, or grounds included in those stated, in the notice served under sub-paragraph (1) above.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

7 (1) This paragraph applies where the Commission proposes, instead of revoking a society's authorisation, to impose conditions.

(2) The Commission shall serve on the society and, subject to paragraph 10 below, on every director of the society and its chief executive a notice stating—

(a) that it proposes to impose conditions instead of revoking the society's authorisation;

(b) what conditions it proposes to impose;

(c) the grounds for the imposition of conditions instead of revoking the society's authorisation; and

(d) that the society may make representations with respect to the conditions the Commission proposes to impose within such period of not less than seven days as may be specified in the notice and that, if the society so requests, it will be afforded an opportunity of being heard by the Commission within that period.

(3) If any condition proposed to be imposed on the society includes a requirement for the removal from office of any officer of the society, the Commission shall also serve the notice specified in sub-paragraph (2) above on the officer whose removal is proposed giving him a like right to make representations and to be heard with respect to his proposed removal from office.

(4) The Commission shall, before reaching a decision on whether to impose conditions and, if so, what conditions, consider any representations made in accordance with sub-paragraph (2) or (3) above and, except where paragraph 8 below applies, the Commission shall serve on the society and, subject to paragraph 10 below, on every director of and the chief executive of the society and every other person on whom a notice was served under sub-paragraph (3) above, a notice stating its decision.

(5) If the Commission decides to impose conditions the notice under sub-paragraph (4) above shall—

(a) specify the conditions, and

(b) state the grounds for their imposition.

(6) The Commission may not impose conditions on grounds other than those stated, or grounds included in those stated, in the notice served by the Commission under sub-paragraph (2) above.

8 (1) This paragraph applies where the Commission has decided, instead of revoking a society's authorisation, to impose conditions but proposes to impose conditions different from and more onerous than those stated in the notice served by the Commission under paragraph 7(2) above.

(2) The Commission shall serve on the society and, subject to paragraph 10 below, on every director of the society and its chief executive, a notice stating—

(a) what conditions it proposes to impose;

(b) the grounds for the imposition of those conditions instead of the conditions stated in the notice under paragraph 7(2) above; and

(c) that the society may make representations with respect to the conditions the Commission proposes to impose within such period of not less than seven days as may be specified in the notice and that, if the society so

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

requests, the Commission will afford to it an opportunity of being heard by the Commission within that period.

(3) If any condition proposed to be imposed on the society includes a requirement for the removal from office of any officer of the society the Commission shall also serve the notice specified in sub-paragraph (2) above on the officer whose removal is proposed giving him the like right to make representations and to be heard with respect to his proposed removal from office.

(4) The Commission shall, before reaching a decision on whether to impose conditions different from those stated in the notice served under paragraph 7(2) above and, if so, what conditions, consider any representations made in accordance with sub-paragraph (2) or (3) above and shall serve on the society and, subject to paragraph 10 below, on every director of and the chief executive of the society and every other person on whom a notice was served under sub-paragraph (3) above, a notice stating its decision.

(5) If the Commission decides to impose conditions the notice under sub-paragraph (4) above shall—

(a) specify the conditions, and

(b) state the grounds for their imposition.

(6) The Commission may not impose conditions on grounds other than those stated, or grounds included in those stated, in the notice served by it under sub-paragraph (2) above.

PART V

SUPPLEMENTARY

Imposition of conditions on appeal

9 (1) The modifications of the provisions of Part III of this Schedule in their application to the imposition of conditions by the Commission in pursuance of a direction of an appeal tribunal under section 47(6) or (7) are as follows.

(2) The notice under paragraph 4(1) shall be served on the society and the other persons there specified within the period of 14 days beginning with the date on which the Commission received notice of the tribunal's decision under subsection (10) of that section; and a copy shall also be sent within that period to the tribunal.

(3) The notice under paragraph 4(1) may specify, as the period within which representations may be made, a period of not less than 7 days.

(4) If the Commission serves a notice under paragraph 5(2) on the society and the other persons there specified it shall send a copy of the notice to the tribunal.

Notice to directors and chief executives

10 Where any provision of this Schedule requires notice of any matter to be served on every director of a building society that requirement is satisfied by serving notice

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

on each director whose appointment has been officially notified and the non-receipt of a notice of a matter by a director or the chief executive does not affect the validity of any action on the part of the Commission.

SCHEDULE 4

Section 13(7).

ADVANCES: SUPPLEMENTARY PROVISIONS

Modifications etc. (not altering text)
C108 Sch. 4 excluded by S.I. 1987/1498, art. 7, **Sch. 2 para. 4**
C109 Sch. 4 restricted (1. 7. 1992) by S.I. 1992/1547, **arts. 5**,6, Sch. 2

Provisions as to sale of mortgaged property

1 (1) Where any land has been mortgaged to a building society as security for an advance and a person sells the land in the exercise of a power (whether statutory or express) exercisable by virtue of the mortgage, it shall be his duty—

(a) in exercising that power, to take reasonable care to ensure that the price at which the land is sold is the best price that can reasonably be obtained, and

(b) within 28 days from the completion of the sale, to send to the mortgagor at his last-known address by the recorded delivery service a notice containing the prescribed particulars of the sale.

(2) In so far as any agreement relieves, or may have the effect of relieving, a building society or any other person from the obligation imposed by sub-paragraph (1)(a) above, the agreement shall be void.

(3) Breach by a building society or any other person of the duty imposed by sub-paragraph (1)(b) above, if without reasonable excuse, shall be an offence.

(4) Any person guilty of an offence under sub-paragraph (3) above shall be liable on summary conviction—

(a) to a fine not exceeding level 2 on the standard scale and

(b) to an additional fine for each week during which the offence continues not exceeding £10,

and, in relation to such an offence on the part of a building society, so shall any officer who is also guilty of the offence.

(5) Nothing in this section shall affect the operation of any rule of law relating to the duty of a mortgagee to account to his mortgagor.

(6) In sub-paragraph (1) above "mortgagor", in relation to a mortgage in favour of a building society, includes any person to whom, to the knowledge of the person selling the land, any of the rights or liabilities of the mortgagor under the mortgage have passed, whether by operation of law or otherwise.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Discharge of mortgages

2 (1) When all money intended to be secured by a mortgage given to a building society has been fully paid or discharged, the society may endorse on or annex to the mortgage one or other of the following—

(a) a receipt in the prescribed form under the society's seal, countersigned by any person acting under the authority of the board of directors;

(b) a reconveyance of the mortgaged property to the mortgagor;

(c) a reconveyance of the mortgaged property to such person of full age, and on such trusts (if any), as the mortgagor may direct.

(2) Where in pursuance of sub-paragraph (1) above a receipt is endorsed on or annexed to a mortgage, not being a charge or incumberance registered under the [M79]Land Registration Act 1925, the receipt shall operate in accordance with section 115(1), (3), (6) and (8) of the [M80]Law of Property Act 1925 (discharge of mortgages by receipt) in the like manner as a receipt which fulfills all the requirements of subsection (1) of that section.

(3) Section 115(9) of the Law of Property Act 1925 shall not apply to a receipt in the prescribed form endorsed or annexed by a building society in pursuance of sub-paragraph (1) above; and in the application of that subsection to a receipt so endorsed or annexed which is not in that form, the receipt shall be taken to be executed in the manner required by the statute relating to the society if it is under the society's seal and countersigned as mentioned in sub-paragraph (1)(a) above.

(4) The foregoing sub-paragraphs shall, in the case of a mortgage of registered land, have effect without prejudice to the operation of the [M81]Land Registration Act 1925 or any rules in force under it.

(5) In this paragraph—

"mortgage" includes a further charge;

"the mortgagor", in relation to a mortgage, means the person for the time being entitled to the equity of redemption; and

"registered land" has the same meaning as in the Land Registration Act 1925.

(6) This paragraph does not apply to Scotland.

(7) In the application of this paragraph to Northern Ireland—

(a) in sub-paragraph (1) for the words "on such trusts" there shall be subsituted the words "on such uses";

(b) in sub-paragraph (2)—

(i) for the words from "charge" to "Property Act 1925" there shall be substituted the words "on registered land, the receipt to operate (N.I.9). in accordance with Article 3(1), (7) and (9) of the [M82]Property (Discharge of Mortgage by Receipt) (Northern Ireland) Order 1983"; and

(ii) for the words "subsection (1) of that section" there shall be subsituted the words "paragraph (1) of that Article";

(c) for sub-paragraphs (3) and (4) there shall be substituted—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"(3) If the mortgage is registered in accordance with the Registration of Deeds Act (Northern Ireland) 1970, the registrar under that act shall—

(a) on production of the receipt mentioned in sub-paragraph (1) above make a note in the Abstract Book against the entry relating to the mortgage that the mortgage is satisfied; and

(b) grant a certificate, either on the mortgage or separately, that the mortgage is satisfied.

(4) The certificate granted under sub-paragraph (3)(b) above shall—

(a) be received in all courts and proceedings without further proof; and

(b) have the effect of clearing the register of the mortgage.";

(d) in sub-paragraph (5) for the definition of "registered land" there shall be substituted the following definition—

""registered land" means land the title to which is registered under Part III of the Land Registration Act (Northern Ireland) 1970;".

Marginal Citations

M79 1925 c. 21
M80 1925 c. 20.
M81 1925 c. 21.
M82 S.I. 1983/766

Power to prescribe form of documents

3 (1) The Chief Registrar may make rules for prescribing anything authorised or required by any provision of this Schedule to be prescribed; and in this Schedule "prescribed" means prescribed by rules made under this paragraph.

(2) The power to make rules under this paragraph shall be exercisable by statutory instrument.

SCHEDULE 5

Section 24.

THE BUILDING SOCIETIES INVESTOR PROTECTION BOARD

Modifications etc. (not altering text)

C110 Sch. 5: power to repeal conferred (9.6.1997) by 1997 c. 32, **s. 32(5)(a)**; S.I. 1997/1427, **art. 2(g)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Constitution

1 (1) The Board shall consist of seven members as follows, namely—

(a) the First Commissioner for the time being, who shall be the chairman of the Board,

(b) two members appointed by the First Commissioner from among the other members of the Commission, and

(c) four other members appointed under sub-paragraph (2) below;

and the First Commissioner shall appoint one of his two appointees to be deputy chairman of the Board.

(2) The four members to be appointed under this sub-paragraph shall be appointed by the Treasury, after consultation with the First Commissioner, and of those four, three shall be persons who are or have been directors, chief executives or managers of building societies.

(3) Each appointed member of the Board may, with the approval of the First Commissioner and subject to sub-paragraph (4) below appoint an alternate member to perform his duties as a member in his absence.

(4) In the case of a person appointed a member of the Board as a present or former director, chief executive or manager of a building society any alternate shall himself be or have been such a director, chief executive or manager.

Appointment and tenure of office

2 (1) Subject to the following provisions of this paragraph a person shall hold and vacate office as a member or as deputy chairman of the Board in" accordance with the terms of the instrument appointing him.

(2) A person appointed by the First Commissioner under paragraph 1(1)(b) above shall vacate his office as a member of the Board if he ceases to be a member of the Commission and the person appointed by the First Commissioner to be deputy chairman of the Board shall vacate his office as such in the same event.

(3) A person appointed under paragraph 1(2) above shall be appointed for a term not exceeding two years but he may be reappointed on his ceasing to hold office or at any time thereafter.

(4) A person appointed under paragraph 1(2) above may at any time resign his office as a member by giving to the Treasury a signed notice stating that he resigns from that office.

Allowances

3 The Board shall pay to each member such allowances in respect of expenses as the Board may, with the consent of the Treasury, determine.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Proceedings

4 (1) The Board shall determine its own procedure, including the quorum necessary for its meetings.

(2) The validity of any proceedings of the Board shall not be affected by any vacancy among the members or by any defect in the appointment of any member.

5 (1) The fixing of the common seal of the Board shall be authenticated by the signature of the chairman of the Board or some other person authorised by the Board to act for that purpose.

(2) A document purporting to be duly executed under the seal of the Board shall be received in evidence and deemed to be so executed, unless the contrary is proved.

VALID FROM 09/06/1997

[F101 Performance of functions]

Textual Amendments

F101 Sch. 5 para. 5A and cross-heading preceding it inserted (9.6.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 58**; S.I. 1997/1427, **art. 2(k)(n)(xvi)**

[F102 5A The Board may authorise—

(a) any member or members of the Board,

(b) any committee or sub-committee of the Board, or

(c) any officer, servant or agent of the Board,

to perform on behalf of the Board such of the Board's functions (including the power conferred by this paragraph) as are specified in the authorisation.**]**

Textual Amendments

F102 Sch. 5 para. 5A and cross-heading preceding it inserted (9.6.1997) by 1997 c. 32, s. 43, **Sch. 7 para. 58**; S.I. 1997/1427, **art. 2(k)(n)(xvi)**

Accounts, audit and annual report

6 (1) The Board may determine its own financial year.

(2) It shall be the duty of the Board—

(a) to keep proper accounts and proper records in relation to the accounts; and

(b) to prepare in respect of any period (referred to in this paragraph as "the initial period") beginning with the commencement date for section 24 and ending

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

with the beginning of the Board's first financial year and in respect of each of its financial years a statement of accounts showing the state of affairs and income and expenditure of the Board.

(3) A statement of accounts prepared in accordance with sub-paragraph (2)(b) above shall be audited by auditors appointed by the Board and the auditors shall report to the Board stating whether in their opinion the provisions of sub-paragraph (2) above have been complied with.

[F103(4) A person shall not be appointed as auditor by the Board unless he is eligible for appointment as a company auditor under section 25 of the Companies Act 1989.**]**

(5) It shall be the duty of the Board, as soon as possible after the end of the initial period and of each of its financial years, to prepare a report on the discharge of its functions during that period or, as the case may be, during that financial year.

(6) It shall be the duty of the Board to publish, in such manner as it thinks appropriate, every statement of account prepared in accordance with sub-paragraph (2)(b) above and every report prepared in accordance with sub-paragraph (5) above.

Textual Amendments

F103 Sch. 5 para. 6(4) substituted (1.10.1991) by S. I. 1991/1997, reg. 2, **Sch. para. 65(2)** (with reg. 4).

SCHEDULE 6

Section 27 (12).

INSOLVENCY PAYMENTS: TRUSTS AND JOINT OR CLIENT ACCOUNT HOLDINGS

Modifications etc. (not altering text)

C111 Sch. 6: power to repeal conferred (9.6.1997) by 1997 c. 32, **s. 32(5)(b)(ii)**; S.I. 1997/1427, **art. 2(g)**

1 (1) The following provisions of this Schedule have effect for the purposes of section 27.

(2) In this Schedule "investment", in relation to a building society, means the rights of a person arising from a deposit made by him, or a predecessor in title of his, with the society or the interest of a person constituted by a share of his in the society; and that person is referred to as holding, or as the holder of, the investment.

2 (1) Where any persons hold an investment in a building society as trustees then, unless the investment is held on trust for a person absolutely entitled to it as against the trustees, the trustees shall be treated as a single and continuing body of persons, distinct from the persons who may from time to time be the trustees and if the same persons hold different investments as trustees under different trusts, they shall be treated as a separate and distinct body with respect to each of those trusts.

(2) For the purpose of this Schedule an investment is held on trust for a person absolutely entitled to it as against the trustees where that person has the exclusive right, subject only to satisfying any outstanding charge, lien or other right of the trustees to resort

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

to the investment for payment of duty, taxes, costs or other outgoings, to direct how the investment shall be dealt with.

(3) Any reference in sub-paragraph (1) or (2) above to a person absolutely entitled to an investment as against the trustees includes a reference to two or more persons who are so entitled jointly; and in the application of sub-paragraph (2) to Scotland the words from "subject" to "outgoings" are omitted.

3 Where an investment is held on trust for any person absolutely entitled to it, or as the case may be, for two or more persons so entitled jointly, that person or, as the case may be, those persons jointly shall be treated as entitled to the investment without the intervention of any trust.

4 (1) Except in the case of a partnership, where two or more persons are jointly entitled to an investment and paragraph 2(1) above does not apply, each of them shall be treated as having a separate investment of an amount produced by dividing the amount of the investment to which they are jointly entitled by the number of persons who are so entitled.

(2) Where two or more persons hold, or are absolutely entitled to, an investment as partners, the partnership shall be treated as holding, or as being absolutely entitled to, the investment as a single person distinct from the persons of whom the partnership is composed.

5 Where an investment is made by a person whose business is the provision of professional services or the carrying on of investment business (within the meaning of the Financial Services Act 1986) with money held to the account of clients of his, each of them shall be treated as having a separate investment of an amount equal to so much of the amount of the investment as represents money held to his account as a client.

6 The Board may decline to make any payment under section 27 in respect of an investment until the person claiming to be entitled to it informs the Board of the capacity in which he is entitled to the investment; and if it appears to the Board—

(a) that the persons entitled to an investment are so entitled as trustees, or

(b) that paragraph 3 above applies to an investment, or

(c) that two or more persons are jointly entitled to an investment other than as trustees, or

(d) that paragraph 5 above applies to an investment,

the Board may decline to make any payment in respect of the investment until sufficient information has been disclosed to it to enable it to determine what payment (if any) should be made under that section and to whom.

7 In this Schedule "jointly entitled" means—

(a) in England and Wales and Northern Ireland, beneficially entitled as joint tenants, tenants in common or as coparceners, and

(b) in Scotland, beneficially entitled as joint owners or owners in common.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

VALID FROM 01/07/1995

[F104 8 In the application of this Schedule in relation to investments in an office of a building society in another EEA State, references to persons entitled in any of the following capacities, namely—

(a) as trustees;

(b) as partners; or

(c) as persons jointly entitled other than as trustees,

shall be construed as references to persons entitled under the law of that State in a capacity appearing to the Board to correspond as nearly as may be to that capacity.**]**

Textual Amendments

F104 Sch. 6 para. 8 inserted (1.7.1995) by S.I. 1995/1442, **reg. 44** (with transitional and transitory provisions in regs. 53(2), 54)

SCHEDULE 7

Section 32.

INVESTORS: SPECIAL PROVISIONS

Members or depositors dying

1 (1) The provisions of this paragraph have effect where a member of, or depositor with, a building society dies, testate or intestate, domiciled in any part of the United Kingdom leaving a sum of money in the funds of the society not exceeding £5000.

(2) If a person claiming to be beneficially entitled to the sum of money under the will or the applicable law of intestacy furnishes to the society—

(a) satisfactory evidence of the death, and

(b) a statutory declaration that the member or depositor has died and that the person claiming the amount is beneficially entitled under the will or the applicable law of intestacy to receive it,

the society may, without probate of the will or the grant of letters of administration or confirmation, as the case may be, pay the sum of money to that person.

