

*These notes refer to the Consumer Credit Act 2006  
(c.14) which received Royal Assent on 30 March 2006*

# CONSUMER CREDIT ACT 2006

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## EXPLANATORY NOTES

### SHORT BACKGROUND

5. In July 2001, the Secretary of State for Trade and Industry announced a review of the 1974 Act. After a process of public consultation with interested parties on the effectiveness of the existing regulation of information disclosure, early settlement, unfair credit transactions, consumer credit licensing, the financial limit above which agreements are not regulated under the 1974 Act and consumer redress, there followed the publication of the White Paper “*Fair, Clear and Competitive – The Consumer Credit Market in the 21<sup>st</sup> Century*” in December 2003.
6. The review also considered the problem of over-indebtedness in the United Kingdom, and the ways in which government, working with industry and consumer representatives and advisers, can tackle this issue. This led to the publication of the joint DTI and Department for Work and Pensions paper “*Tackling Over-indebtedness – Action Plan 2004*”.
7. The Government’s responses to these consultations may be found at [www.dti.gov.uk/ccp/topics1/consumer\\_finance.htm#review](http://www.dti.gov.uk/ccp/topics1/consumer_finance.htm#review). In respect of the issues of pre-contractual disclosure, advertising and early settlement, the Parliamentary Under-Secretary of State for Employment Relations, Competition and Consumers made the Consumer Credit (Advertisements) Regulations 2004, the Consumer Credit (Agreements) (Amendment) Regulations 2004, the Consumer Credit (Disclosure of Information) Regulations 2004 and the Consumer Credit (Early Settlement) Regulations 2004 in June 2004, the Consumer Credit (Miscellaneous Amendments) Regulations 2004 in October 2004 and the Consumer Credit Act 1974 (Electronic Communications) Order 2004 in December 2004. The remaining proposals for reform (relating to unfair credit relationships, consumer credit licensing, the financial limit and consumer redress) required primary legislation to amend the 1974 Act and other legislation and are dealt with in this 2006 Act.