

SCHEDULE 2

Regulation 2(2)

FORM OF DEFAULT NOTICE BEFORE A CREDITOR OR OWNER CAN BECOME ENTITLED, BY REASON OF ANY BREACH BY THE DEBTOR OR HIRER OF A REGULATED AGREEMENT, TO TERMINATE THE AGREEMENT, DEMAND EARLIER PAYMENT OF ANY SUM, RECOVER POSSESSION OF ANY GOODS OR LAND, TREAT ANY RIGHT CONFERRED ON THE DEBTOR OR HIRER BY THE AGREEMENT AS TERMINATED, RESTRICTED OR DEFERRED OR ENFORCE ANY SECURITY

Details of agreement

1. A description of the agreement sufficient to identify it.

Parties to agreement

- 2.—(1) The name and a postal address of the creditor or owner.
(2) The name and a postal address of the debtor or hirer.

Details of breach of agreement and action required to remedy, or pay compensation for, the breach

3. A specification of:—
 - (a) the provision of the agreement alleged to have been breached; and
 - (b) the nature of the alleged breach of the agreement, specifying clearly the matters complained of; and either
 - (c) if the breach is capable of remedy, what action is required to remedy it and the date, being a date not less than seven days after the date of service of the notice, before which that action is to be taken; or
 - (d) if the breach is not capable of remedy, the sum (if any) required to be paid as compensation for the breach and the date, being a date not less than seven days after the date of service of the notice, before which it is to be paid.

Action by the creditor or owner to be ineffective if breach remedied or compensation paid

4. Where any action is specified under paragraph 3(c) or (d) as required to be taken, a statement that the provision for the taking of any action by the creditor or owner such as is mentioned in paragraph 6 will be ineffective if the breach is duly remedied or the compensation is duly paid in the following form—

“IF THE ACTION REQUIRED BY THIS NOTICE IS TAKEN BEFORE THE DATE SHOWN NO FURTHER ENFORCEMENT ACTION WILL BE TAKEN IN RESPECT OF THE BREACH”.

Note:

This statement shall follow the specification under paragraph 3(c) or (d) of any action required to be taken.

Consequences of failure to comply with default notice

5. Where any action is specified under paragraph 3(c) or (d) as required to be taken, a statement indicating the consequences of the failure by the debtor or hirer to comply with the default notice in the following form—

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“IF YOU DO NOT TAKE THE ACTION REQUIRED BY THIS NOTICE BEFORE THE DATE SHOWN THEN THE FURTHER ACTION SET OUT BELOW MAY BE TAKEN AGAINST YOU [OR A SURETY]”.

Notes:

1. This statement shall be followed by the specification under paragraph 6 of the further action intended to be taken by the creditor or owner.
2. Creditor or owner to omit words in square brackets if there is no specification under paragraph 6(e) of any action intended to be taken to enforce any security.

Action intended to be taken by creditor or owner

6. A clear and unambiguous statement by the creditor or owner indicating, if any action specified under paragraph 3(c) or (d) as required to be taken is not duly taken or if no such action is required to be taken, the action which he intends to take by reason of the breach by the debtor or hirer of the agreement—

- (a) to terminate the agreement;
- (b) to demand earlier payment of any sum;
- (c) to recover possession of any goods or land;
- (d) to treat any right conferred on the debtor or hirer by the agreement as terminated, restricted or deferred;
- (e) to enforce any security;
- (f) to enforce any provision of the agreement which becomes operative only on a breach of another provision of the agreement as specified in the notice,

at any time on or after the date specified under paragraph 3(c) or (d), or, if no action is specified under that paragraph as required to be taken, indicating the date, being a date not less than seven days after the date of service of the notice, on or after which he intends to take any action indicated in this paragraph.

Retaking of protected hire-purchase etc, goods

7. In the case of a regulated hire-purchase or conditional sale agreement relating to goods, where the property in the goods remains in the creditor, a statement in the following form—

“BUT IF YOU HAVE PAID AT LEAST ONE-THIRD OF THE TOTAL AMOUNT PAYABLE UNDER THE AGREEMENT SET OUT BELOW (OR ANY INSTALLATION CHARGE PLUS ONE-THIRD OF THE REST OF THE AMOUNT PAYABLE). THE CREDITOR MAY NOT TAKE BACK THE GOODS AGAINST YOUR WISHES UNLESS HE GETS A COURT ORDER. (IN SCOTLAND, HE MAY NEED TO GET A COURT ORDER AT ANY TIME.) IF HE DOES TAKE THEM WITHOUT YOUR CONSENT OR A COURT ORDER, YOU HAVE THE RIGHT TO GET BACK ALL THE MONEY YOU HAVE PAID UNDER THE AGREEMENT SET OUT BELOW”.

Note:

This statement shall follow the specification under paragraph 6 of the further action intended to be taken by the creditor or owner and be followed by—

- (a) either
 - (i) the total amount payable under the agreement, or
 - (ii) where there is an installation charge, separately, the amount of the installation charge and the rest of the total amount payable under the agreement; and

- (b) the total amount that the debtor has paid to the creditor by the date of the giving of the notice.

Requiring earlier payment of any sum

8. Where a sum of money is required to be paid under the notice,
- (a) the amount of the sum before deducting the amount of any rebate on early settlement;
 - (b) where any rebate on early settlement is allowable under the agreement or by virtue of section 95 of the Act—
 - (i) the amount of the rebate allowable calculated on the assumption that early settlement takes place on the date specified in the notice for earlier payment of the sum; and
 - (ii) the total amount to be paid after taking into account the amount of any rebate on early settlement, namely the difference between the amount shown in paragraph (a) above and the amount shown in sub-paragraph (i) .

Time order

9. A statement in the following form indicating that the debtor or hirer is entitled to apply under section 129 of the Act in England and Wales to the county court, in Scotland to the sheriff court or in Northern Ireland to the High Court or the county court for a time order—

“IF YOU HAVE DIFFICULTY IN PAYING ANY SUM OWING UNDER THE AGREEMENT OR TAKING ANY OTHER ACTION REQUIRED BY THIS NOTICE, YOU CAN APPLY TO THE COURT WHICH MAY MAKE AN ORDER ALLOWING YOU OR ANY SURETY MORE TIME”.

General

10. A statement in the following form—

“IF YOU ARE NOT SURE WHAT TO DO, YOU SHOULD GET HELP AS SOON AS POSSIBLE. FOR EXAMPLE YOU SHOULD CONTACT A SOLICITOR, YOUR LOCAL TRADING STANDARDS DEPARTMENT OR YOUR NEAREST CITIZENS’ ADVICE BUREAU”.

11. A statement in the following form—

“IMPORTANT—YOU SHOULD READ THIS CAREFULLY”.