(3) Where a building society has paid a sum of money to any person in reliance on evidence of death and a statutory declaration furnished as mentioned in sub-paragraph (2) above, the payment shall be valid and effectual with respect to any demand against the funds of the society from any other person claiming to be entitled to it but without prejudice to that other person's pursuing his remedy for the amount against the person who received it.

(4) The Treasury may from time to time by order direct that this paragraph shall have effect as if for the reference in sub-paragraph (1) above to £5,000 there were substituted a reference to such higher amount as may be specified in the order.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(5) An order under sub-paragraph (4) above shall apply in relation to deaths occurring after the expiration of a period of one month beginning with the date on which the order comes into force.

(6) The power to make an order under sub-paragraph (4) above is exercisable by statutory instrument but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

Receipts by depositors under age

2 Any receipt or acknowledgment given to a building society by a person who is a minor in respect of the payment to him of any sum due in respect of a deposit made by him with the society, shall not be invalid on the ground of his minority.

VALID FROM 01/12/1997

[F105SCHEDULE 7A

DIRECTIONS: SUPPLEMENTARY PROVISIONS]

Textual Amendments

F105 Sch. 7A inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 13(2), 47(3), **Sch. 3**; S.I. 1997/2668, art. 2, **Sch. Pt. II(k)**

. . . . . .

SCHEDULE 8

Section 34.

POWERS TO PROVIDE SERVICES

[F106PART I

THE SERVICES

Textual Amendments

F106 Parts of Sch. 8 varied by S.I. 1988/1141, arts. 5, 6, **Sch. 5** so as to have effect as set out in that Sch. 5

1 Banking services.

2 Investment services.

3 Insurance services.

4 Trusteeship.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

5 Executorship.

6 Land services.**]**

PART II

GENERAL RESTRICTIONS ON SERVICES

1 Subject to paragraphs 2, 3, 4 and 5 below, no power conferred on a building society to provide a service of a description specified in Part I of this Schedule of itself confers power—

(a) to perform the activities of—

(i) taking deposits in circumstances which require authorisation under the Banking Act 1987 (or would require authorisation were the taker not a building society),

(ii) making advances or loans of any description,

(iii) acquiring the right to be paid any sum owing to another person arising out of any arrangement under which money is borrowed or goods or services are provided on credit,

(iv) acquiring land,

(v) acquiring or holding any asset the power to acquire or hold which is derived from section 19 of this Act by virtue of an order made under, or partly under, that section,

(vi) acquiring or holding relevant investments, or

(vii) underwriting risks of any description, or

[F107(b) (i) to maintain a place of business in any country or territory for the purpose of providing that service unless the society also conducts the principal busi ness of a building society in that country or territory, save where that service is provided in any of the countries listed in paragraph (ii) below;

(ii) any member State, Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland,**]**

but nothing in this paragraph prohibits performance of any activity performance of which is within the capacity of a building society by virtue of any power arising otherwise than under this Schedule.

Textual Amendments

F107 Sch. 8 Pt. II para. 1(b) substituted (1. 6. 1992) by S.I. 1992/509, **art.3**

2 Paragraph 1 above shall not be taken to prevent—

(a) the power to provide banking services from conferring the power—

(i) to arrange the taking of deposits,

(ii) to arrange the lending of money, and

(iii) to arrange the bailment of leasable chattels,

(b) the power to provide investment services from conferring the power to arrange the acquisition or holding of relevant investments, or

(c) the power to provide insurance services from conferring the power to arrange the provision of insurance of any description.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

3 Where, as part of the power to provide banking services, a building society becomes guarantor of the discharge of liabilities of another person and is required to pay sums which that other person is obliged to pay, the right to recover those sums from that other person (with or without interest on them) shall not be treated as excluded by paragraph 1 above.

[F108 4 The right to recover any sum overdrawn (with or without interest on it) on an unauthorised overdraft on an account with a building society shall not be treated as excluded by paragraph 1 above.**]**

Textual Amendments

F108 Sch. 8 Pt. II para. 4 substituted by S.I. 1989/839, **art. 3(a)**

5 Acquiring or holding relevant investments shall not be treated as excluded by paragraph 1 above where it arises out of—

(a) any element of investment services comprising—

(i) acquiring or holding relevant investments as a nominee,

(ii) establishment and management of pension schemes,

(iii) establishment and management of personal equity plans, or

(iv) establishment and management of collective investment schemes,

(b) the service of trusteeship, or

(c) the service of executorship.

[F109 6 Paragraph 1 above shall not be taken to prevent the power to provide the service of trusteeship or the power to provide the service of executorship from conferring the power on a building society acting in the capacity of trustee or personal representative—

(i) to make advances or loans of any description, or

(ii) to acquire land.**]**

Textual Amendments

F109 Sch. 8 Pt. II para. 6 added by S.I. 1989/839, **art. 3(b)**

PART III

RESTRICTIONS IN RELATION TO CERTAIN SERVICES

Banking services

1 In relation to the power to provide banking services—

(a) arranging the taking of deposits is restricted to the taking of deposits from individuals,

(b) F110

(c) F110

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(d) provision of guarantees, except where it arises for the purpose of or in the course of the provision of money transmission services, is restricted to guarantees of the discharge of liabilities of individuals,

(e) arranging the provision of guarantees is restricted, subject to the exception in subparagraph (d) above, to guarantees of the discharge of liabilities of individuals,

(f) provision of foreign exchange services, except where it arises for the purpose of or in the course of the provision of money transmission services, is restricted, save in excepted transactions, to their provision to individuals,

(g) arranging the provision of foreign exchange services is, subject to the exception in subparagraph (f) above, restricted, save in excepted transactions, to their provision to individuals, and

(h) administration of the issue of shares or corresponding membership rights by bodies corporate or of transferable instruments and registration of the transfer or cancellation of such shares, rights or instruments is restricted to administration and registration by a building society which has a qualifying asset holding.

Textual Amendments

F110 Sch. 8 Pt. III para. 1(b)(c) repealed by S.I. 1989/839, **art. 3(c)**

Investment services

2 In relation to the power to provide investment services—

(a) managing investments (except in relation to management of pension schemes) is restricted to managing by a building society which has a qualifying asset holding,

(b) acquiring and holding relevant investments as a nominee is restricted to acquisition and holding by a building society which has a qualifying asset holding,

(c) establishment and management of pension schemes is restricted to schemes which do not include provisions requiring the investment of any of the funds within the scheme in shares in or deposits with a building society of which the trustee or manager of the scheme is a subsidiary,

(d) establishment of personal equity plans is restricted to establishment by a building society which has a qualifying asset holding, and

(e) establishment of collective investment schemes is restricted to establishment by a building society which has a qualifying asset holding.

Trusteeship

[[F111]3 In relation to the power to provide the service of trusteeship—

(a) a building society may not accept trusteeship of a prohibited trust, and

(b) a building society which becomes aware that a trust of which it is trustee has become a prohibited trust shall retire as trustee of that trust as soon as it is practicable to do so.**]**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F111 Sch. 8 Pt. III para. 3 substituted by S.I. 1989/839, **art. 3(d)**

Land services

4 In relation to the power to provide land services—

(a) the carrying on of estate agency work is restricted to carrying on by a subsidiary or other associated body of a building society,

(b) removal and storage of furniture is restricted to removal and storage by a subsidiary or other associated body of a building society which society has a qualifying asset holding,

(c) management of land is restricted to management by a building society which has a qualifying asset holding,

(d) management of land is restricted to land which is or is to be used primarily for residential purposes or for purposes incidental to the use of adjoining land under the same management which is or is to be used primarily for residential purposes,

(e) arranging the management of land is restricted to land which is or is to be used primarily for residential purposes or for purposes incidental to the use of adjoining land under the same management which is or is to be used primarily for residential purposes,

(f) development of land is restricted to development by a building society which has a qualifying asset holding,

(g) development of land is restricted to land which is to be used primarily for residential purposes or for purposes incidental to the use of adjoining land developed by the developer which is or is to be used primarily for residential purposes,

(h) development of land is restricted to land of a local authority in Great Britain or of a development corporation or land which is charged in favour of the developer of the land to secure repayment of the costs of development, and

(i) arranging the development of land is restricted to land which is to be used primarily for residential purposes or for purposes incidental to the use of adjoining land developed by the developer which is or is to be used primarily for residential purposes.

5 No employee of a building society, a subsidiary or other associated body of which carries on estate agency work, whose duties include—

(a) making a report on the value of land which is to secure an advance,

(b) making an assessment of the adequacy of the security of an advance to be secured on land, or

(c) authorising the making of an advance to be secured on land,

shall perform any service on behalf of that subsidiary or other associated body.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

PART IV

SUPPLEMENTARY

Powers—general

1 Any power derived from this Schedule to perform any activity includes the power to arrange its performance but a restriction in Part III of this Schedule on the power to perform any activity does not imply an equivalent restriction on the power to arrange its performance.

Powers—specific services

2 Without prejudice to the general scope of any service specified in Part I of this Schedule—

(a) the power to provide banking services includes power,

(i) to administer the issue of, and payments in respect of, shares or corresponding membership rights in bodies corporate or transferable instruments and to register the transfer or cancellation of such shares, rights or instruments, and

(ii) to provide advice on taxation and financial planning,

(b) the power to provide investment services includes power to provide advice on taxation and financial planning,

(c) the power to provide the service of executorship includes power—

(i) to act as administrator of the estates of deceased persons, and

(ii) to assist in the making of wills, and

(d) the power to provide land services includes power to carry out the removal and storage of furniture.

Banking—particular provisions

3 (1) A building society shall, so far as regards the carrying on of an activity which comprises provision of a banking service for the purposes of this Schedule, be treated for all purposes as a bank and a banker and as carrying on the business of banking or a banking undertaking whether or not it would be so treated apart from this paragraph.

(2) This paragraph does not affect the determination of any question as to the status of a building society as a bank or banker for other purposes.

4 Where an account of a person with a building society has, by virtue of the provision of banking services under this Schedule, become overdrawn, it shall be the duty of the building society to take all reasonable steps to recover as soon as practicable from that person the amount due to it on the overdrawn account.

5 (1) For the purposes of paragraph 1(f) and (g) of Part III of this Schedule, a transaction consisting in the provision of foreign exchange services is an excepted transaction where the value of the transaction is less than £10,000.

(2) For the purposes of subparagraph (1) above the value of a transaction consisting in the provision of foreign exchange services is, where the building society is selling foreign currency, the sum paid to it and, where the building society is purchasing foreign currency, the sum paid by it.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Land services—sanction

6 If a person performs any service in contravention of paragraph 5 of Part III of this Schedule he shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale.

Interpretation

7 This Schedule is to be construed as relating only to the capacity of building societies to provide the services for the time being specified in it and not as making lawful any activity, whether of a building society or a subsidiary or other associated body of a building society, which would not be lawful apart from this Schedule.

Modifications etc. (not altering text)
C112 Sch. 8 Pt. IV para. 7 extended (1. 1. 1993) by S.I. 1992/3218, reg. 82(1), **Sch. 10 Pt. I para.22(d)**

8 In this Schedule—

"arranging", in relation to the performance of any activity, includes—

(a) arranging its performance on behalf of the person in respect of whom the activity is performed as well as the person who performs the activity, and

(b) acting as agent on behalf of either such person;

[[F112]"bailment", in relation to Scotland, means "hire";

"chattels" means—

(i) in relation to England and Wales and Northern Ireland, all personal chattels other than things in action and money, and

(ii) in relation to Scotland, all corporeal moveables except money;**]**

"collective investment scheme" has the meaning which it bears in section 75 of the Financial Services Act 1986;

"corresponding membership right" has the meaning which it bears in section 18(17) of this Act;

"development corporation" means any of the following bodies:

(a) in England, a development corporation within the meaning of the New Towns Act 1981;

(b) in Wales, the Development Board for Rural Wales established by section 1 of the Development of Rural Wales Act 1976 and the Welsh Development Agency established by section 1 of the Welsh Development Agency Act 1975;

(c) in Scotland, a development corporation within the meaning of the New Towns (Scotland) Act 1968;

(d) in Northern Ireland, the Department of the Environment for Northern Ireland and the Northern Ireland Housing Executive referred to in article 3 of the Housing (Northern Ireland) Order 1981;

"estate agency work" has the same meaning as in the Estate Agents Act 1979;

"land services" means services relating to the acquisition, management, development or disposal of land;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

[F113“leasable chattels” means chattels which are, or are to be, subject to bailment to a person in return for periodical payments by that person under an agreement which may but need not contain provision (or be part of a series of agreements containing provision) for the property in those chattels to become vested in that person;**]**

“local authority in Great Britain” means any of the following authorities:

(a) in England and Wales, a county council, a district council, a London borough council, a parish or community council, the Common Council of the City of London, and the Council of the Isles of Scilly;

(b) in Scotland, a local authority within the meaning of section 235 of the Local Government (Scotland) Act 1973;

“managing investments” means activity of the kind specified in paragraph 14 of Part II (activities constituting investment business) of Schedule 1 to the Financial Services Act 1986;

“pension scheme” means—

(a) a retirement benefits scheme within the meaning of, and which is approved or a candidate for approval by the Commissioners of Inland Revenue for the purposes of, Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 (retirement benefit schemes), or

(b) a personal pension scheme within the meaning of, and which is approved or a candidate for approval by the Commissioners of Inland Revenue under, Chapter IV (personal pension schemes) of that Part of that Act,

and for the purposes of this definition a scheme is a candidate for approval for the purposes of the first or, as the case may be, under the second of those Chapters if it has been prepared with a view to being so approved and steps are being taken towards obtaining that approval;

“personal equity plan” means a plan for the purposes of section 333 (personal equity plans) of the Income and Corporation Taxes Act 1988;

“the principal business of a building society” means the business of raising funds (whether by the issue of shares or receiving deposits) for the purposes of the society or of making advances secured on land;

[F114“prohibited trust” means a trust which is either—

(a) a trust under which the majority in number of the beneficiaries who are for the time being ascertained are non-charitable corporate bodies, or

(b) a trust of funds in a pension scheme which includes provisions requiring the investment of any of those funds in shares in or deposits with a building society of which the trustee is a subsidiary.**]**

“relevant investment” means—

(a) any share or corresponding membership right in a body corporate, and

(b) any other asset, right or interest falling within any paragraph of Part I (investments) of Schedule 1 to the Financial Services Act 1986; and

“transferable instrument” means—

(a) where the issuer of the instrument is a building society, an instrument which is a transferable bearer instrument or a transferable non-bearer instrument for the purposes of section 7 of this Act, and

(b) in any other case, an instrument which would, were the issuer a building society, be such a transferable bearer instrument or transferable non-bearer instrument.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F112 Definitions inserted by S.I. 1989/839, **art. 3(e)**

F113 Definition substituted by S.I. 1989/839, **art. 3(f)**

F114 Definition inserted by S.I. 1989/839, **art. 3(g)**

VALID FROM 09/06/1997

[F115SCHEDULE 8A

TRANSFER DIRECTIONS: MODIFICATIONS OF PART X

Textual Amendments

F115 Sch. 8A inserted (9.6.1997) by 1997 c. 32, s. 17(2), **Sch. 4**; S.I. 1997/1427, **art. 2(c)**

. . . . . .

SCHEDULE 9

Section 68(4).

DIRECTORS: REQUISITE PARTICULARS OF RESTRICTED TRANSACTIONS

Preliminary

1 In this Schedule—

"the financial year" means the financial year to which the statement under section 68(3) relates;

"restricted transaction or arrangement" means any transaction or arrangement falling within section 65(1) particulars of which are required to be included in that statement;

and other expressions have the same meaning as in those sections.

The requisite particulars

2 (1) The particulars of a restricted transaction or arrangement required by section 68(3) are particulars of the principal terms of the transaction or arrangement.

(2) Without prejudice to the generality of sub-paragraph (1) above, the following particulars of a restricted transaction or arrangement are required—

(a) a statement of the fact either that the transaction or arrangement was made or that it subsisted during the financial year;

(b) the name of the person from whom it was made and, where that person is or was connected with a director of the building society, the name of that director;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) in the case of an advance or other loan or any related guarantee—
  (i) the amount of the mortgage debt or corresponding liability both at the beginning and at the end of the financial year;
  (ii) the maximum amount of that debt or liability during that year;
  (iii) the amount of any interest which, having fallen due, has not been paid; and
  (iv) the amount of any provision made in the accounts in respect of any failure or anticipated failure by the borrower to repay the whole or part of the loan or to pay the whole or part of any interest on it;

(d) in the case of a disposal of property by way of lease or hire—
  (i) the value of the property;
  (ii) the amount of any rental which, having fallen due, has not been paid; and
  (iii) the amount of any provision made in the accounts in respect of any failure or anticipated failure by the lessee or hirer to pay the whole or part of the rent;

(e) in the case of any payment made on behalf of the director or person connected with him, the amount of the payment; and

(f) in the case of a guarantee or security—
  (i) the amount for which the building society was liable under the guarantee or security both at the beginning and at the end of the financial year;
  (ii) the maximum amount for which the society may become liable; and
  (iii) any amount paid and any liability incurred by the society for the purposes of fulfilling the guarantee or security (including any loss incurred by reason of its enforcement).

SCHEDULE 10

Section 69(7).

REQUISITE PARTICULARS OF INCOME OR RELATED BUSINESSES

PART I

REQUISITE PARTICULARS WHERE NO ADOPTION OF PART II

Conveyancers

1 Where the business associate of the building society provides conveyancing services the requisite particulars of its business in any financial year are the following—

(a) the number of cases in which it has provided conveyancing services in respect of an advance secured on land and the purchase of the land both to the society and to the borrower;

(b) the number of cases in which it has provided the society (but not the borrower) with conveyancing services in respect of an advance secured on land;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) the aggregate amount of the fees paid to it by the society or by or on behalf of the borrower for the provision of conveyancing services falling within sub-paragraphs (a) and (b) above;

(d) the aggregate of the amounts paid to it by the society by way of commission for its having introduced investment business to the society;

(e) the aggregate amount of any fees paid to it by the society in consideration of the provision of conveyancing services in respect of any land held by the society under section 6, 10, 17 or 19;

(f) the aggregate amount of any fees paid to it by the society in consideration of the provision of management services to the society.

Valuers and surveyors

2 Where the business associate of the building society provides the services of surveying and valuing property the requisite particulars of its business in any financial year are the following—

(a) the number of cases in which it has, in respect of any land which is to secure an advance, surveyed the land or provided a valuation of it on behalf of the society or the borrower or both;

(b) the number of cases in which it has, on behalf of the society (but not the borrower), surveyed any land which is to secure an advance or provided the society with a valuation of it;

(c) the aggregate amount of the fees paid to it by the society or by or on behalf of the borrower for the provision of the services falling within sub-paragraphs (a) and (b) above;

(d) the aggregate of the amounts paid to it by the society by way of commission for its having introduced investment business to the society;

(e) the aggregate amount of any fees paid to it by the society in consideration of the provision of surveying or valuing services in respect of any property held by the society under section 6, 10, 17 or 19;

(f) the aggregate amount of any fees paid to it by the society in consideration of the provision of management services to the society.

