



# Consumer Credit Act 2006

## 2006 CHAPTER 14

### *Unfair relationships*

#### **21 Interpretation of ss. 140A and 140B of the 1974 Act**

After section 140B of the 1974 Act (inserted by section 20 of this Act) insert—

##### **“140C Interpretation of ss. 140A and 140B**

- (1) In this section and in sections 140A and 140B ‘credit agreement’ means any agreement between an individual (the ‘debtor’) and any other person (the ‘creditor’) by which the creditor provides the debtor with credit of any amount.
- (2) References in this section and in sections 140A and 140B to the creditor or to the debtor under a credit agreement include—
  - (a) references to the person to whom his rights and duties under the agreement have passed by assignment or operation of law;
  - (b) where two or more persons are the creditor or the debtor, references to any one or more of those persons.
- (3) The definition of ‘court’ in section 189(1) does not apply for the purposes of sections 140A and 140B.
- (4) References in sections 140A and 140B to an agreement related to a credit agreement (the ‘main agreement’) are references to—
  - (a) a credit agreement consolidated by the main agreement;
  - (b) a linked transaction in relation to the main agreement or to a credit agreement within paragraph (a);
  - (c) a security provided in relation to the main agreement, to a credit agreement within paragraph (a) or to a linked transaction within paragraph (b).
- (5) In the case of a credit agreement which is not a regulated consumer credit agreement, for the purposes of subsection (4) a transaction shall be treated as being a linked transaction in relation to that agreement if it would have

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*Status: This is the original version (as it was originally enacted).*

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been such a transaction had that agreement been a regulated consumer credit agreement.

- (6) For the purposes of this section and section 140B the definitions of ‘security’ and ‘surety’ in section 189(1) apply (with any appropriate changes) in relation to—
- (a) a credit agreement which is not a consumer credit agreement as if it were a consumer credit agreement; and
  - (b) a transaction which is a linked transaction by virtue of subsection (5).
- (7) For the purposes of this section a credit agreement (the ‘earlier agreement’) is consolidated by another credit agreement (the ‘later agreement’) if—
- (a) the later agreement is entered into by the debtor (in whole or in part) for purposes connected with debts owed by virtue of the earlier agreement; and
  - (b) at any time prior to the later agreement being entered into the parties to the earlier agreement included—
    - (i) the debtor under the later agreement; and
    - (ii) the creditor under the later agreement or an associate or a former associate of his.
- (8) Further, if the later agreement is itself consolidated by another credit agreement (whether by virtue of this subsection or subsection (7)), then the earlier agreement is consolidated by that other agreement as well.”