



Consumer Credit Act 2006

2006 CHAPTER 14

Agreements regulated under the 1974 Act etc.

1 Definition of ‘individual’

In section 189(1) of the 1974 Act (definitions) for the definition of “individual” substitute—

““individual” includes—

- (a) a partnership consisting of two or three persons not all of whom are bodies corporate; and
- (b) an unincorporated body of persons which does not consist entirely of bodies corporate and is not a partnership;”.

Commencement Information

II S. 1 in force at 6.4.2007 by S.I. 2007/123, art. 3(2), Sch. 2 (with arts. 4, 5)

VALID FROM 06/04/2008

2 Removal of financial limits etc.

- (1) In section 8 of the 1974 Act (which defines consumer credit agreements)—
 - (a) in subsection (1) for “personal” substitute “consumer”;
 - (b) subsection (2) shall cease to have effect.
- (2) In section 15(1) of that Act (which defines consumer hire agreements) paragraph (c) and the “and” immediately preceding it shall cease to have effect.
- (3) In section 43(3) of that Act (financial and other limits relating to regulation of advertisements) paragraph (a) and the “or” immediately after it shall cease to have effect.

Status: Point in time view as at 06/04/2007. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Consumer Credit Act 2006, Cross Heading: Agreements regulated under the 1974 Act etc.. (See end of Document for details)

3 Exemption relating to high net worth debtors and hirers

After section 16 of the 1974 Act insert—

“16A Exemption relating to high net worth debtors and hirers

- (1) The Secretary of State may by order provide that this Act shall not regulate a consumer credit agreement or a consumer hire agreement where—
 - (a) the debtor or hirer is a natural person;
 - (b) the agreement includes a declaration made by him to the effect that he agrees to forgo the protection and remedies that would be available to him under this Act if the agreement were a regulated agreement;
 - (c) a statement of high net worth has been made in relation to him; and
 - (d) that statement is current in relation to the agreement and a copy of it was provided to the creditor or owner before the agreement was made.
- (2) For the purposes of this section a statement of high net worth is a statement to the effect that, in the opinion of the person making it, the natural person in relation to whom it is made—
 - (a) received during the previous financial year income of a specified description totalling an amount of not less than the specified amount; or
 - (b) had throughout that year net assets of a specified description with a total value of not less than the specified value.
- (3) Such a statement—
 - (a) may not be made by the person in relation to whom it is made;
 - (b) must be made by a person of a specified description; and
 - (c) is current in relation to an agreement if it was made during the period of one year ending with the day on which the agreement is made.
- (4) An order under this section may make provision about—
 - (a) how amounts of income and values of net assets are to be determined for the purposes of subsection (2)(a) and (b);
 - (b) the form, content and signing of—
 - (i) statements of high net worth;
 - (ii) declarations for the purposes of subsection (1)(b).
- (5) Where an agreement has two or more debtors or hirers, for the purposes of paragraph (c) of subsection (1) a separate statement of high net worth must have been made in relation to each of them; and paragraph (d) of that subsection shall have effect accordingly.
- (6) In this section—

‘previous financial year’ means, in relation to a statement of high net worth, the financial year immediately preceding the financial year during which the statement is made;

‘specified’ means specified in an order under this section.
- (7) In subsection (6) ‘financial year’ means a period of one year ending with 31st March.
- (8) Nothing in this section affects the application of sections 140A to 140C.”

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Changes to legislation: There are currently no known outstanding effects for the Consumer Credit Act 2006, Cross Heading: Agreements regulated under the 1974 Act etc.. (See end of Document for details)

Commencement Information

I2 S. 3 in force at 16.6.2006 for specified purposes by [S.I. 2006/1508](#), [art. 3\(1\)](#), [Sch. 1](#)

4 Exemption relating to businesses

Before section 17 of the 1974 Act insert—

“16B Exemption relating to businesses

- (1) This Act does not regulate—
- (a) a consumer credit agreement by which the creditor provides the debtor with credit exceeding £25,000, or
 - (b) a consumer hire agreement that requires the hirer to make payments exceeding £25,000,
- if the agreement is entered into by the debtor or hirer wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by him.
- (2) If an agreement includes a declaration made by the debtor or hirer to the effect that the agreement is entered into by him wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by him, the agreement shall be presumed to have been entered into by him wholly or predominantly for such purposes.
- (3) But that presumption does not apply if, when the agreement is entered into—
- (a) the creditor or owner, or
 - (b) any person who has acted on his behalf in connection with the entering into of the agreement,
- knows, or has reasonable cause to suspect, that the agreement is not entered into by the debtor or hirer wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by him.
- (4) The Secretary of State may by order make provision about the form, content and signing of declarations for the purposes of subsection (2).
- (5) Where an agreement has two or more creditors or owners, in subsection (3) references to the creditor or owner are references to any one or more of them.
- (6) Nothing in this section affects the application of sections 140A to 140C.”

Commencement Information

I3 S. 4 in force at 16.6.2006 for specified purposes by [S.I. 2006/1508](#), [art. 3\(1\)](#), [Sch. 1](#)

5 Consequential amendments relating to ss. 1 to 4

- (1) In section 8(3) of the 1974 Act (which defines regulated consumer credit agreements) after “16” insert “, 16A or 16B ”.
- (2) In section 10 of that Act (running-account credit and fixed-sum credit)—
- (a) in subsection (1) for “personal” wherever occurring substitute “ consumer ”;

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- (b) in subsection (3)—
 - (i) for “section 8(2)” substitute “ paragraph (a) of section 16B(1) ”;
 - (ii) for “subsection” substitute “ paragraph ”.
- (3) In section 17(2) of that Act (small agreements) for “8(2)” substitute “ 16B(1)(a) ”.
- (4) In section 145(4) of that Act (types of hire businesses relevant to credit brokerage) after paragraph (a) insert—
 - “(aa) a business which comprises or relates to consumer hire agreements being, otherwise than by virtue of section 16(6), exempt agreements;”.
- (5) In subsection (1) of section 158 of that Act (duty of credit reference agency to disclose filed information) for paragraph (a) substitute—
 - “(a) a request in writing to that effect from a consumer;”.
- (6) After subsection (4) of that section insert—
 - “(4A) In this section ‘consumer’ means—
 - (a) a partnership consisting of two or three persons not all of whom are bodies corporate; or
 - (b) an unincorporated body of persons which does not consist entirely of bodies corporate and is not a partnership.”
- (7) In section 181(1) and (2) of that Act (power to alter monetary limits etc.) for “8(2), 15(1)(c)” substitute “ 16B(1) ”.
- (8) In subsection (5) of section 185 of that Act (agreement with more than one debtor or hirer)—
 - (a) in paragraph (b) for “a body corporate” substitute “ not an individual ”;
 - (b) for “the body corporate or bodies corporate” substitute “ each person within paragraph (b) ”.
- (9) In subsection (6) of that section after “a body corporate” insert “ within paragraph (b) of that subsection ”.
- (10) In section 189(1) of that Act (definitions) in the definition of “exempt agreement” after “16” insert “ , 16A or 16B ”.

Commencement Information

14 S. 5(5)(6)(8)(9) in force at 6.4.2007 by S.I. 2007/123, art. 3(2), **Sch. 2**

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