Accountants

3 Where the business associate of the building society provides accountancy services the requisite particulars of its business in any financial year are the following—

(a) the aggregate amount of the fees paid to it by the society for the provision of accountancy services; and

(b) the aggregate amount of any fees paid to it by the society in consideration of the provision of management services to the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Insurance agents, etc.

4 Where the business associate of the building society arranges for the provision of relevant insurance the requisite particulars of its business in any financial year are the following—

(a) the aggregate of the amounts paid to it by the society or by way of commission by insurers in respect of relevant insurance effected by the society or by borrowers in compliance with the terms on which advances secured on land are made by the society; and

(b) the aggregate amount of any fees paid to it by the society in consideration of the provision of management services to the society.

PART II

REQUISITE PARTICULARS ON ADOPTION OF THIS PART

Conveyancers

5 Where the business associate of the building society provides conveyancing services the requisite particulars of its business in any financial year are the following—

(a) the prescribed band within which falls the estimated number of cases in which it has provided conveyancing services in respect of an advance secured on land and the purchase of the land both to the society and to the borrower;

(b) the prescribed band within which falls the estimated number of cases in which it has provided the society (but not the borrower) with conveyancing services in respect of an advance secured on land;

(c) the prescribed band within which falls the estimated aggregate amount of the fees paid to it by the society or by or on behalf of the borrower for the provision of conveyancing services falling within sub-paragraphs (a) and (b) above;

(d) the prescribed band within which falls the estimated aggregate of the amounts paid to it by the society by way of commission for its having introduced investment business to the society;

(e) the prescribed band within which falls the estimated aggregate amount of any fees paid to it by the society in consideration of the provision of conveyancing services in respect of any land held by the society under section 6, 10, 17 or 19;

(f) the prescribed band within which falls the estimated aggregate of any fees paid to it by the society in consideration of the provision of management services to the society.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Valuers and surveyors

6 Where the business associate of the building society provides the services of surveying and valuing property the requisite particulars of its business in any financial year are the following—

(a) the prescribed band within which falls the estimated number of cases in which it has, in respect of any land which is to secure an advance, surveyed the land or provided a valuation of it on behalf of the society or the borrower or both;

(b) the prescribed band within which falls the estimated number of cases in which it has, on behalf of the society (but not the borrower), surveyed any land which is to secure an advance or provided the society with a valuation of it;

(c) the prescribed band within which falls the estimated aggregate amount of the fees paid to it by the society or by or on behalf of the borrower for the provision of the services falling within sub-paragraphs (a) and (b) above;

(d) the prescribed band within which falls the estimated aggregate of the amounts paid to it by the society by way of commission for its having introduced investment business to the society;

(e) the prescribed band within which falls the estimated aggregate of any fees paid to it by the society in consideration of the provision of surveying or valuing services in respect of any property held by the society under section 6, 10, 17 or 19;

(f) the prescribed band within which falls the estimated aggregate amounts of any fees paid to it by the society in consideration of the provision of management services to the society.

Accountants

7 Where the business associate of the building society provides accountancy services the requisite particulars of its business in any financial year are the following—

(a) the prescribed band within which falls the estimated aggregate amount of the fees paid to it by the society for the provision of accountancy services; and

(b) the prescribed band within which falls the estimated aggregate amount of any fees paid to it by the society in consideration of the provision of management services to the society.

Insurance agents, etc.

8 Where the business associate of the building society arranges for the provision of relevant insurance the requisite particulars of its business in any financial year are the following—

(a) the prescribed band within which falls the estimated aggregate of the amounts paid to it by the society or by way of commission by insurers in respect of relevent insurance effected by the society or by borrowers in

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

compliance with the terms on which advances secured on land are made by the society; and

(b) the prescribed band within which falls the estimated aggregate amount of any fees paid to it by the society in consideration of the provision of management services to the society.

PART III

SUPPLEMENTARY

Power to prescribe bands for Part II particulars

9 (1) The Commission, with the consent of the Treasury, may by order prescribe, for the purposes of the provisions of Part II of this Schedule,—

(a) series of numbers by reference to limits specified in the order, or

(b) series of monetary amounts by reference to limits so specified;

and, in any provision of Part II, "prescribed band" means, in relation to cases, any series of numbers so prescribed for the purposes of that provision and, in relation to monetary amounts, any series of monetary amounts so prescribed for the purposes of that provision.

(2) The power conferred by this paragraph includes power to prescribe different series of numbers or of monetary amounts for the purposes of different provisions.

(3) The power to make an order under this paragraph is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Interpretation

10 (1) In this Schedule—

"administrative services" means services falling within section 69(4);

"business associate" and "associated", in relation to a building society, have the same meaning as in section 69;

"financial year" means a financial year of the society with which the business associate is associated;

"prescribed band" has the meaning given by paragraph 9(1) above; and

"relevant insurance" means insurance falling within section 69(3)(d).

(2) In section 69, "the volume of the business", in relation to any business constituted by the provision of any services referred to in any provision of Part I or Part II of this Schedule means—

(a) in the case of a paragraph of Part I, the aggregate of all the fees and commissions which are the subject of the requisite particulars under that paragraph; and

(b) in the case of a paragraph of Part II, the aggregate of the amounts which are specified in orders under paragraph 9 above as the upper limits of the prescribed bands within which fall the estimated aggregates of the fees or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

commissions or other amounts received which are the subject of the requisite particulars under the provisions of that paragraph

SCHEDULE 11

Section 77.

AUDITORS: APPOINTMENT, TENURE, QUALIFICATIONS

Modifications etc. (not altering text)
C114 Sch. 11 excluded by S.I. 1986/2168, **art. 12**(*a*)

Appointment

1 (1) The first auditors of a building society may be appointed by the directors at any time before the first general meeting of the building society following the end of the society's first financial year and auditors so appointed shall hold office until the conclusion of that meeting.

(2) If the directors fail to exercise their powers under sub-paragraph (1) above those powers may be exercised by the building society in general meeting.

2 The directors, or the building society in general meeting, may fill any casual vacancy in the office of auditor; but while any such vacancy continues, the surviving or continuing auditor or auditors (if any) may act.

3 (1) If at any annual general meeting of a building society no auditors are appointed or re-appointed, the Commission may appoint a person to fill the vacancy; and the society shall, within one week of the power of the Commission becoming exercisable, give it notice of that fact.

(2) If a building society fails to give the notice required by sub-paragraph (1) above the society shall be liable on summary conviction—

(a) to a fine not exceeding level 3 on the standard scale, and

(b) in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continuesX;

and so shall any officer who is also guilty of the offence.

4 (1) A resolution at a general meeting of a building society—

(a) appointing as auditor a person other than a retiring auditor; or

(b) filling a casual vacancy in the office of auditor; or

(c) reappointing as auditor a retiring auditor who was appointed by the directors to fill a casual vacancy; or

(d) removing an auditor before the expiration of his term of office,

shall not be effective unless notice of the intention to move it has been given to the society not less than twenty-eight days before the meeting at which it is moved.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) A building society shall give to its members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting, or, if that is not practicable, shall give them notice of the resolution, not less than twenty-one days before the meeting, either by advertisement in a newspaper having an appropriate circulation or in any other way allowed by the rules of the society.

(3) On receipt of notice of such an intended resolution as is mentioned above the society shall forthwith send a copy of it—

(a) to the person proposed to be appointed or removed, as the cae may be;

(b) in a case within sub-paragraph (1)(a), to the retiring auditor; and

(c) where, in a case within sub-paragraph (1)(b) or (c), the casual vacancy was caused by the resignation of an auditor, to the auditor who resigned.

(4) Where notice is given of such a resolution as is mentioned in sub-paragraphs (1)(a) or (d) and the retiring auditor, or (as the case may be) the auditor proposed to be removed, makes with respect to the intended resolution representations, in writing to the society (not exceeding a reasonable length) and requests their notification to the members, the society shall (unless the representations are received by it too late to do so)—

(a) in any notice of the resolution given to members, state the fact of the representations having been made, and

(b) send a copy of the representations to every member to whom notice of the meeting is or has been sent.

(5) if a copy of such representations is not sent out as required by sub-paragraph (4) above because it was received too late or because of the society's default, the auditor may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting.

(6) The building society or any person claiming to be aggrieved may, within fourteen days of the receipt by the society of any representations made to it under sub-paragraph (4) above, apply in accordance with sub-paragraph (7) or (8) below to—

(a) the High Court, or

(b) the Commission,

for an order that copies of the representations need not or, as the case may be, shall not be sent out nor the representations read out at the meeting.

(7) An application under this sub-paragraph is an application to the High Court on the ground that the auditor is abusing the rights conferred by sub-paragraph (4) above to secure needless publicity for defamatory matter, and if the court is satisfied that the auditor is so abusing those rights it may by order direct that copies of the representations need not be sent out nor the representations read out at the meeting; and the court may further order the society's costs on the application to be paid in whole or in part by the auditor notwithstanding that he is not a party to the application.

(8) An application under this sub-paragraph is an application to the Commission on the ground that the sending out of copies of or the reading out at the meeting of the representations would be likely to diminish substantially the confidence in the society of investing members of the public and if the Commission is satisfied that the sending out of copies of the representations or the reading of them would have that effect it shall by order direct that copies of the representations shall not be sent out nor the representations read at the meeting.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(9) The building society shall—

(a) if the High Court makes an order under sub-paragraph (7) above or the Commission makes an order under sub-paragraph (8) above, send within fourteen days of the decision a statement setting out the effect of the order to the persons mentioned in sub-paragraph (4)(b) above; and

(b) if not, either send a copy of the written representations made under sub-paragraph (4) above to those persons or cause the representations to be read out at the meeting.

(10) If default is made in complying with sub-paragraph (4) or (9) above the building society shall be liable—

(a) on conviction on indictment to a fine; or

(b) on summary confiction to a fine not exceeding the statutory maximum and, in the case of a continuing offence, to a fine not exceeding one tenth of the statutory maximum for every day during which the offence continues;

and so shall any officer who is also guilty of the offence.

Qualification and disqualification of auditors

5 (1) A person is not qualified for appointment as auditor of a building society**[**F116 unless–

(a) he is eligible for appointment as a company auditor under section 25 of the Companies Act 1989; or

(b) he is a member of a body of accountants, established in the United Kingdom or another member State, which is for the time being designated by order of the Commission made with the consent of the Treasury.**]**

(2) None of the following persons is qualified for appointment as an auditor of a building society—

(a) a director or employee of the society;

(b) a person who is a partner of, or in the employment of, or who employs, a director or employee of the society;

(c) a person who is **[**F117ineligible by virtue of section 27 of the Companies Act 1989 for appointment as auditor of a company which is a subsidiary of the society.**]**

(d) a body corporate.

(3) Nothing in this paragraph shall prevent the appointment as auditor of a Scottish firm if none of the partners of the firm is by virtue of this paragraph disqualified for appointment as auditor of the society.

(4) The power to make an order under sub-paragraph (1)(f) above is exercisable by statutory instrument subject to annulment by a resolution of either House of Parliament.

(5) No person shall act as auditor of a building society at a time when he knows that he is disqualified from appointment to that office; and if an auditor of a building society to his knowledge becomes so disqualified during his term of office he shall thereupon vacate his office and give notice to the society that he has vacated it by reason of that disqualification.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(6) A person who acts as auditor in contravention of sub-paragraph (5), or fails without reasonable excuse to give notice of vacating his office as required by that sub-paragraph, shall be liable—

(a) on conviction on indictment to a fine; or

(b) on summary conviction to a fine not exceeding the statutory maximum and, in the case of a continuing offence, to an additional fine not exceeding one-tenth of the statutory maximum for every day during which the offence continues.

Textual Amendments

F116 Words in Sch. 11 para. 5(1) substituted (01.10.1991) by S.I. 1991/1997, reg. 2, **Sch. para. 65(3)** (with reg. 4)

F117 Words in Sch. 11 para. 5(2)(c) substituted (01.10.1991) by S.I. 1991/1997, reg. 2, **Sch. para. 65(4)** (with reg. 4)

Removal of auditors

6 (1) A building society may by resolution in general meeting remove an auditor before the expiration of his term of office, notwithstanding anything in any agreement between it and him.

(2) Where a resolution removing an auditor is passed at a general meeting of a building society, the society shall within 14 days give notice of that fact to the central office.

(3) If a building society fails to give the notice required by s ub-paragraph (2) above the society shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale and, in the case of a continuing offence, to an additional fine not exceeding £40 for every day during which the offence continues and so shall every officer who is also guilty of the offence.

(4) Nothing in this paragraph is to be taken as depriving a person removed under it of compensation or damages that may be payable to him in respect of the termination of his appointment as auditor.

Resignation of auditors

7 (1) An auditor of a building society may resign his office by depositing a notice to that effect at the principal office of the society; and any such notice operates to bring his term of office to an end on the date on which the notice is deposited, or on such later date as may be specified in it.

(2) An auditor's notice of resignation shall not be effective unless it contains either—

(a) a statement to the effect that there are no circumstances connected with his resignation which he considers should be brought to the notice of the members of, or depositors with, the society, or

(b) a statement of any such circumstances as are mentioned above.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) Where a notice under this paragraph is deposited at the principal office of a building society it shall within fourteen days send a copy of that notice—

(a) to the central office, and

(b) if the notice contains a statement under sub-paragraph (2)(b) above, to every person who under section 76(8) is entitled to receive a copy of the summary financial statement.

(4) The building society or any person claiming to be aggrieved may, within fourteen days of the receipt by the society of a notice containing a statement under sub-paragraph (2)(b), apply in accordance with sub-paragraph (5) or (6) below to—

(a) the High Court; or

(b) the Commission,

for an order that copies of the notice need not or, as the case may be, shall not be sent out.

(5) An application under this sub-paragraph is an application to the High Court on the ground that the auditor is using the notice to secure needless publicity for defamatory matter, and if the court is satisfied that the auditor is using the notice for that purpose it may by order direct that copies of it need not be sent out; and the court may further order the society's costs on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

(6) An application under this sub-paragraph is an application to the Commission on the ground that the sending out of the notice would be likely to diminish substantially the confidence in the society of investing members of the public; and if the Commission is satisfied that the sending out of the notice would be likely to have that effect it shall by order direct that copies of it shall not be sent out.

(7) The building society shall, within fourteen days of the decision of the High Court or of the Commission, send to the persons mentioned in sub-paragraph (3)—

(a) if the court makes an order under sub-paragraph (5) above or the Commission makes an order under sub-paragraph (6), a statement setting out the effect of the order; and

(b) if not, a copy of the notice containing the statement under sub-paragraph (2)(b).

(8) If default is made in complying with sub-paragraph (3) or sub-paragraph (7) the building society shall be liable—

(a) on conviction on indictment to a fine; or

(b) on summary conviction to a fine not exceeding the statutory maximum and, in the case of a continuing offence, to a fine not exceeding one tenth of the statutory maximum for every day during which the offence continues;

and so shall any officer who is also guilty of the offence.

8 (1) Where an auditor's notice of resignation contains a statement under paragraph 7(2)(b) above he may also deposit at the principal office of the society a requisition signed by him calling on the directors of the society forthwith duly to convene a special general meeting of the society for the purpose of receiving and considering such explanation of the circumstances connected with this resignation as he may wish to place before the meeting.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) Where an auditor's notice of resignation contains such a statement the auditor may request the society to send to its members—

(a) before the general meeting at which his term of office would otherwise expire or expires, as the case may be; or

(b) before any general meeting at which it is proposed to fill the vacancy caused by his resignation,

a statement in writing (not exceeding a reasonable length) of the circumstances connected with his resignation.

(3) The society shall in that case (unless the statement is received by it too late for it to comply)—

(a) in any notice of the meeting given to members state the fact of the statement having been made, and

(b) send a copy of the statement to every member to whom notice of the meeting is or has been sent.

(4) If the directors of the society do not within 21 days from the date of the deposit of a requisition under this paragraph proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, every director who failed to take all reasonable steps to secure that a meeting was so convened shall be liable—

(a) on conviction on indictment to a fine; or

(b) on summary conviction to a fine not exceeding the statutory maximum.

(5) If a copy of the statement mentioned in sub-paragraph (2) is not sent out as required by sub-paragraph (3) because it was received too late or because of the society's default, the auditor may (without prejudice to his right to be heard orally) require that the statement be read out at the meeting.

(6) Copies of a statement need not be sent out and the statement need not be read out at the meeting if—

(a) on an application made to the High Court by the society or a person aggrieved, the court is satisfied that the rights conferred by this paragraph are being abused to secure needless publicity for defamatory matter; or

(b) on an application to the Commission by the society or a person aggrieved, the Commission is satisfied that the circulating or reading out of the statement would be likely to diminish substantially the confidence in the society of investing members of the public.

(7) If the High Court makes an order under sub-paragraph (6)(a) above it may also order the society's costs of the application to be paid by the auditor notwithstanding that he is not a party to the application.

(8) An auditor who has resigned his office is entitled to attend any such meeting as is mentioned in sub-paragraph (2)(a) or (b) and to receive all notices of, and other communications relating to, any such meeting which any member of the society is entitled to receive, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the society.

9 In the application of this Schedule to Scotland, references to the High Court shall be read as references to the Court of Session.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

SCHEDULE 12

Section 83.

SCHEMES FOR INVESTIGATION OF COMPLAINTS

PART I

MATTERS TO BE PROVIDED FOR IN SCHEMES

The matters for which provision is, subject to Parts II and III of this Schedule, to be made are the following:

Administration

1 The establishment and functioning of an independent body (whether corporate or unincorporate) which is to administer the scheme.

2 The identity of the members.

3 The manner in which the expenses of the scheme are to be met by the members.

The adjudicator

4 The appointment of an independent adjudicator to conduct investigations under the scheme and his tenure of office and remuneration.

Scope of scheme

5 The matters action in relation to which is to be subject to investigation under the scheme and the grounds for making it subject to investigation.

Functions of adjudicator

6 The duty of the adjudicator to investigate, and make determinations on, actions duly referred for investigation.

7 The powers of, and procedure to be followed in the conduct of investigations by, the adjudicator.

8 The powers of the adjudicator on the making of determinations.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Determinations and their effects

9 The extent to which determinations are binding.

10 The manner in which determinations are to be communicated and published.

Reports by investigators to administering body

11 The making to the body administering the scheme of regular reports by the adjudicator as to the discharge of his functions, and their publication.

Amendment or revocation of scheme

12 The manner of amending or revoking the scheme.

Accession to membership

13 Accession to membership of other societies.

Withdrawal from membership

14 Withdrawal from membership.

PART II

REQUIREMENTS FOR RECOGNISED SCHEMES:MATTERS OF COMPLAINT

Share accounts

1 The operation or termination of a share account and the grant or refusal to grant a shareholder other facilities normally available to shareholders of his description.

