

CONSUMER CREDIT ACT 2006

EXPLANATORY NOTES

DEFAULT UNDER REGULATED AGREEMENTS

Section 9: Notice of sums in arrears under fixed-sum credit agreements etc.

28. *Section 9* inserts a new section 86B after the new section 86A (inserted into the 1974 Act by section 8). Section 86B provides that creditors and owners must give to debtors and hirers notices of sums in arrears in respect of regulated agreements that are fixed sum credit agreements or hire agreements. A creditor or owner must give a notice in the specified form, including an arrears information sheet, to a debtor or hirer 14 days after a point in time where:
- the debtor or hirer is required to have made two (in the case of agreements with a repayment interval of more than one week) or four (in the case of agreements with a repayment interval of one week or less) payments under the agreement before that time;
 - the total sum that has been paid by the debtor or hirer under the agreement up to that time is less than the amount that he is required to have paid at that time;
 - the amount of the debtor's or hirer's shortfall is no less than the total of the last two (in the case of agreements with a repayment interval of more than one week) or four (in the case of agreements with a repayment interval of one week or less) payments required to have been paid under the agreement before that time subject as set out below;
 - the creditor or owner is not already required to provide the debtor or hirer with a notice of sums in arrears in relation to that agreement; and
 - there is no sum payable by the debtor or hirer under a judgment given before that time in relation to the credit or hire agreement.

Thereafter the creditor or owner will be required to give to the debtor or hirer a notice of sums in arrears at intervals of six months until he ceases to be in arrears and has paid all sums of interest or default sums that are payable in relation to his arrears, or a judgment is made in relation to the sums payable under that agreement.

29. In the case of agreements with repayment intervals of one week or less made more than 20 weeks before the day on which the debtor or hirer is required to have made the most recent payment under the agreement, the amount of the debtor's or hirer's shortfall is calculated on the basis only of payments missed in the period of 20 weeks ending with that day.