



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;”.

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.

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.”

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.”

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”;
 - (b) in subsection (3)—
 - (i) for “section 8(2)” substitute “paragraph (a) of section 16B(1)”; and
 - (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—

Status: This is the original version (as it was originally enacted).

- “(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”.