Note: The operation or termination of a share account includes any aspect of the relationship or termination of the relationship between the society and a shareholder as such and in particular the operation or termination of any services incidental to such accounts.

Note: The grant of facilities includes the terms on which they are granted.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Deposit accounts

2 The operation or termination of a deposit account and the grant or refusal to grant a depositor other facilities normally available to depositors of his description.

Note: The operation or termination of a deposit account includes any aspect of the relationship or the termination of the relationship between the society and a depositor as such, including in particular the operation or termination of any services incidental to such accounts.

Note: The grant of facilities includes the terms on which they are granted.

Borrowing members: class 1 or class 2 advances

3 The operation or termination of the account of a member borrowing on a class 1 or class 2 advance and the grant or refusal to grant a borrowing member of that description other or further class 1, or as the case may be, class 2 advances secured on the same or different land or other facilities normally available to borrowing members of his description.

Note: The operation or termination of the account of a borrowing member includes any aspect of the relationship or the termination of the relationship between the society and a borrowing member as such, including in particular the exercise of the right of foreclosure or any other power over the land by virtue of the mortgage.

Note: The grant of advances includes the terms on which they are granted.

Borrowers: mobile home loans

4 The operation or termination of the account of a borrower under section 15 and the grant or refusal to grant a borrower under that section other facilities normally available to borrowers of his description.

Note: The operation or termination of the account of a borrower under section 15 includes any aspect of the relationship or the termination of the relationship between the lender and such a borrower, including in particular the exercise of any power over the security.

Note: The grant of facilities includes the terms on which they are granted.

Borrowers: other loans

5 The operation or termination of the account of a borrower under section 16 and the grant or refusal to grant a borrower under that section other facilities normally available to borrowers of his description.

Note: The operation or termination of the account of a borrower under section 16 includes any aspect of the relationship or the termination of the relationship between the lender and such a borrower including in particular, in the case of a secured loan, the exercise of any power over the security.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Note: The grant of facilities includes the terms on which they are granted.

Money transmission services

6 The terms on which are provided, the operation of, or the withdrawal of money transmission services.

Note: "Money transmission services" means the services of that description provided in accordance with Schedule 8 to this Act.

Foreign exchange facilities

7 The terms on which are provided, the operation of, or the withdrawal of foreign exchange services.

Note: "Foreign exchange services" means services of that description provided in accordance with Schedule 8 to this Act.

Agency payments and receipts

8 The terms on which payments are made or received as agents or the operation or withdrawal of the service.

Note: The payments made or received as agents are those made or received in accordance with Schedule 8 to this Act.

Provision of credit

9 The operation or termination of the account of a borrower with the person providing the credit.

Note: The credit provided is credit provided under arrangements for the provision of credit in accordance with Schedule 8 to this Act.

PART III

MINIMUM REQUIREMENTS FOR RECOGNISED SCHEMES: OTHER PROVISIONS

Grounds of complaint

1 The grounds for making action by a building society or associated body subject to investigation under the scheme must be that the action constitutes—

(a) in the case of a building society, a breach of the society's obligations under this Act, the rules or any other contract, or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) in the case of an associated body, a breach of the associated body's obligations under its rules (if any) or any contract, or

(c) unfair treatment, or

(d) maladministration,

in relation to the complainant and has caused him pecuniary loss or expense or inconvenience.

Permissible exclusions from investigation

2 A scheme must not exclude action from investigation on any other than the following grounds, that is to say—

(a) that the complaint is frivolous or vexatious;

(b) that the action is the subject of proceedings in a court of law or was the subject of such proceedings in which a judgment on the merits was given;

(c) that, where the society or associated body has a procedure for the resolution of complaints by it (an "internal procedure"), the procedure has not been invoked or has not been exhausted;

(d) that there has been undue delay in having the matter investigated under the scheme; or

(e) that the action in question occurred outside the United Kingdom.

Note: An international procedure for resolution of complaints is not to be treated as having been invoked unless the complainant has made his complaint to the principal office of the society or, as the case may be, the registered office of the associated body and is not to be treated as having been exhausted unless more than three months has elapsed since the complainant invoked it without any decision on his complaint having been communicated to him.

Note: Delay in having a matter investigated under the scheme is not "undue delay" unless at least six months (disregarding the period for exhausting the society's or associated body's internal procedure) has expired since the matter came to the knowledge of the complainant; and a person is not, for this purpose, to be presumed to have knowledge of the contents of a document which contains or relates to the terms or proposed terms of any transaction between him and the society.

Functions of adjudicator

3 A scheme must, as regards the duties and powers attached to the investigation of complaints under the scheme—

(a) impose on the adjudicator a duty, subject to the provision made in pursuance of sub-paragraph (c) below, to investigate and determine any complaint duly made;

(b) impose on the adjudicator a duty to afford the complainant and the society or associated body an opportunity to make representations (whether orally or in writing) in relation to the action complained of;

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(c) confer power on the adjudicator to advise, mediate or act as conciliator before proceeding further with an investigation;

(d) confer power on the adjudicator to extend the scope of his investigation to other matters related to the action complained of; and

(e) confer on an adjudicator such powers to require information and documents relevant to the matter to be furnished to him as are necessary for the purposes of the investigation.

4 (1) Subject to any provision made in pursuance of sub-paragraph (3) below, a scheme must authorise the adjudicator, in reaching his decision, to have regard to, but not to be bound by, any matter (whether or not of obligation) relevant to the action complained of and to question any decision.

(2) A scheme must impose on the adjudicator a duty, in reaching his decision, to have regard to—

(a) the rules (if any) of the society or associated body;

(b) the provisions of any deed or contract binding the society and the complainant or, as the case may be, the associated body and the complainant;

(c) the provisions of any code of conduct applicable to the conduct by the society or associated body of its affairs or business;

(d) any advertisement issued by the society or associated body in connection with any aspect of its activities and any communication with the complainant.

(3) Subject to sub-paragraph (4) below, a scheme may preclude the adjudicator, in his determination, from questioning the merits of any decision taken by the society or associated body with reference to—

(a) the taking or conduct of legal proceedings to enforce any right of the society or associated body; or

(b) the creditworthiness, for the purposes of any advance or other service or facility, of the complainant;

but not otherwise.

(4) Where investigation of a complaint on the ground of maladministration involves consideration by the adjudicator of any decision taken with reference to the creditworthiness of the complainant the scheme must confer power on the adjudicator to direct the society or associated body to take its decision again and reach it by proper procedures.

5 (1) Subject to sub-paragraph (2) below, a scheme must confer power on the adjudicator, by his determination, to do either or both of the following, that is to say—

(a) direct the society or associated body whose action is complained of to take or desist from taking such steps as are specified in the determination;

(b) order the society or associated body whose action is complained of to pay the complainant a sum by way of compensation for the loss, expense or inconvenience caused by the action.

(2) A scheme may impose a limit on the amount of compensation that a society or associated body may be ordered to pay a complainant, but the limit must not be less than £100,000.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Effect of determinations and their communication

6 (1) Subject to any provision made in pursuance of sub-paragraph (2) or (3) below, a scheme must provide that, if the complainant, by notice to the adjudicator within the period specified in the scheme, accepts his determination the society or associated body is under an obligation to take the steps it is directed to take or pay the compensation awarded or both.

(2) A scheme may relieve a society of the obligation imposed by a determination if, but only if, the society undertakes an obligation to give notice to its members of the reasons for its non-fulfilment of the obligations imposed by the determination in the next directors' report under section 75 and to give notice of those reasons to the public in such manner as the adjudicator requires.

(3) A scheme may relieve an associated body of the obligations imposed by a determination if, but only if, each of the building societies with which it is associated undertakes an obligation to give notice to its members of the reasons for the non-fulfilment of the obligations imposed by the determination in the next directors' report under section 75 and to give notice of those reasons to the public in such manner as the adjudicator requires.

7 A scheme must impose on the adjudicator an obligation not to disclose, whether in his determination or otherwise, any information or opinion furnished in confidence to the society or, as the case may be, to the associated body for the purpose of any action on its part.

Reports by adjudicator to administering body

8 A scheme must require reports by the adjudicator as to the discharge of his functions to be made to the body administering the scheme not less frequently than once in every year.

Publication

9 (1) A scheme must permit the body administering the scheme to publish the whole or any parts of the reports made to them by the adjudicator.

(2) A scheme, if it makes the provision authorised by paragraph 6(2) or (3) above, must require the body administering the scheme to send to the Commission, not less frequently than once in every year, particulars of the cases in which building societies have undertaken the alternative obligation authorised by either or both of those sub-paragraphs.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

SCHEDULE 13

SCHEMES FOR INVESIGATION OF COMPLAINTS: RECOGNITION, ACCESSION, ETC.

Preliminary

1 For the purposes of this Schedule, a scheme—

"qualifies for recognition" if it makes provision for the matters specified in Part I of Schedule 12 and the matters action in relation to which is subject to investigation under the scheme consist of or include one or more of the prescribed matters of complaint; and

"conforms to the relevant requirements" if, in relation to a prescribed matter of complaint, it makes action in relation to that matter subject to investigation in accordance with Part III of that Schedule;

and any reference to a scheme qualifying for recognition, or being recognised, to any "extent" indicates recognition of it for the purpose of investigations of action in relation to one or more prescribed matters of complaint.

2 (1) The function of the Commission of granting recognition of schemes is exercisable, in accordance with paragraph 4 or 5 below, on the Commission's own motion or on a submission for its approval made by or on behalf of any building societies.

(2) In this Schedule, in relation to a scheme recognised by the Commission to any extent, a "direction for its recognition" means a direction that the scheme is, to the extent specified in the direction, a scheme recognised by the Commission.

The register of recognised schemes

3 (1) The central office shall maintain a register of recognised schemes for the investigation of complaints ("the register"), and the register shall—

(a) contain a copy of every scheme and the direction for its recognition a copy of which is directed to be kept in it by any provision of this Part of this Schedule; and

(b) be available for inspection on reasonable notice by members of the public on payment of the prescribed fee.

(2) Any member of the public shall be entitled, on payment of the prescribed fee, to be furnished with a copy of any scheme and the direction for its recognition kept in the register.

Procedure for recognition: Commission's initiative

4 (1) If it appears to the Commission, from its own enquiries or from information made available to it, that a scheme has been made or is in operation which qualifies for recognition the Commission shall consider the scheme and the extent to which it qualifies for recognition.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) If, on consideration of a scheme, the Commission is satisfied that the scheme qualifies for recognition and conforms to the relevant requirements in relation to one or more prescribed matters of complaint, the Commission shall approve the scheme as a recognised scheme to such extent as it considers appropriate.

(3) The Commission shall, on approving a scheme under this paragraph, give a direction for its recognition.

(4) On giving a direction for the recognition of a scheme, the Commission shall send a copy of the scheme and of the direction to the central office; and the central office shall keep the copy of the scheme and of the direction in the register.

Procedure for recognition: submission by societies

5 (1) Submission by or on behalf of building societies of a scheme for approval by the Commission as a recognised scheme shall be made by an application for recognition which shall be—

(a) made in such manner as the Commission specifies, either generally or in any particular case; and

(b) accompanied by such information as the Commission may reasonably require, either generally or in any particular case, in order to make its decision on the application;

and in this paragraph "the applicants" means those societies or the person acting on their behalf for the purposes of the application.

(2) Where an application is made to the Commission for recognition of a scheme then—

(a) if it appears to the Commission that the scheme qualifies for recognition and conforms to the relevant requirements in respect of one or more of the prescribed matters of complaint, the Commission shall approve the scheme as a recognised scheme to such extent as it considers appropriate;

(b) if it appears to the Commission that the scheme, with modifications, will, in addition to qualifying for recognition, conform to the relevant requirements in respect of one or more of the prescribed matters of complaint, and the applicants agree on appropriate modifications within the period of 21 days from the date on which the Commission notifies the applicants of the modifications it proposes for their agreement, the Commission shall approve the scheme as modified as a recognised scheme to such extent as it considers appropriate;

but otherwise it shall withold its approval.

(3) The Commission shall, on approving a scheme, give a direction for its recognition and send copies of the direction to the applicants.

(4) On giving a direction for the recognition of a scheme, the Commission shall also send a copy of the scheme and of the direction to the central office; and the central office shall keep the copy of the scheme and of the direction in the register.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Procedure on accession to schemes

6 (1) A building society which accedes to a recognised scheme or has acceded to a scheme which becomes a recognised scheme shall, within the period of 21 days beginning with the date of its accession or on which it receives a copy of the direction for its recognition, as the case may be, send a notice of that fact to the central office and to the Commission.

(2) A notice by a society under sub-paragraph (1) above shall specify the prescribed matters of complaint action in relation to which by the society is subject to investigation under the scheme.

(3) The central office, on receiving such a notice from a society, shall, if satisfied that the scheme is a recognised scheme to the extent required to enable the society to comply with its duty under section 83(3) in relation to the prescribed matters of complaint specified in the notice record the accession of the society to the scheme in the public file of the society.

(4) If a building society fails to comply with sub-paragraph (1) above, the society shall be liable on summary conviction—

(a) to a fine not exceeding level 4 on the standard scale; and

(b) in the case of a continuing offence, to an additional fine not exceeding £100 for every day during which the offence continuesX;

and so shall any director of the society who is also guilty of the offence.

Withdrawal of recognition

7 (1) The Commission may withdraw its recognition of a scheme if it appears to the Commission that—

(a) the scheme does not conform to the relevant requirements; or

(b) the scheme is so operated as not to conform to those requirements.

(2) Withdrawal of recognition of a scheme under this paragraph may operate in relation to the scheme as a whole or to the extent to which the scheme makes one or more prescribed matters of complaint subject to investigation under it.

8 (1) If the Commission proposes at any time to withdraw recognition of a scheme to any extent, it shall serve on each member, on the body administering the scheme and on the adjudicator under the scheme, a notice stating—

(a) that the Commission proposes to withdraw recognition and to what extent;

(b) the grounds for the proposed withdrawal of recognition; and

(c) that the person receiving the notice may make representations with respect to the proposed withdrawal within such period of not less than 14 days as may be specified in the notice.

(2) The Commission shall, before reaching a decision on whether to withdraw recognition, consider any representations made to it in accordance with sub-paragraph (1) above and shall serve on every person on whom it served a notice under that sub-paragraph a notice stating its decision and the grounds for it.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

9 Withdrawal of recognition by the Commission shall take effect as from such date as is specified in the notice of its decision, being a date not less than one year nor more than two years after the date of the notice.

Withdrawal from membership

10 (1) A building society wishing to withdraw from membership of a recognised scheme shall send notice of its proposed withdrawal to the central office and to the Commission.

(2) A notice by a society under sub-paragraph (1) above shall specify the prescribed matters of complaint action in relation to which by the society is subject to investigation under the scheme and the recognised scheme or recognised schemes of which it is or, on its withdrawal, will become a member under which, as regards each of the prescribed matters of complaint specified in the notice, action by the society is or will be subject to investigation.

(3) The central office, on receiving such a notice from a society, if satisfied that its withdrawal from the scheme will not result in a failure by it to comply with the duty imposed on it by section 83(3), shall confirm the withdrawal of the society from the scheme; but, if the central office is not so satisfied, the central office shall withold its confirmation.

(4) If the central office withholds its confirmation of a society's withdrawal from a scheme, the society shall continue to a member of the scheme and bound and entitled under the scheme accordingly.

(5) On confirming the withdrawal of a society from a scheme the central office shall send to the society and to the Commission notice of its decision and the central office shall record the decision in the public file of the society.

SCHEDULE 14

Section 85.

SETTLEMENT OF DISPUTES

Modifications etc. (not altering text)
C115 Sch. 14 excluded (*temp.*) by S.I. 1986/2168, **art. 3(1)(4)**

PART I

PROCEEDINGS IN COURT

Jurisdiction of the court

1 (1) No court other than the High Court or, in the case of a building society whose principal office is in Scotland the Court of Session, shall have jurisdiction to hear and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

determine disputes to which this paragraph applies; and, in this Part of this Schedule, "the court" means the High Court or, as the case may be, the Court of Session.

(2) This paragraph applies to any dispute—

(a) between a building society and a member of the society in his capacity as a member, or

(b) between a building society and a representative of such a member in that capacity,

in respect of any rights or obligations arising from the rules of the society or any provision of this Act or any statutory instrument under it.

(3) Except in the cases referred to in sub-paragraph (5) below, no disputes to which this paragraph applies may be referred to arbitration.

(4) The court shall not hear and determine any dispute arising out of section 61(8)(a) or paragraph 31(4)(a) of Schedule 2 to this Act.

(5) The court shall not hear and determine any dispute which is required to be referred to arbitration under paragraph 4 below or which is referred to the Commission under paragraph 6 or to an adjudicator under paragraph 7 below except as provided in paragraph 2 below.

2 The court may hear and determine a dispute falling within paragraph 1(5) above in any case where, on the application of any person concerned, it appears to the court—

(a) that application has been made by either party to the dispute to the other party for the purpose of having the dispute settled by arbitration, and

(b) that either arbitrators have not been appointed within 40 days of that application or the arbitrators have refused, or have neglected for a period of 21 days, to proceed with the reference or make an award.

Right of central office to be heard

3 (1) Any person who institutes proceedings in the court in relation to a dispute to which paragraph 1 above applies shall give notice of the fact and of the matter in dispute to the central office.

(2) The court shall not proceed to hear a dispute to which paragraph 1 applies until the court is satisfied that the notice required by sub-paragraph (1) above has been given.

(3) The central office shall be entitled, with the leave of the court, to attend and to be heard at any hearing of a dispute to which paragraph 1 applies.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

PART II

ARBITRATION

Circulation of election addresses, resolutions and statements

4 (1) If the rules of the society so provide, any dispute in respect of a refusal by a building society to send to its members—

(a) copies of an election address, in accordance with section 61(7), or

(b) any document required to be sent under paragraph 31(1) of Schedule 2 to this Act,

shall, unless the refusal is on one of the grounds specified in sub-paragraph (2) below, be referred to arbitration.

(2) Those grounds are—

(a) that publicity for the document in question would be likely to diminish substantially the confidence in the society of investing members of the public, or

(b) that the rights conferred by section 61(7) or paragraph 31(1) are being abused to seek needless publicity for defamatory matter.

VALID FROM 01/12/1997

[F118 Calling of special meeting]

Textual Amendments

F118 Sch. 14 para. 4A and cross-heading preceding it inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 64(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxxvii)**

[F119 4A If the rules of the society so provide, any dispute in respect of a refusal by a building society to call a special meeting required to be called under paragraph 20A(1)(a) of Schedule 2 to this Act shall be referred to arbitration.**]**

Textual Amendments

F119 Sch. 14 para. 4A and cross-heading preceding it inserted (1.12.1997 in specified cases and for specified purposes and otherwise in accordance with art. 2(2)(3)(5) of S.I. 1997/2668) by 1997 c. 32, ss. 43, 47(3), **Sch. 7 para. 64(4)**; S.I. 1997/2668, art. 2, **Sch. Pt. II(w)(z)(xxxvii)**

Procedure on a reference to arbitration

5 (1) This paragraph has effect in relation to an arbitration under paragraph 4(1) above.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) One or more arbitrators shall be appointed in the manner provided for by the rules of the building society; and so shall another arbitrator if an appointed arbitrator dies or refuses to act.

(3) No arbitrator acting on a reference shall be beneficially interested (whether directly or indirectly) in the funds of the society.

(4) The rules of the society may provide for the procedure to be followed on a reference to arbitration.

(5) An award made by arbitrators, or the majority of them, shall be final and binding.

(6) For the purposes of the [M83]Arbitration Act 1950 and the [M84]Arbitration Act 1979 or, in Northern Ireland, the [M85]Arbitration Act (Northern Ireland) 1937 the rules of the society shall be treated as an arbitration agreement.

(7) In relation to Scotland, sub-paragraph (6) above shall be omitted.

Marginal Citations
M83 1950 c. 27
M84 1979 c. 42.
M85 1937 c. 8 (N.I.).

Access to register of members

6 (1) Any dispute as to the rights of a member of a building society under paragraph 15 of Schedule 2 to this Act shall be referred to the Commission.

(2) The reference of a dispute to the Commission under this paragraph shall be treated as a reference to arbitration; and its award shall have the same effect as that of an arbitrator acting in a reference under paragraph 4(1) above.

Disputes cognizable under a scheme

7 (1) Any dispute relating to a prescribed matter of complaint action in relation to which is subject to investigation under section 83 may, if the complainant and the society or, as the case may be, the complainant and the associated body agree, instead of being determined by the adjudicator under the scheme, be referred to him as arbitrator.

(2) The reference of a dispute to an adjudicator under sub-paragraph (1) above shall be treated as a reference to arbitration, and his award shall have the same effect as that of an arbitrator acting in a reference under paragraph 4(1) above.

(3) Any expression used in this paragraph and section 83 has the same meaning in this paragraph as in that section.

General

8 In this Part of this Schedule, in relation to an arbitration in Scotland, references to an arbitrator shall be read as references to an arbiter.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

SCHEDULE 15

Section 90.

APPLICATION OF COMPANIES WINDING UP LEGISLATION TO BUILDING SOCIETIES

PART I

GENERAL MODE OF APPLICATION

1 The enactments which comprise the companies winding up legislation (referred to in this Schedule as "the enactments") are the provisions of—

(a) Parts IV, VI, VII **[**F120, XII and XIII**]** of the M86Insolvency Act 1986, or

[F121(b) Articles 5 to 8 of Part I and Parts V, VII and XI of the Insolvency (Northern Ireland) Order 1989; or**]**

and, in so far as they relate to offences under any such enactment, sections 430 and 432 of, and Schedule 10 to, the Insolvency Act 1986 or **[**F122Articles 2(6) and 373 of, and Schedule 7 to, the Insolvency (Northern Ireland) Order 1989**]**.

Textual Amendments

F120 Words substituted by Companies Act 1989 (c. 40, SIF 27), **s. 211(2)(a)** (subject to a saving as referred to in S.I. 1990/1392, **art. 4(a)**)

F121 Sch. 15 para. 1(b) substituted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(a)(i)**; S.R. 1991/411, **art. 2**

F122 Words in Sch. 15 para. 1 substituted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(a)(ii)**; S.R. 1991/411, **art. 2**

Marginal Citations

M86 1986 c. 45

2 Subject to the following provisions of this Schedule, the enactments apply to the winding up of building societies as they apply to the winding up of companies limited by shares and registered under the M87Companies Act 1985 or (as the case may be) the Companies (Northern Ireland) Order 1986.

Marginal Citations

M87 1985 c. 6.

3 (1) The enactments shall, in their application to building societies, have effect with the substitution—

(a) for "company" of "building society";

(b) for "the registrar of companies" or "the registrar" of "the central office";

(c) for "the articles" of "the rules"; and

(d) for "registered office" of "principal office".

(2) In the application of the enactments to building societies—

(a) every reference to the officers, or to a particular officer, of a company shall have effect as a reference to the officers, or to the corresponding officer, of

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

the building society and as including a person holding himself out as such an officer; and

(b) every reference to an administrator, an administration order, an administrative receiver [F123] or a voluntary arrangement shall be omitted.

Textual Amendments

F123 Words repealed by Companies Act 1989 (c. 40, SIF 27), ss. 211(2)(b), 212, **Sch. 24**

4 (1) Where any of the enactments as applied to building societies requires a notice or other document to be sent to the central office, it shall have effect as if it required the central office to keep the notice or document in the public file of the society concerned and to record in that file the date on which the notice or document is placed in it.

(2) Where any of the enactments, as so applied, refers to the registration, or to the date of registration, of such a notice or document, that enactment shall have effect as if it referred to the placing of the notice or document in the public file or (as the case may be) to the date on which it was placed there.

5 Any enactment which specifies a money sum altered by order under section 416 of the [M88]Insolvency Act 1986, or, as the case may be, **[**[F124]Article 362 of the Insolvency (Northern Ireland) Order 1989**]**, (powers to alter monetary limits) applies with the effect of the alteration.

Textual Amendments

F124 Words in Sch. 15 para. 5 substituted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(b)**; S.R. 1991/411, **art. 2**

Marginal Citations

M88 1986 c. 45.

PART II

MODIFIED APPLICATION OF INSOLVENCY ACT 1986

PARTS IV AND XII

Preliminary

6 In this Part of this Schedule, Part IV of the Insolvency Act 1986 is referred to as "Part IV"; and that"Act is referred to as "the Act".

Members of a building society as contributories in winding up

7 (1) Section 74 (liability of members) of the Act is modified as follows.

(2) In subsection (1), the reference to any past member shall be omitted.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) Paragraphs (a) to (d) of subsection (2) shall be omitted; and so shall subsection (3).

(4) The extent of the liability of a member of a building society in a winding up shall not exceed the extent of his liability under paragraph 6 of Schedule 2 to this Act.

8 Sections 75 to 78 and 83 in Chapter I of Part IV (miscellaneous provisions not relevant to building societies) do not apply.

9 (1) Section 79 (meaning of "contributory") of the Act does not apply.

(2) In the enactments as applied to a building society, "contributory"—

(a) means every person liable to contribute to the assets of the society in the event of its being wound up, and

(b) for the purposes of all proceedings for determining, and all proceedings prior to the determination of, the persons who are to be deemed contributories, includes any person alleged to be a contributory, and

(c) includes persons who are liable to pay or contribute to the payment of—

(i) any debt or liability of the building society being wound up, or

(ii) any sum for the adjustment of rights of members among themselves, or

(iii) the expenses of the winding up;

but does not include persons liable to contribute by virtue of a declaration by the court under section 213 (imputed responsibility for fraudulent trading) or section 214 (wrongful trading) of the Act.

Voluntary winding up

10 (1) Section 84 of the Act does not apply.

(2) In the enactments as applied to a building society, the expression "resolution for voluntary winding up" means a resolution passed under section 88(1) of this Act.

11 In subsection (1) of section 101 (appointment of liquidation committee) of the Act, the reference to functions conferred on a liquidation committee by or under that Act shall have effect as a reference to its functions by or under that Act as applied to building societies.

12 (1) Section 107 (distribution of property) of the Act does not apply; and the following applies in its place.

(2) Subject to the provisions of Part IV relating to preferential payments, a building society's property in a voluntary winding up shall be applied in satisfaction of the society's liabilities to creditors (including any liability resulting from the variation to the liquidator's duty effected by section 28 or 31 of this Act) pari passu and, subject to that application, in accordance with the rules of the society.

13 Sections 110 and 111 (liquidator accepting shares, etc. as consideration for sale of company property) of the Act do not apply.

14 Section 116 (saving for certain rights) of the Act shall also apply in relation to the dissolution by consent of a building society as it applies in relation to its voluntary winding up.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Winding up by the court

15 In sections 117 (High Court and county court jurisdiction) and 120 (Court of Session and sheriff court jurisdiction) of the Act, each reference to a company's share capital paid up or credited as paid up shall have effect as a reference to the amount standing to the credit of shares in a building society as shown by the latest balance sheet.

16 Section 122 (circumstances in which company may be wound up by the court) of the Act does not apply.

17 Section 124 (application for winding up) of the Act does not apply.

18 (1) In section 125 (powers of court on hearing of petition) of the Act, subsection (1) applies with the omission of the words from "but the court" to the end of the subsection.

(2) The conditions which the court may impose under section 125 of the Act include conditions for securing—

(a) that the building society be dissolved by consent of its members under section 87, or

(b) that the society amalgamates with, or transfers its engagements to, another building society under section 93 or 94, or

(c) that the society transfers its business to a company under section 97,

and may also include conditions for securing that any default which occasioned the petition be made good and that the costs, or in Scotland the expenses, of the proceedings on that petition be defrayed by the person or persons responsible for the default.

19 Section 126 (power of court, between petition and winding up order, to stay or restrain proceedings against company) of the Act has effect with the omission of subsection (2).

20 If, before the presentation of a petition for the winding up by the court of a building society, an instrument of dissolution under section 87 is placed in the society's public file, section 129(1) (commencement of winding up by the court) of the Act shall also apply in relation to the date on which the instrument is so placed and to any proceedings in the course of the dissolution as it applies to the commencement date for, and proceedings in, a voluntary winding up.

21 (1) Section 130 of the Act (consequences of winding-up order) shall have effect with the following modifications.

(2) Subsections (1) and (3) shall be omitted.

(3) A building society shall, within 15 days of a winding-up order being made in respect of it, give notice of the order to the central office; and the central office shall keep the notice in the public file of the society.

(4) If a building society fails to comply with sub-paragraph (3) above, it shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale; and so shall any officer who is also guilty of the offence.

22 Section 140 (appointment of liquidator by court in certain circumstances) of the Act does not apply.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

23 In the application of sections 141(1) and 142(1) (liquidation committees), of the Act to building societies, the references to functions conferred on a liquidation committee by or under that Act shall have effect as references to its functions by or under that Act as so applied.

24 The conditions which the court may impose under section 147 (power to stay or sist winding up) of the Act shall include those specified in paragraph 18(2) above.

25 Section 154 (adjustment of rights of contributories) of the Act shall have the effect with the modification that any surplus is to be distributed in accordance with the rules of the society.

26 In section 165(2) (liquidator's powers) of the Act, the reference to an extraordinary resolution shall have effect as a reference to a special resolution.

Winding up: general

27 Section 187 (power to make over assets to employees) of the Act does not apply.

28 (1) In section 201 (dissolution: voluntary winding up) of the Act, subsection (2) applies without the words from "and on the expiration" to the end of the subsection and, in subsection (3), the word "However" shall be omitted.

(2) Sections 202 to 204 (early dissolution) of the Act do not apply.

29 In section 205 (dissolution: winding up by the court) of the Act, subsection (2) applies with the omission of the words from "and, subject" to the end of the subsection; and in subsections (3) and (4) references to the Secretary of State shall have effect as references to the Commission.

Penal provisions

30 Sections 216 and 217 of the Act (restriction on re-use of name) do not apply.

31 (1) Sections 218 and 219 (prosecution of delinquent officers) of the Act do not apply in relation to offences committed by members of a building society acting in that capacity.

(2) Sections 218(5) of the Act and subsections (1) and (2) of section 219 of the Act do not apply.

(3) The references in subsections (3) and (4) of section 219 of the Act to the Secretary of State shall have effect as references to the Commission; and the reference in subsection (3) to subsection 218 of the Act shall have effect as a reference to that section as supplemented by paragraph 32 below.

32 (1) Where a report is made to the prosecuting authority (within the meaning of section 218) under section 218(4) of the Act, in relation to an officer of a building society, he may, if he thinks fit, refer the matter to the Commission for further enquiry.

(2) On such a reference to it the Commission shall exercise its power under section 55(1) of this Act to appoint one or more investigators to investigate and report on the matter.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) An answer given by a person to a question put to him in exercise of the powers conferred by section 55 on a person so appointed may be used in evidence against the person giving it.

Preferential debts

33 Section 387 (meaning in Schedule 6 of "the relevant date") of the Act applies with the omission of subsections (2) and (4) to (6).

[F125 PART III

MODIFIED APPLICATION OF INSOLVENCY (NORTHERN IRELAND) ORDER 1989

Textual Amendments

F125 Sch. 15 paras. 34-55E substituted (N.I.) (1.10.1991) for Sch. 15 paras. 34-55 by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(c)**; S.R. 1991/411, **art. 2**

PARTS V AND XI

Preliminary

34 In this Part of this Schedule, Part V of the Insolvency (Northern Ireland) Order 1989 is referred to as "Part V", that Order is referred to as "the Order" and references to "Articles" are references to Articles of that Order.

Members of a building society as contributories in winding up

35 (1) Article 61 (liability of members) is modified as follows.

(2) In paragraph (1), the reference to any past member shall be omitted.

(3) Sub-paragraphs (*a*) to (*d*) of paragraph (2) shall be omitted; and so shall paragraph (3).

(4) The extent of the liability of a member of a building society in a winding up shall not exceed the extent of his liability under paragraph 6 of Schedule 2 to this Act.

36 Articles 62 to 65 and 69 in Chapter I of Part V (miscellaneous provisions not relevant to building societies) do not apply.

37 In the enactments as applied to a building society, "contributory"—

(a) means every person liable to contribute to the assets of the society in the event of its being wound up, and

(b) for the purposes of all proceedings for determining, and all proceedings prior to the determination of, the persons who are to be deemed contributories, includes any person alleged to be a contributory, and

(c) includes persons who are liable to pay or contribute to the payment of—

(i) any debt or liability of the building society being wound up, or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(ii) any sum for the adjustment of rights of members among themselves, or

(iii) the expenses of the winding up;

but does not include persons liable to contribute by virtue of a declaration by the Court under Article 177 (imputed responsibility for fraudulent trading) or Article 178 (wrongful trading).

Voluntary winding up

38 (1) Article 70 does not apply.

(2) In the enactments as applied to a building society, the expression "resolution for voluntary winding up" means a resolution passed under section 88(1) of this Act.

39 In paragraph (1) of Article 87 (appointment of liquidation committee), the reference to functions conferred on a liquidation committee by or under the Order shall have effect as a reference to its functions by or under the Order as applied to building societies.

40 (1) Article 93 (distribution of property) does not apply; and the following applies in its place.

(2) Subject to the provisions of Part V relating to preferential payments, a building society's property in a voluntary winding up shall be applied in satisfaction of the society's liabilities to creditors (including any liability resulting from the variation to the liquidator's duty effected by section 28 or 31 of this Act) pari passu and, subject to that application, in accordance with the rules of the society.

41 Articles 96 and 97 (liquidator accepting shares, etc, as consideration for sale of company property) do not apply.

42 Article 101 (saving for certain rights) shall also apply in relation to the dissolution by consent of a building society as it applies in relation to its voluntary winding up.

Winding up by the High Court

43 Article 102 (circumstances in which company may be wound up by the High Court) does not apply.

44 Article 104 (application for winding up) does not apply.

45 (1) In Article 105 (powers of High Court on hearing of petition), paragraph (1) applies with the omission of the words from "but the Court" to the end of the paragraph.

(2) The conditions which the High Court may impose under Article 105 include conditions for securing—

(a) that the building society be dissolved by consent of its members under section 87, or

(b) that the society amalgamates with, or transfers its engagements to, another building society under section 93 or 94, or

(c) that the society transfers its business to a company under section 97,

and may also include conditions for securing that any default which occasioned the petition be made good and that the costs of the proceedings on that petition be defrayed by the person or persons responsible for the default.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

46 Article 106 (power of High Court, between petition and winding-up order, to stay or restrain proceedings against company) has effect with the omission of paragraph (2).

47 If, before the presentation of a petition for the winding up by the High Court of a building society, an instrument of dissolution under section 87 is placed in the society's public file, Article 109(1) (commencement of winding up by the High Court) shall also apply in relation to the date on which the instrument is so placed and to any proceedings in the course of the dissolution as it applies to the commencement date for, and proceedings in, a voluntary winding up.

48 (1) Article 110 (consequences of winding-up order) shall have effect with the following modifications.

(2) Paragraphs (1) and (3) shall be omitted.

(3) A building society shall, within 15 days of a winding-up order being made in respect of it, give notice of the order to the central office; and the central office shall keep the notice in the public file of the society.

(4) If a building society fails to comply with sub-paragraph (3) above, it shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale; and so shall any officer who is also guilty of the offence.

49 Article 119 (appointment of liquidator by High Court in certain circumstances) does not apply.

50 In the application of Article 120(1) (liquidation committee) to building societies, the references to functions conferred on a liquidation committee by or under the Order shall have effect as references to its function by or under the Order as so applied.

51 The conditions which the High Court may impose under Article 125 (power to stay winding up) shall include those specified in paragraph 45(2) above.

52 Article 132 (adjustment of rights of contributories) shall have effect with the modification that any surplus is to be distributed in accordance with the rules of the society.

53 In Article 140(2) (liquidator's powers), the reference to an extraordinary resolution shall have effect as a reference to a special resolution.

Winding up: general

54 Article 158 (power to make over assets to employees) does not apply.

55 (1) In Article 166 (dissolution: voluntary winding up), paragraph (2) applies without the words from "and on the expiration" to the end of the paragraph and, in paragraph (3), the word "However" shall be omitted.

(2) Articles 167 and 168 (early dissolution) do not apply.

55A In Article 169 (dissolution: winding up by the High Court) paragraph (1) applies with the omission of the words from "and, subject" to the end of the paragraph; and in paragraphs (2) and (3) references to the Department shall have effect as references to the Commission.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Penal provisions

55B Articles 180 and 181 (restriction on re-use of name) do not apply.

55C (1) Articles 182 and 183 (prosecution of delinquent officers) do not apply in relation to offences committed by members of a building society acting in that capacity.

(2) Article 182(4) and paragraphs (1) and (2) of Article 183 do not apply.

(3) The references in paragraphs (3) and (5) of Article 183 to the Department shall have effect as references to the Commission; and the reference in paragraph (3) to Article 182 shall have effect as a reference to that Article as supplemented by paragraph 55D below.

55D (1) Where a report is made to the prosecuting authority (within the meaning of Article 182) under Article 182(3), in relation to an officer of a building society, he may, if he thinks fit, refer the matter to the Commission for further enquiry.

(2) On such a reference to it the Commission shall exercise its power under section 55(1) of this Act to appoint one or more investigators to investigate and report on the matter.

(3) An answer given by a person to a question put to him in exercise of the powers conferred by section 55 on a person so appointed may be used in evidence against the person giving it.

Preferential debts

55E Article 347 (meaning in Schedule 4 of "the relevant date") applies with the omission of paragraphs (2) and (4) to (6).**]**

PART IV

DISSOLUTION OF BUILDING SOCIETY WOUND UP (ENGLAND AND WALES, SCOTLAND AND NORTHERN IRELAND)

56 (1) Where a building society has been wound up voluntarily, it is dissolved as from 3 months from the date of the placing in the public file of the society of the return of the final meetings of the society and its creditors made by the liquidator under—

(a) section 94 or (as the case may be) 106 of the [M89]Insolvency Act 1986 (as applied to building societies), or on such other date as is determined in accordance with section 201 of that Act, or

(b) Article **[**[F126]80 or (as the case may be) 92 of the Insolvency (Northern Ireland) Order 1989**]**(as so applied), or on such other date as is determined in accordance with that Article,

as the case may be.

(2) Where a building society has been wound up by the court, it is dissolved as from 3 months from the date of the placing in the public file of the society of—

(a) the liquidator's notice under section 172(8) of the [M90]Insolvency Act 1986 (as applied to building societies) **[**[F127]or, as the case may be, Article 146(7) of the Insolvency (Northern Ireland) Order 1989 (as applied to building societies)**]**, or

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) the notice of the completion of the winding up from the official receiver or the **[**[F128]official receiver for Northern Ireland**]**,

or on such other date as is determined in accordance with section 205 of that Act **[**[F129]or Article 169 of that Order**]**, as the case may be.

Textual Amendments

F126 Words in Sch. 15 para. 56(1)(b) substituted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(d)(i)**; S.R. 1991/411, **art. 2**

F127 Words in Sch. 15 para. 56(2)(a) inserted (N.I.) (1.10.191) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(d)(ii)**; S.R. 1991/411, **art. 2**

F128 Words in Sch. 15 para. 56(2)(b) substituted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(d)(iii)**; S.R. 1991/411, **art. 2**

F129 Words in Sch. 15 para. 56(2) inserted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(d)(iv)**; S.R. 1991/411, **art. 2**

Marginal Citations

M89 1986 c. 45

M90 1986 c. 45.

57 (1) Sections 654 to 658 of the [M91]Companies Act 1985 or Articles 605 to 609 of the Companies (Northern Ireland) Order 1986 (provisions as to corporate property as bona vacantia) shall have the same effect in relation to the property of a dissolved building society (whether dissolved under section 87 or following its winding up) as they have in relation to the property of a dissolved company, but with the following modifications.

(2) Paragraph 3(1) above shall apply to those sections for the purpose of their application to building societies.

(3) Subsection (2) of section 654 and subsections (1) and (3) of section 655 apply without the words "or 653"; and the references in those subsections to section 651 shall have effect as references to section 91 of this Act.

(4) Paragraph (2) of Article 605 and paragraph (1) of Article 606 apply without the words "or 604"; and references in those paragraphs to Article 602 shall have effect as references to section 91 of this Act.

Marginal Citations

M91 1985 c. 6.

Insolvency rules and fees: England and Wales and Scotland

58 (1) Rules may be made under section 411 of the Insolvency Act for the purpose of giving effect, in relation to building societies, to the provisions of the applicable winding up legislation.

(2) An order made by the competent authority under section 414 of the Insolvency Act 1986 may make provision for fees to be payable under that section in respect of proceedings under the applicable winding up legislation and the performance by the official receiver or the Secretary of State of functions under it.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Insolvency rules and fees: Northern Ireland

59 (1) Rules may be made under **[**F130Article 359 of the Insolvency (Northern Ireland) Order 1989**]**for the purpose of giving effect in relation to building societies, to the provisions of the applicable winding up legislation.

[F131(2) An order made by the Department of Economic Development under Article 361 of the Insolvency (Northern Ireland) Order 1989 may make provision for fees to be payable under that Article in respect of proceedings under the applicable winding-up legislation and the performance by the official receiver for Northern Ireland or that Department of functions under it.**]**

Textual Amendments

F130 Words in Sch. 15 para. 59(1) substituted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(e)(i)**; S.R. 1991/411, **art. 2**

F131 Sch. 15 para. 59(2) substituted (N.I.) (1.10.1991) by S.I. 1989/2405 (N.I. 19), arts. 2(1), 381, **Sch. 9 Pt. II para. 45(e)(ii)**; S.R. 1991/411, **art. 2**

VALID FROM 01/12/1997

[F132SCHEDULE 15A

APPLICATION OF OTHER COMPANIES INSOLVENCY LEGISLATION TO BUILDING SOCIETIES

Textual Amendments

F132 Sch. 15A inserted (1.12.1997) by 1997 c. 32, s. 39(2), **Sch. 6**; S.I. 1997/2668, art. 2, **Sch. Pt. I(i)**

. . . . . .

SCHEDULE 16

Sections 93, 94 and 95.

MERGERS: SUPPLEMENTARY PROVISIONS

Modifications etc. (not altering text)

C116 Sch. 16 excluded by S.I. 1986/2168, **art. 9(2)**(*b*)(3)

PART I

ISSUE OF STATEMENTS TO MEMBERS

1 (1) A building society which desires—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) to amalgamate with one or more other building societies, or

(b) to transfer its engagements to another building society, or

(c) to undertake to fulfil the engagements of another building society,

shall, unless the Commission, in the case of a society desirous of undertaking to fulfil another's engagements, has consented under section 94(5) to its proceeding by resolution of the board of directors, send to every member entitled to notice of a meeting of the society a statement concerning the matters specified in sub-paragraph (4) below.

(2) A building society shall include the statement referred to in sub-paragraph (1) above in or with the notice to be sent to its members of the meeting of the society at which the resolutions require for the approval of the amalgamation or, as the case may be, the transfer are to be moved.

(3) No statement shall be sent unless its contents, so far as they concern the matters specified in sub-paragraph (4) below, have been approved by the Commission.

(4) Those maters are the following, namely—

(a) the financial position of the building society and that of the other building society or societies participating in the amalgamation or transfer;

(b) the interest of the directors of the building society in the amalgamation or transfer of engagements;

(c) the compensation or other consideration (if any) proposed to be paid to or in respect of the directors or other officers of the building society and of the other building society or societies participating in the amalgamation or transfer;

(d) the payments (if any) to be made to members of the building society and of the other building society or societies participating in the amalgamation or transfer by way of a distribution of funds in consideration of the amalgamation or transfer;

(e) the changes (if any) to be made, in connection with the amalgamation or transfer of engagements, in the terms governing outstanding class 1 or class 2 advances made by the building society;

(f) any other matter which the Commission requires in the case of the particular amalgamation or transfer of engagements.

(5) The statement shall be sent so that any member to whom the building society sends notice of the meeting at which the resolutions to approve the amalgamation or transfer are to be considered will receive the statement not later than he receives the notice.

(6) Any expression used in this paragraph and in section 96 has the same meaning in this paragraph as in that section.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

PART II

NOTIFICATION OF PROPOSALS FOR MERGER

Modifications etc. (not altering text)
C117 Sch. 16 Pt. II (paras. 2–6) excluded by S.I. 1986/2169, **art. 10**

Preliminary

2 In this Part of this Schedule—

"merger" means an amalgamation of building societies under section 93 or a transfer of all the engagements of one building society to another under section 94; and "merger" has a corresponding meaning;

"merger proposal", in relation to a building society, means a proposal in writing, by another building society desiring to merge with it, for the societies to merge, with or without terms for the merger; and "proposer" has a corresponding meaning;

"merger resolutions", in relation to a building society, means the resolutions required for the approval of a merger of the society with another building society under section 93(2) or 94(2);

"merger statement" means a statement containing the requisite particulars of a merger proposal; and

"requisite particulars", in relation to a merger proposal, means the particulars required by paragraph 3(2) below to be given in a merger statement.

Modifications etc. (not altering text)
C118 Definition applied (1.6.1999) by S.I. 1999/1215, **reg. 3(6)**

Duty to notify members

3 (1) Subject to sub-paragraph (3) below, it shall be the duty of a building society receiving a merger proposal to send, in accordance with this Part of this Schedule, a merger statement in respect of the proposal to every member entitled to notice of a meeting of the society.

(2) A merger statement must contain the following particulars—

(a) the fact that a merger proposal has been made, and

(b) the identity of the proposer,

with or without other particulars regarding the proposal.

(3) Sub-paragraph (1) above does not require a merger statement to be sent to members if the proposer has requested in writing that the requisite particulars are to be treated as confidential; and, where such a request is made and is at a later date withdrawn in writing, the society receiving the proposal shall, for the purposes of this Part of this Schedule, treat the proposal as having been received on that date instead of any earlier date.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

4 (1) A building society shall include in or with every notice of its annual general meeting a merger statement with respect to any merger proposal, other than a proposal of which notice has already been given under this paragraph,—

(a) received by it during the period of 12 months ending with the ninth month of the last financial year of the society before that meeting; or

(b) treated by paragraph 3(3) above as having been received by it during the last three months of that financial year;

and the society may also include, under this sub-paragraph, a merger statement with respect to any proposal received, or treated as received, by it after the end of either period.

(2) In any case where merger resolutions are to be moved at any meeting of a building society, every notice of the meeting shall have included in or with it a merger statement with respect to any merger proposal, other than a proposal of which notice has already been given under this paragraph, received by it more than 42 days before the date of the meeting.

Duty to notify central office

5 (1) Where a building society sends a merger statement to its members under paragraph 4 above in connection with a meeting of the society, it shall send a copy of the statement to the central office at least 14 days before the date of the meeting.

(2) The central office shall keep the copy of a merger statement received by it from a building society in the public file of that society.

Penalty

6 If default is made by a building society in complying with paragraph 4(1), 4(2) or 5 above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale; and so shall any officer who is also guilty of the offence.

PART III

CONFIRMATION BY COMMISSION: PROCEDURE

7 An application for confirmation by the Commission of an amalgamation or transfer of engagements shall be made in such manner as the Commission may prescribe.

8 (1) Where a building society applies to the Commission for confirmation of an amalgamation or transfer or engagements, the society shall publish notice of the application in any one or more of the London Gazette, the Edinburgh Gazette or the Belfast Gazette, as the Commission directs and, if it so directs, in one or more newspapers.

(2) A notice published in pursuance of sub-paragraph (1) above shall—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) state that any interested party has the right to make representations to the Commission with respect to the application; and

(b) specify a date determined by the Commission before which any written representations or notice of a person's intention to make oral representations must be received by the Commission; and

(c) specify a date determined by the Commission as the day on which it intends to hear any oral representations.

9 (1) After the date specified in pursuance of paragraph 8(2)(b) above, the Commission shall—

(a) determine the time and place at which oral representations may be made;

(b) give notice of that determination to the building societies participating in the amalgamation or transfer and any persons who have given notice of their intention to make oral representations; and

(c) send copies of the written representations received by the Commission to the building societies participating in the amalgamation or transfer.

(2) The Commission shall allow any building society participating in the amalgamation or transfer an opportunity to comment on the written representations, whether at a hearing or in writing before the expiration of such period as the Commission specifies in a notice to the society.

SCHEDULE 17

Section 97 and 98.

TRANSFERS OF BUSINESS: SUPPLEMENTARY PROVISIONS

PART I

ISSUE OF STATEMENT TO MEMBERS

Preliminary

1 In This Part of this Schedule—

"prescribed matters" in relation to any transfer of the business of a building society to its successor, means the matters relating to the transfer, the society, its officers, members or depositors, or the successor, which are prescribed in regulations made under paragraph 5 below; and

"transfer statement", in relation to a transfer of business by a building society, means the statement with respect to the transfer to be sent to members of the society under paragraph 2 below.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Duty to send transfer statements to members

2 A building society which desires to transfer its business shall, in accordance with this Part of this Schedule, send a transfer statement to every member entitled to notice of a meeting of the society.

3 A transfer statement, in relation to a transfer of business by a building society, shall contain—

(a) the particulars required, in relation to the prescribed matters, by the regulations made under paragraph 5 below, and

(b) particulars of any other matters required by the Commission in the case of the particular transfer,

with or without other particulars regarding the transfer.

4 (1) Subject to sub-paragraph (2) below, a building society shall, in relation to a transfer of business, include a transfer statement in or with the notice to be sent to its members of the meeting of the society at which the requisite transfer resolutions are to be moved.

(2) No transfer statement shall be sent unless its contents, so far as they concern the prescribed matters or any matter of which particulars are required to be given under paragraph 3(b) above, have been approved by the Commission.

5 (1) The Commission, with the consent of the Treasury, may make regulations for the purpose of specifying, as prescribed matters, the matters of which transfer statements are to give particulars; and the regulations may also require particulars to be given of any alternatives to the particular transfer which were available to the society making the transfer.

(2) The power to make regulations under this paragraph is exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

VALID FROM 01/12/1997

[F139 PART IA

NOTIFICATION OF PROPOSALS FOR TRANSFERS OF BUSINESS

Textual Amendments

F139 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

F140 *Preliminary*

Textual Amendments

F140 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

F141 5A In this Part of this Schedule—

"requisite particulars", in relation to a transfer proposal, means the particulars required by paragraph 5B(2) below to be given in a transfer proposal notification;

"transfer", in relation to a building society, means a transfer of the whole of its business to a company under section 97;

"transfer proposal", in relation to a building society, means a proposal in writing by a company for a transfer by the society to the company, with or without terms for the transfer; and "proposer" has a corresponding meaning;

"transfer proposal notification" means a notification containing the requisite particulars of a transfer proposal;

"transfer resolutions", in relation to a building society, means the resolutions required for the approval of a transfer by the society under section 97.

Textual Amendments

F141 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

Modifications etc. (not altering text)

C119 Definition applied (1.6.1999) by S.I. 1999/1215 reg. 3(6)

F142 *Duty to notify members*

Textual Amendments

F142 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

F143 5B (1) Subject to sub-paragraph (3) below, it shall be the duty of a building society receiving a transfer proposal to send, in accordance with this Part of this Schedule, a transfer proposal notification in respect of the proposal to every member entitled to notice of a meeting of the society.

(2) A transfer proposal notification must contain the following particulars—

(a) the fact that a transfer proposal has been made, and

(b) the identity of the proposer;

with or without other particulars regarding the proposal.

(3) Sub-paragraph (1) above does not require a transfer proposal notification to be sent to members if the proposer has requested in writing that the requisite particulars are

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

to be treated as confidential; and, where such a request is made and is at a later date withdrawn in writing, the society receiving the proposal shall, for the purposes of this Part of this Schedule, treat the proposal as having been received on that date instead of any earlier date.

Textual Amendments

F143 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

F144 5C A building society shall include in or with every notice of its annual general meeting a transfer proposal notification with respect to any transfer proposal, other than a proposal of which notice has already been given under this paragraph—

(a) received by it during the period of 12 months ending with the ninth month of the last financial year of the society before that meeting; or

(b) treated by paragraph 5B(3) above as having been received by it during the last three months of that financial year;

and the society may also include, under this paragraph, a transfer proposal notification with respect to any proposal received, or treated as received, by it after the end of either period.**]**

Textual Amendments

F144 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

F145 Duty to notify central office

Textual Amendments

F145 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

F146 5D (1) Where a building society sends a transfer proposal notification to its members under paragraph 5C above in connection with a meeting of the society, it shall send a copy of the notification to the central office at least 14 days before the date of the meeting.

(2) The central office shall keep the copy of a transfer proposal notification received by it from a building society in the public file of that society.

Textual Amendments

F146 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

F147 Penalty

Textual Amendments

F147 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

F148 5E If default is made by a building society in complying with paragraph 5C or 5D above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale; and so shall any officer who is also guilty of the offence.

Textual Amendments

F148 Sch. 17 Pts. I, IA substituted for Sch. 17 Pt. I (1.12.1997) by 1997 c. 32, s. 30(3), Sch. 5 Pts. I, **II**; S.I. 1997/2668, art. 2, **Sch. Pt. I(e)**

PART II

CONFIRMATION BY COMMISSION: PROCEDURE

6 An application by a building society for confirmation by the Commission of a transfer of its business to a company shall be made in such manner as the Commission may prescribe.

7 (1) Where a building society applies for confirmation of a transfer of its business, the society shall publish a notice of the application in any one or more of the London Gazette, the Edinburgh Gazette or the Belfast Gazette, as the Commission directs and, if it so directs, in one or more newspapers.

(2) A notice published in pursuance of sub-paragraph (1) above shall—

(a) state that any interested party has the right to make representations to the Commission with respect to the application;

(b) specify a date determined by the Commission before which any written representations or notice of a person's intention to make oral representations must be received by the Commission; and

(c) specify a date determined by the Commission as the day on which it intends to hear any oral representations.

8 (1) After the date specified in the notice in pursuance of paragraph 7(2)(b) above, the Commission shall—

(a) determine the time and place at which oral representations may be made;

(b) give notice of that determination to the building society making the transfer and any persons who have given notice of their intention to make oral representations; and

(c) send copies of the written representations received by the Commission to the building society making the transfer.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) The Commission shall allow the building society making the transfer an opportunity to comment on the written representations, whether at a hearing or in writing, before the expiration of such period as the Commission specifies in a notice to the society.

SCHEDULE 18

Section 120.

AMENDMENTS OF ENACTMENTS

PART I

UNITED KINGDOM

[M104]Bankers' Books Evidence Act 1879 (c.11)

Marginal Citations
M104 1879 c. 11.

1 In section 9(1) of the Bankers' Books Evidence Act 1879 (meaning of "bank" and "banker" for purposes of that Act), after paragraph (a) there shall be inserted the following—

"(aa) a building society (within the meaning of the Building Societies Act 1986);".

Land Registration Act 1925 (c.21)

2 In section 25(1) (proprietor's power to create charges) of the [M105]Land Registration Act 1925, in paragraph (b), for the words from "under" to "with" there shall be substituted " (within the meaning of the Building Societies Act 1986), in accordance with. "

Marginal Citations
M105 1925 c. 21.

Payment of Wages Act 1960 (c. 37)

3 (1) This paragraph amends the [M106] Payment of Wages Act 1960 as follows.

(2) In section 1(3) (authorised means of payment of wages), after paragraph (a) there shall be inserted—

"(aa) payment into an account at a building society, being an account standing in the name of the person to whom the payment is due, or an account standing in the name of that person jointly with one or more other persons,".

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) In section 2(1) (requirements applicable to authorised payments) after "bank" there shall be inserted " or building society ".

(4) In section 7(1) (interpretation)—

(a) after "way)" in the definition of "account", there shall be inserted " and, in relation to a building society, includes a share account and a deposit account (however described) ",

(b) after the definition of "bank", there shall be inserted—

""building society" means a building society within the meaning of the Building Societies Act 1986;" and

(c) in the definition of "branch", after "head office of the bank" there shall be inserted, " and, in relation to a building society, includes the principal office of the society; ".

Marginal Citations
M106 8 & 9 Eliz. 2 c. 37.

Trustee Investments Act 1961 (c. 62)

4 (1) This paragraph amends the [M107]Trustee Investments Act 1961 as follows.

(2) In Part II of Schedule 1 (narrower range investments requiring advice), for paragraph 12 there shall be substituted—

"12 In deposits with a building society within the meaning of the Building Societies Act 1986.".

(3) In Part III of Schedule 1 (wider range investments), for paragraph 2 there shall be substituted—

"2 In shares in a building society within the meaning of the Building Societies Act 1986.".

Marginal Citations
M107 9 & 10 Eliz. 2 c. 62.

Stock Transfer Act 1963 (c.18)

5 In section 1(4) of the [M108]Stock Transfer Act 1963 (simplified transfer of certain securities, not to apply to building society securities), for "1962" there shall be substituted " 1986 ".

Marginal Citations
M108 1963 c. 18.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Industrial and Provident Societies Act 1965 (c.12)

6 In section 31(b) of the [M109]Industrial and Provident Societies Act 1965 (authorised investments), for "society registered under the Building Societies Acts" there shall be substituted " building society within the meaning of the Building Societies Act 1986 ".

Marginal Citations
M109 1965 c. 12

Income and Corporation Taxes Act 1970 (c.10)

[F149]7 . . . . . .

Textual Amendments
F149 Sch. 18 para. 7 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

Banking and Financial Dealings Act 1971 (c.80)

8 (1) This paragraph amends the [M110]Banking and Financial Dealings Act 1971 as follows.

(2) In section 2(1) (power to suspend financial dealings on bank holidays) after paragraph (g) there shall be inserted—

"; and

(h) a direction that, subject as aforesaid, no building society shall, on that day, except with permission so granted, effect in the course of its business any transaction or, according as may be specified in the order, a transaction of such kind as may be so specified."

(3) In section 2(6) after the definition of "authorised dealer in gold" there shall be inserted—

""building society" means a building society within the meaning of the Building Societies Act 1986.".

Marginal Citations
M110 1971 c. 80.

Local Government Act 1972 (c.70)

9 In Schedule 12A (access to information: exempt information) to the [M111]Local Government Act 1972—

(a) in Part II, in paragraph 2(d) for "1962" there shall be substituted " 1986 "; and

(b) in Part III, in paragraph 1(1), after the definition of "protected informant' there shall be inserted the following definition—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

""registered", in relation to information required to be registered under the Building Societies Act 1986, means recorded in the public file of any building society (within the meaning of that Act);".

Marginal Citations
M111 1972 c. 70.

Consumer Credit Act 1974 (c. 39)

10 (1) This paragraph amends the [M112]Consumer Credit Act 1974 as follows.

(2) In section 16(1) (consumer credit agreement with certain bodies exempt from regulation) the words "or building society" shall be omitted and, after paragraph (f), there shall be inserted the words ", or

(g) a building society.".

(3) In section 16(3) (Secretary of State's duty to consult before making orders), after paragraph (d) there shall be inserted the words "or

(e) under subsection (1)(g) without consulting the Building Societies Commission and the Treasury.".

(4) In section 189(1) (definitions), for the definition of "building society" there shall be substituted the following definition—

""building society" means a building society within the meaning of the Building Societies Act 1986;".

Marginal Citations
M112 1974 c. 39.

Solicitors Act 1974 (c.47)

11 (1) This paragraph amends the [M113]Solicitors Act 1974 as follows.

(2) In section 32 (accounts rules and trust accounts rules), in subsections (1) and (2), in paragraph (a), after "banks", there shall be inserted " or with building societies " and, in the words following paragraph (c), the word "banks" shall be omitted.

(3) In section 33 (interest on clients' money) in subsections (1) and (3), after "bank", there shall be inserted " or with a building society ".

(4) In section 85 (bank accounts)—

(a) after "account with a bank" there shall be inserted " or a building society ", and

(b) in paragraphs (a) and (b) after "bank" there shall be inserted " or society ".

(5) In section 87(1) (interpretation), after the definition of "bank" there shall be inserted—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

""building society" means a building society within the meaning of the Building Societies Act 1986; and a reference to an account with a building society is a reference to a deposit account.".

Marginal Citations
M113 1974 c. 47.

Home Purchase Assistance and Housing Corporation Guarantee Act 1978 (c.27)

[F150 12 In section 3(1) (building society law) of the M114 Home Purchase Assistance and Housing Corporation Guarantee Act 1978, after "determining" there shall be added the word " (a) " and at the end of that subsection there shall be added the words—

"(b) the classification of the advance, or any such further advance, for the purposes of Part III of the Building Societies Act 1986.".**]**

Textual Amendments
F150 Sch. 18 para. 12 repealed (S.) by Housing (Scotland) Act 1987 (c. 26, SIF 61), s. 339, **Sch. 24**

Marginal Citations
M114 1978 c. 27.

Banking Act 1979 (c.37)

F151 13 . . . . . .

Textual Amendments
F151 Sch. 18 para. 13 repealed by Banking Act 1987 (c. 22, SIF 10), s. 108(2), **Sch. 7 Pt. I**

Charging Orders Act 1979 (c.53)

14 In section 6(1) (interpretation) of the M115 Charging Orders Act 1979, in the definition of "building society", for "1962" there shall be substituted " 1986 ".

Marginal Citations
M115 1979 c. 53.

Finance Act 1982 (c.39)

F152 15 . . . . . .

Textual Amendments
F152 Sch. 18 para. 15 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Companies Act 1985 (c.6)

F153 16 . . . . . .

Textual Amendments

F153 Sch. 18 paras. 16, 17 repealed by Companies Act 1989 (c. 40, SIF 27), ss. 211(2)(b), 212, **Sch. 24**

Insolvency Act 1985 (c.65)

F154 17 . . . . . .

Textual Amendments

F154 Sch. 18 paras. 16, 17 repealed by Companies Act 1989 (c. 40, SIF 27), ss. 211(2)(b), 212, **Sch. 24**

Housing Act 1985 (c. 68)

18 (1) This paragraph amends the M116 Housing Act 1985 as follows.

(2) In section 442(5) (consultations by Secretary of State regarding forms of local authority indemnity agreement) for "Chief Registrar of Friendly Societies" in paragraph (a), there shall be substituted "Building Societies Commission".

(3) In section 447 (recognised lending institutions) and in section 448 (recognised savings institutions) for "designated building societies" there shall be substituted "building societies".

(4) For section 450 (modifications of building society law) there shall be substituted the following section—

"**450 Modifications of building society law.**

So much of an advance by a building society which is partly financed under section 445 (assistance for first-time buyers) or the corresponding Scottish or Northern Ireland provisions as is so financed shall be treated as not forming part of the advance for the purpose of determining—

(a) whether the advance, or any further advance made within two years of the date of purchase, is beyond the powers of the society, and

(b) the classification of the advance, or any such further advance, for the purposes of Part III of the Building Societies Act 1986.".

(5) In section 622 (minor definitions) for the definition of "building society" there shall be substituted—

""building society" means a building society within the meaning of the Building Societies Act 1986".

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Marginal Citations
M116 1985 c. 68.

Housing Associations Act 1985 (c.69)

19 (1) This paragraph amends the [M117]Housing Associations Act 1985 as follows.

(2) Sections 63 to 66 (building society advances) and in section 72 (minor definitions) the definitions of, and in section 73 (index of definitions) the entries relating to, "building society", "Chief Registrar" and "officer" shall be omitted.

(3) In section 84(5) and 86(4) (consultation by Secretary of State regarding building society indemnities) for "Chief Registrar of Friendly Societies" there shall be substituted " Building Societies Commission ".

(4) In section 101 (minor definitions), for the definition of "building society" there shall be substituted—

> ""building society" means a building society within the meaning of the Building Societies Act 1986;".

Marginal Citations
M117 1985 c. 69.

PART II

NORTHERN IRELAND

Industrial and Provident Societies Act (Northern Ireland)1969 (c.24 N.I.)

20 In section 31(b) of the [M118]Industrial and Provident Societies Act (Northern Ireland) 1969 (authorised investments) for "society registered under the Building Societies Act" there shall be substituted " building society within the meaning of the Building Societies Act 1986. ".

Marginal Citations
M118 1969 c. 24 (N.I.).

[M119]Payment of Wages Act (Northern Ireland 1970

Marginal Citations
M119 1970 c. 12 (N.I.).

[F155]21 . . . . . .

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F155 Sch. 18 para. 21 repealed by S.I. 1988/796, art. 27(2), **Sch. 5 Pt. II**

Private Streets (Northern Ireland) Order 1980 (S.I. 1980/1086 (N.I.12))

22 In Article 33 (security not to be deemed prior mortgage under Building Societies Acts) of the [M120]Private Streets (Northern Ireland) Order 1980 for the words from "section 32" where they first occur onwards there shall be substituted " section 11(2)(d) or (4)(d) of the Building Societies Act 1986 ".

Marginal Citations

M120 S.I. 1980/1086 (N.I. 12).

Housing (Northern Ireland) Order 1981 (S.I. 1981/156 (N.I.3))

23 (1) This paragraph amends the [M121]Housing (Northern Ireland) Order 1981 as follows.

(2) In Article 2(2) (interpretation) after the definition of "building regulations" there shall be inserted—

> ""building society" means a building society within the meaning of the Building Societies Act 1986".

(3) For Article 155 (building society law) there shall be substituted the following section—

> "**155 Modifications of building society law.**
>
> So much of an advance by a building society which is partly financed under this Part or sections 445 to 449 of the Housing Act 1985 or the Home Purchase Assistance and Housing Corporation Guarantee Act 1978 as is so financed shall be treated as not forming part of the advance for the purpose of determining—
>
> (a) whether the advance, or any further advance made within two years of the date of purchase, is beyond the powers of the society, and
>
> (b) the classification of the advance, or any such further advance, for the purposes of Part III of the Building Societies Act 1986.".

(4) In Article 155A (exclusion of Restrictive Trade Practices Act 1976), after "Scottish Provisions" there shall be inserted "(namely, sections 445 to 447 of the Housing Act 1985 or the Home Purchase Assistance and Housing Corporation Guarantee Act 1978)".

(5) In Article 156(5)(b) (consultations by the Department regarding forms of indemnity agreements) for "Registrar of Friendly Societies for Northern Ireland" there shall be substituted "Building Societies Commission".

(6) For paragraph 1 of Schedule 10 there shall be substituted—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

"1 Building Societies.".

Marginal Citations
M121 S.I. 1981/156 (N.I. 3).

Property (Discharge of Mortgage by Receipt) (Northern Ireland) Order 1983 (S.I. 1983/766 (N.I.9))

24 In Article 3(10) of the [M122]Property (Discharge of Mortgage by Receipt) (Northern Ireland) Order 1983, after "applies" in the definition of "mortgage" there shall be inserted " and, subject to paragraph 2(7) of Schedule 4 to the Building Societies Act 1986, does not include a mortgage to which that paragraph 2 applies. ".

Marginal Citations
M122 S.I. 1983/766 (N.I.9).

Housing (Northern Ireland) Order 1983 (S.I. 1983/1118 (N.I.15))

25 In Article 3(4) of the [M123]Housing (Northern Ireland) Order 1983, in the definition of "building society" for the words from "1962" onwards there shall be substituted " 1986 ".

Marginal Citations
M123 S.I. 1983/1118 (N.I.15).

Companies (Northern Ireland) Order 1986

[F156]26 . . . . . .

Textual Amendments
F156 Sch. 18 para. 26 repealed (N.I.) (1.10.1991) by S.I. 1989/2404 (N.I. 18), arts. 25(3), 37, **Sch. 5 Pt. I**; S.R. 1991/410, **art. 1(2)**

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

SCHEDULE 19

Section 120.

REPEALS AND REVOCATIONS

PART I

REPEALS: GENERAL

Chapter	Short title	Extent of repeal
37 & 38 Vict. c. 42.	The Building Societies Act 1874.	Section 1.
		Section 4.
		Section 32.
57 & 58 Vict. c. 47.	The Building Societies Act 1894.	Section 8(1).
		Section 29.
8 & 9 Eliz. 2 c. 64.	The Building Societies Act 1960.	Section 72.
		Section 73(1).
		Section 77.
		In Schedule 5, the entry relating to paragraph 4 of section 32 of the Building Societies Act 1874.
9 & 10 Eliz. 2 c. 62.	The Trustee Investments Act 1961.	In Part IV of Schedule 1, paragraphs 3A and 7.
10 & 11 Eliz. 2 c. 37.	The Building Societies Act 1962.	
		The whole Act.
1965 c. 32.	The Administration of Estates (Small Payments) Act 1965.	In Schedules 1 and 3, the entries relating to the Building Societies Act 1962.
69 c. 46.	The Family Law Reform Act 1969.	In Schedule 1, the entry relating to the Building Societies Act 1962.
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 343(5), the words “union or”.
1974 c. 39.	The Consumer Credit Act 1974.	In section 16, in subsection (1) the words “or building society,” and, in subsections (1)(e) and (3)(c), the word “or”.
1974 c. 46.	The Friendly Societies Act 1974.	In Schedule 10, paragraph 9.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

1974 c. 47.	The Solicitors Act 1974.	In section 32, in subsections (1) and (2), the word "banks".
1974 c. 49.	The Insurance Companies Act 1974.In Schedule 1, the entries relating to	the Building Societies Act 1962.
1978 c. 27.	The Home Purchase Assistance and Housing Corporation Guarantee Act 1978.	In section 3, subsections (2) to (4).
1979 c. 37.	The Banking Act 1979.	In paragraph 6 of Schedule 1, the words from "within" to the end.
		In Schedule 6, paragraphs 6, 7, 16, and 17.
1982 c. 50.	The Insurance Companies Act 1982.	In Schedule 5, paragraphs 3 and 5.
1984 c. 28.	The County Courts Act 1984.	In Schedule 2, paragraph 26.
1985 c. 9.	The Companies Consolidation (Consequential Provisions) Act 1985.	In Schedule 2, the entries relating to the Building Societies Act 1962.
1985 c. 58.	The Trustee Savings Banks Act 1985.	In Schedule 1, paragraph 11(2)(a) and so much of that sub-paragraph as relates to the section 59 specified therein.
1985 c. 61.	The Administration of Justice Act 1985.	Section 66.
1985 c. 68.	The Housing Act 1985.	In section 458, the definition of "designated building society".
		In section 459, the entry relating to "designated buildings society".
1985 c. 69.	The Housing Associations Act 1985.	Sections 63 to 66.
		In Section 72, the definitions of "building society", "Chief Registrar" and "officer".
		In section 73, the entries relating to "building society", "Chief registrar" and "officer".
1985 c. 71.	The Housing (Consequential Provisions) Act 1985.	In Schedule 2, paragraphs 5 and 6.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

PART II

REVOCATION EXTENDING TO GREAT BRITAIN

Number	Title	Extent of revocation
S.I. 1981/1488.	The Building Societies (Authorisation) Regulations 1981.	The whole Regulations.

PART III

REPEALS AND REVOCATIONS EXTENDING ONLY TO NORTHERN IRELAND

Chapter or number	Short title	Extent of repeal or revocation
1967 c. 5 (N.I.).	The Administration of Estates (Small Payments) Act (Northern Ireland) 1967.	In Schedule 1, the entry relating to the Building Societies Act 1874.
1967 c. 31 (N.I.).	The Building Societies Act (Northern Ireland) 1967.	The whole Act.
1969 c. 24 (N.I.).	The Industrial and Provident Societies Act (Northern Ireland) 1969.	In section 101(1), the definition of "Building Societies Acts".
1969 c. 28 (N.I.).	The Age of Majority Act (Northern Ireland) 1969	In Schedule 1, the entry relating to the Building Societies Act (Northern Ireland) 1967.
1969 c. 31 (N.I.).	The Age of Majority Act (Northern Ireland) 1969.	In Part I of Schedule 1, the entry relating to the Building Societies Act (Northern Ireland) 1967.
1970 c. 18 (N.I.).	The Land Registration Act (Northern Ireland) 1970.	In Schedule 12 the entry relating to the Building Societies Act (Northern Ireland) 1967.
1978 c. 23.	The Judicature (Northern Ireland) Act 1978.	In Schedule 5, in Part II the entry relating to the Building Societies Act (Northern Ireland) 1967.
S.I. 1979/1573 (N.I.12).	The Statutory Rules (Northern Ireland) Order 1979.	In Schedule 4 the entry relating to the Building Societies Act (Northern Ireland) 1967.
1980 c. 25.	The Insurance Companies Act 1980.	In Schedule 3, paragraph 3.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

S.I. 1981/156 (N.I.3).	The Housing (Northern Ireland) Order 1981.	Article 156(6). In Part II of Schedule 2, the entry relating to the Building Societies Act (Northern Ireland) 1967.
S.R. 1982/155 (N.I.).	The Building Societies (Authorisation) Regulations (Northern Ireland) 1982.	The whole Regulations.
S.I. 1983/776 (N.I.9).	The Property (Discharge of Mortgage by Receipt) (Northern Ireland) Order 1983.	In Article 3(10), in the definition of "mortgage" the words "section 37 of the Building Societies Act (Northern Ireland) 1967".
S.I. 1983/1118 (N.I.15).	The Housing (Northern Ireland) Order 1983.	In Schedule 10, the entry relating to the Building Societies Act (Northern Ireland) 1967.
1985 c. 71.	The Housing (Consequential Provisions) Act 1985.	In Schedule 2, paragraphs 13, 51(2) and 51(5)(a).
S.I. 1986/1035 (N.I.9).	The Companies Consolidation (Consequential Provisions) (Northern Ireland) Order 1986.	In Part I of Schedule 1, the entry relating to the Building Societies Act (Northern Ireland) 1967.

SCHEDULE 20

Section 120.

TRANSITIONAL AND SAVING PROVISIONS

Preliminary

1 In this Schedule—

"the commencement date for" any provision of this Act means the date on which that provision comes into operation;

"existing society" means a building society registered at the passing of this Act under the repealed enactments; and

"existing rules" means the rules of a society in force immediately before the commencement date for section 5.

Adoption of powers and alteration of rules

2 (1) At any time during the period beginning two months after the passing of this Act and ending with the relevant commencement date, a building society may, for the purposes of the transition to this Act,—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) by special resolution, agree in a memorandum upon—

(i) the purpose or principal purpose of the society,

(ii) whether to adopt any and, if so, what adoptable powers (with or without restrictions),

(iii) whether to assume any and, if so, what restrictions on the extent of its other powers under this Act, and

(iv) any alterations to its rules required for conformity with any provision made in pursuance of (ii) or (iii) above; and

(b) send to the central office four copies of the memorandum and of any altered rules accompanied by a statutory declaration by the secretary that the agreement was effected by a resolution passed as a special resolution.

(2) The commencement date relevant to the matters specified in sub-paragraph (1) above is—

(a) in the case of the society's purpose, the commencement date for section 5,

(b) in the case of an adoptable power, the commencement date for the provision of this Act which confers the power,

(c) in the case of a restriction on the extent of any other power, the commencement date for section 5, and

(d) in the case of a rule altered for conformity, the commencement date applicable to the provision of the memorandum which requires the alteration.

(3) On agreeing upon its purpose, on the adoption of, or the assumption of a restriction on the extent of, a power or on any alteration of any of its rules for conformity, under this paragraph, the building society shall determine the date on which the society intends it to take effect and the memorandum and altered rules (if any) sent to the central office shall be accompanied by a record specifying that date (in this paragraph referred to as "the specified date").

(4) Subject to paragraph 11 below, the central office, if satisfied that the provisions of the memorandum and any altered rules are in conformity with this Act and any instruments under it, shall—

(a) retain and register one copy of the memorandum and of the altered rules,

(b) return another copy to the secretary of the society, together with a certificate of registration, and

(c) keep another copy, together with the record of the specified date sent to it under sub-paragraph (3) above and a copy of that registration certificate, in the public file of the society

(5) The provisions of a memorandum registered under this paragraph shall take effect on the specified date for that provision or, if registration of the memorandum is not effected until a later date, that later date, and so with the rules altered for conformity with a provision of the memorandum.

3 (1) Before the end of the transitional period each existing building society shall—

(a) by special resolution agree in a memorandum upon—

(i) the purpose or principal purpose of the society,

(ii) whether to adopt any and, if so, what adoptable powers (with or without restrictions), and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(iii) whether to assume any and, if so, what restrictions on the extent of its other powers under this Act;

(b) by special resolution agree upon the alterations to be made to its rules so that they conform to this Act; and

(c) send to the central office four copies of the memorandum and of the rules as altered each signed by the secretary and accompanied by a statutory declaration by the secretary that the agreement was effected by a resolution passed as a special resolution.

(2) On agreeing upon its purpose, on the adoption of, or the assumption of a restriction on the extent of, a power, or on any alteration to its rules, under this paragraph, the building society shall, subject to sub-paragraph (3) below, determine the date on which the society intends it to take effect and the memorandum and rules sent to the central office shall be accompanied by a record specifying that date (in this paragraph referred to as "the specified date").

(3) No date shall be specified under sub-paragraph (2) above in relation to a society's purpose or its rules which falls more than six months after the date of the meeting at which the society agreed upon the memorandum or the rules, as the case may be.

(4) Subject to paragraph 11 below, the central office, if satisfied that—

(a) the provisions of the memorandum are in conformity with this Act and any instruments under it, and

(b) the rules, as altered, are in conformity with this Act,

shall retain and register a copy of the memorandum and of the altered rules.

(5) On registering a copy of the memorandum and of the altered rules under sub-paragraph (4) above, the central office shall—

(a) return another copy to the secretary of the society, together with a certificate of registration, and

(b) keep another copy, together with the record of the specified date sent to it under sub-paragraph (2) above and a copy of that certificate, in the public file of the society.

(6) The provisions of a memorandum registered under this paragraph shall take effect on the specified date for that provision or, if registration of the memorandum is not effected until a later date, that later date.

(7) The rules registered under this paragraph shall take effect on the specified date for the rule or, if registration of the rules is not effected until a later date, that later date.

(8) In this paragraph "the transitional period" means the period beginning with the commencement date for section 5 and expiring with such day as the Commission, with the consent of the Treasury, prescribes by order in a statutory instrument.

Default powers

4 (1) If the central office has not, before the end of the transitional period, received from an existing building society copies of the memorandum in accordance with paragraph 2 or 3 above, the society shall be treated as having agreed upon the purpose specified as its purpose in its existing rules or on such purpose conforming to section 1(1) of the [M124]Building Societies Act 1962 as the central office directs as its apparent purpose.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(2) If the central office has not, before the end of the transitional period, received from an existing building society copies of its rules as altered in accordance with paragraph 3 above, the society shall be treated as having agreed upon such alteration of its rules as, in conformity with model rules made under this paragraph, the central office directs.

(3) The Commission may, by order in a statutory instrument made with the consent of the Treasury, prescribe model rules for building societies for the purposes of this paragraph.

(4) Where, under this paragraph, a society is treated as having agreed upon a purpose or as having agreed upon altered rules then the central office shall prepare three copies of a memorandum and of rules for the society a nd shall—

(a) retain and register one copy,

(b) return another to the secretary of the society, together with a certificate of registration, and

(c) keep another copy, together with a copy of that certificate, in the public file of the society.

(5) The memorandum and rules so registered shall be for all purposes the memorandum and rules of the society until altered under paragraph 4 or Schedule 2 to this Act.

(6) Such fee as is prescribed shall be due from the society to the Chief Registrar for the registration of a memorandum and rules under this paragraph.

(7) In this paragraph "the transitional period" means the period beginning with the commencement date for section 5 and expiring with such day as the Commission, with the consent of the Treasury, prescribes by order in a statutory instrument.

Marginal Citations
M124 1962 c. 37

Registration with existing authorities

5 A building society which, at the commencement date for section 5, was registered under the [M125]Building Societies Act (Northern Ireland) 1967 or registered or deemed to be registered in Northern Ireland under the enactments repealed by that Act shall be treated, for the purposes of this Act, as registered with the central office immediately before the commencement of that section.

Marginal Citations
M125 1967 c. 31. (N.I.).

Authorisation under existing enactments

6 (1) A building society which, at the commencement date for section 9 is authorised to raise money and accept deposits under—

(a) the [M126]Building Societies (Authorisation) Regulations 1981, or

(b) the [M127] Building Societies (Authorisation) Regulations (Northern Ireland) 1982,

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

shall be treated, whether or not the requirements of subsection (4) of section 9 would be fulfilled in its case, at the commencement of that section as authorised for the purposes of this Act (in particular Part VI).

(2) The central office shall record in the public file of each building society to which sub-paragraph (1) above applies the fact that, by virtue of that sub-paragraph, the society is to be treated as authorised for the purposes of this Act.

Marginal Citations
M126 S.I. 1981/1488.
M127 S.R. 1982/155 (N.I.).

Anticipation of powers: declaratory provision

7 (1) It is hereby declared that every building society has had, as from 19th December 1985, power, for the purposes of any power conferred by this Act on building societies or building societies of its description, to do such things, subject to sub-paragraph (2) below, as are reasonably necessary to enable it—

(a) to decide whether or not, and to what extent, to exercise (and in the case of an adoptable power to adopt) the power, and

(b) if it decides to exercise the power, to exercise it as from the date when it becomes exercisable by the society.

(2) Sub-paragraph (1)(b) above does not authorise a society—

(a) to make contracts, other than conditional contracts, for the acquisition of land, the acquisition of a business or the acquisition of shares in any company if that company offers the public any service or facility within the power,

(b) to issue invitations to members of the society or the public to apply for any power to be exercised for their benefit, or

(c) to retain shares in a company which offers the public any service or facility within the power;

and, in this sub-paragraph, "conditional", in relation to contracts with respect to the exercise of a power, means conditional on the power's becoming exercisable by the society.

(3) The power conferred by this paragraph, and activities carried on under it, for the purposes of an adoptable power are not to be treated as included in, or in activities comprised in, that adoptable power for the purposes of paragaph 8 of this Schedule.

Unlawful anticipation of powers

8 (1) Where a building society adopts any adoptable power under paragraph 2 or 3 above—

(a) it shall, by virtue of this paragraph, assume an obligation, enforceable as provided in pararaph 9 below, not to exercise that power until the date on which the memorandum of its powers takes effect as respects that power, and

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(b) it shall send to the central office, with the documents required by paragraph 2(1) or 3(1) above a declaration as respects that power made on behalf of the society which satisfies the requirements of this paragraph.

(2) The obligation assumed by virtue of this paragraph on the adoption of a power does not extend to the exercise of any power included in the adoptable power which the society has under the law in force at any time before the registration takes effect.

(3) A declaration, to satisfy the requirements of this paragraph, must be made by the chairman of the board of directors of the society, by one other director and by the chief executive of the society and it must either—

(a) state that, to the best of the knowledge and belief of the declarants, after due enquiry, the society has not, or has not with the permitted qualification, carried on any activity comprised in the power during the period which began one year before the specified date (or with 1 April 1986, if later) and expired with the date of the meeting at which the power was adopted, or

(b) state that, to the best of the knowledge and belief of the declarants, after due enquiry, the society, with specified exceptions, has not, or has not with the permitted qualification, carried on any activity comprised in the power during the period which began one year before the specified date (or with 1 April 1986, if later) and expired with the date of the meeting at which the power was adopted.

(4) The qualification of the statement so required which is permitted is that in so far as the society has, at any time during the said period, carried on any activity comprised in the power to which the statement relates, the society had the power to carry on that activity at that time under the law in force at that time.

(5) The exceptions to the statement so required must not include activities of the society which constitute significant excesses of its powers during the said period; and a declaration specifying activities as exceptions to the statement so required must also state the opinion of the declarants that the activities are believed not to constitute significant excesses of the society's powers during the period to which the declaration relates.

Penalty for breach of undertaking

9 If, in breach of the obligation assumed by virtue of paragraph 8 above, a building society exercises any power to which the obligation extends, then—

(a) the society shall be liable on conviction on indictment or on summary conviction to a fine not exceeding, on summary conviction, the statutory maximum, and

(b) every officer of the society who is also guilty of the offence shall be liable, on summary conviction to a fine not exceeding the statutory maximum.

Penalty for false declaration

10 If the statement in a declaration made for the purposes of paragraph 8 above is false, then, any person who made the statement knowing it to be false or reckless as to whether it was true or false shall be liable—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or both, and

(b) on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or both.

Powers of central office

11 (1) The central office, on receiving from a building society the declaration required by and the other documents referred to in paragraph 8 above, shall refer to the Commission for its determination the questi on whether or not the memorandum of the society's powers is to be registered.

(2) On a reference to the Commission of the question whether or not the memorandum of a society's power is to be registered—

(a) if the declaration contains the statement specified in paragraph 8(3)(a) above and the Commission has no reasonable cause to believe that the society in question has carried on any activity comprised in the power to which the obligation imposed by paragraph 8 above extends at any time during the period which begin one year before the specified date (or with 1st April 1986, if later) and expired on the date on which it considers the reference, the Commission shall direct the central office to register the memorandum, and

(b) in any other case, the Commission may, as it thinks fit, direct the central office to register, or not to register, the memorandum.

(3) The Commission, in deciding, in a case falling within sub-paragraph (2)(b) above, whether or not to direct the registration of the memorandum of a society's powers may have regard to all the circumstances of the case.

(4) No registration of a memorandum shall be effected by the central office under paragraph 2(2) or 3(2) above before the expiry of the period of 21 days beginning with the date on which it receives the declaration required by and the other documents referred to in paragraph 8 above.

(5) If the central office, in pursuance of a direction of the Commission under sub-paragraph (2) above, refuses registration of the memorandum of a society's powers under sub-paragraph (1) above it shall serve on the society a notice—

(a) recording its refusal,

(b) specifying the activity which is believed to constitute a breach of the society's obligation, and

(c) directing the society to make an application to the Commission under section 38 for a determination under that section whether the activity was or was not within the powers of the society at the time specified under sub-paragraph (b) above,

and shall send a copy of the notice to the Commission.

(6) The central office shall comply with any direction as regards the registration of the memorandum of the society's powers given to it by the Commission consequent on the Commission's determination of the society's powers under section 38.

(7) Nothing in the foregoing provisions of this Schedule implies that it is improper for any of the following, that is to say—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(a) the Chief Registrar or any assistant registrar of the central office,
(b) the assistant registrar of friendly societies for Scotland,
(c) the registrar of building societies for Northern Ireland, or
(d) the Commission,

to give to a building society or building societies generally an indication of the action the Commission might or might not take in exercising its functions under this paragraph; and no decision of the Commission under this paragraph shall be liable to be set aside by reason of the indication having been given.

(8) In this paragraph "the specified date" has the same meaning as in paragraph 2 or, as the case may be, 3 above.

Permissible securities for advances

12 (1) Until provision is made by an order under section 10(6) prescribing the descriptions of equitable interests in land which may be taken as security for advances secured on land, building societies may advance money on the security of an equitable interest in land in England and Wales or Northern Ireland in addition to a mortgage of the freehold or leasehold estate where the lease or a related instrument includes provision entitling the leaseholder to acquire a beneficial interest of any extent in the freehold or a greater leasehold interest and the right to acquire that interest is assigned as additional security.

(2) Until such provision is made, section 17(10) shall have effect with the substitution of a reference to an equitable interest of the description specified in sub-paragraph (1) above for the reference to an equitable interest specified in an order under section 10(6).

(3) On the making of the first order under section 10(6) this paragraph shall cease to have effect.

13 Until provision is made by an order under section 12(3) prescribing indemnities given by a local authority as a description of additional security for the purposes of section 11(4)(c), an indemnity given under section 442 of the [M128]Housing Act 1985, under section 31 of the [M129]Tenants' Rights, Etc. (Scotland) Act 1980 or under Article 156 of the [M130]Housing (Northern Ireland) Order 1981 shall be such a security; and on the making of the first order under section 12(3) this paragraph shall cease to have effect.

Marginal Citations
M128 1985 c. 68.
M129 1980 c. 52.
M130 S.I. 1981/156 (N.I.3).

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Existing business names

14 Any person who, at the commencement date for section 107, uses a name for business purposes which indicates a connection between—

(a) that person, or his business, and a building society, or

(b) that person, or his business, and building societies generally,

shall be deemed for the purposes of section 107 to have been given approval, under subsection (4) of that section, by the Commission for the continued use of that name.

Directors in office

15 (1) Except as provided in this paragraph, an existing director shall be treated for the purposes of sections 60 and 61 as having been duly elected a director on the date of his appointment as a director or, as the case may be, of his most recent re-appointment to that office before the commencement date.

(2) An existing director who holds office as director by virtue of holding some other position in the society shall, except in a case within sub-paragraph (4) below, be treated for the purposes of sections 60 and 61 as having been duly elected a director at the commencement date.

(3) If the term of office of an existing director would, in accordance with the terms on which he holds office, expire on an earlier date than is provided for by sub-paragraph (1) above, he shall vacate office on that earlier date.

(4) An existing director who has attained the normal retirement age, or the compulsory retirement age (if any), as the case may be, before the commencement date shall retire from office at the first annual general meeting of the society after the commencement date.

(5) If, at the commencement date, an existing director, other than a director falling within sub-paragraph (2) above, has held office since the date of his appointment or most recent re-appointment for a period longer than is provided for in section 60(11)(a), he shall retire from office at the first annual general meeting of the society after the commencement date.

(6) In this paragraph—

"the commencement date" means the commencement date for sections 60 and 61;

"existing director" means any director of a building society in office immediately before the commencement date; and

"the compulsory retirement age" and "the normal retirement age" have the meanings given in section 60(8).

Existing financial years

16 In the case of a building society established before 25th August 1894—

(a) if—

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
***Changes to legislation:** Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(i) before 1st October 1962 the society had altered its financial year in exercise of the power conferred by section 70(2) of the [M131]Building Societies Act 1960, or

(ii) after that date and before the commencement date for section 117, the society has exercised the corresponding power conferred by section 128(2) of the [M132]Building Societies Act 1962,

"financial year" shall, after the date on which the society exercised the power, have the meaning given in section 117 and shall (so far as may be relevant for the purposes of this Act) include the period for which the society made up its accounts in the exercise of the power, and

(b) subject to the preceding provisions of this paragraph, "financial year" means a period of 12 months ending with the time up to which, at the commencement date for section 117, the accounts of the society were annually made up.

Marginal Citations
M131 1960 c. 64.
M132 1962 c. 37.

Qualifying assets

17 For the purposes of the application of section 118 by reference to the annual accounts of a building society prepared before the first financial year for which accounts under Part VIII of this Act are prepared, the reference to the total commercial assets of a society shall have effect as a reference to the amount in the last balance sheet prepared under the Building Societies Act 1962 which represents the total assets constituted by mortgage debts outstanding to the society.

Provision of conveyancing services for building societies

18 (1) A building society may, at any time during the period of three years beginning with the day on which section 66 of the [M133]Administration of Justice Act 1985 ("section 66") comes or came into force or for such shorter period as is prescribed by the Commission by order in a statutory instrument, alter the rules of the society by resolution of the board of directors so as to provide for conveyancing services to be carried out on the society's behalf, in relation to estates or interests in land in England and Wales, by all or any of the following, namely—

(a) a recognised body within the meaning of section 9 of that Act;

(b) a licensed conveyancer within the meaning of section 11(2) of that Act; and

(c) a recognised body within the meaning of Part II of that Act.

(2) If, on the day on which this paragraph comes into operation, no day has been appointed for the commencement of section 66, the rules of a building society may be so altered within the period of three years from the commencement of this paragraph or such shorter period as is prescribed by the Commission by order in a statutory instrument.

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

(3) Where any alteration of the rules of a society is effected under sub-paragraph (1) above, the society shall send to the central office three copies of the alteration signed by the secretary and a statutory declaration by an officer of the society that the alteration was effected by resolution of the board of directors.

(4) Where copies are sent to the central office in accordance with sub-paragraph (3) above, and the central office is satisfied that the alteration is in conformity with this Act and (where applicable) any instruments under it, it shall—

(a) retain and register one of the copies,

(b) return another to the secretary of the society together with a certificate of registration of the alteration, and

(c) keep another copy, together with a copy of that certificate, in the public file of the society.

(5) If a building society fails to comply with sub-paragraph (3) above, the society shall be liable on summary conviction to a fine not exceeding level 4 on the standard scale, and so shall any officer who is also guilty of the offence.

(6) The power to alter the rules under sub-paragraph (1) above shall cease to be exercisable by a building society if, during the period of three years mentioned in that sub-paragraph or sub-paragraph (2) or within such lesser period as is prescribed under those sub-paragraphs, as the case may be, a special resolution is passed altering (in any respect) the rules of the society in pursuance of paragraph 4 of Schedule 2 to this Act.

(7) In this paragraph, "conveyancing service" has the same meaning as in paragraph 1(3) of Schedule 21 to this Act.

Marginal Citations

M133 1985 c. 61.

PROSPECTIVE

SCHEDULE 21

Section 124.

PROVISION OF CONVEYANCING SERVICES BY RECOGNISED INSTITUTIONS AND PRACTITIONERS

F157 ...

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

F157 . . . . . .

Textual Amendments
F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments
F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments
F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments
F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments
F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments
F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Status: *Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.*
Changes to legislation: *Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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)*

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

F157 . . . . . .

Textual Amendments

F157 Sch. 21 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), **Sch. 1 Pt. 17** Group 2

Status:
Point in time view as at 16/10/1992. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation:
Building Societies Act 1986 is up to date with all changes known to be in force on or before 29 May 2023. 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.