

*This Statutory Instrument has been made in consequence of defects in S.I. 2010/1010, S.I. 2010/1011 and S.I. 2010/1013 and is being issued free of charge to all known recipients of those Statutory Instruments.*

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STATUTORY INSTRUMENTS

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**2011 No. 11**

**CONSUMER CREDIT**

**The Consumer Credit (Amendment) Regulations 2011**

<i>Made</i>	- - - -	<i>5th January 2011</i>
<i>Laid before Parliament</i>		<i>10th January 2011</i>
<i>Coming into force</i>	- -	<i>31st January 2011</i>

The Secretary of State is a Minister designated(1) for the purposes of section 2(2) of the European Communities Act 1972(2) in relation to measures relating to consumer credit.

The Secretary of State makes—

- (a) regulation 7 in exercise of the powers conferred by sections 20 and 182(2) of the Consumer Credit Act 1974(3), and
- (b) all other regulations in exercise of the powers conferred by section 2(2) of the European Communities Act 1972.

**Citation and Commencement**

1. These Regulations may be cited as the Consumer Credit (Amendment) Regulations 2011 and shall come into force on 31st January 2011.

**Amendments to the Consumer Credit (EU Directive) Regulations 2010**

2. The Consumer Credit (EU Directive) Regulations 2010(4) are amended as specified in regulations 3 to 6.

3. In regulation 32 (early repayment), in the wording inserted as section 95A (compensatory amount), in subsection (3)(c) for “whichever is the higher” substitute “whichever is the lower”.

4. For regulation 55 (Consumer Credit (Agreements) Regulations 1983) substitute—

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(1) S.I. 2008/3117.  
(2) 1972 c.68. Section 2(2) was amended by section 27(1)(a) of the Legislative and Regulatory Reform Act 2006 (c.51).  
(3) 1974 c.39.  
(4) S.I. 2010/1010, amended by S.I. 2010/1969.

“55. In Schedule 2 (forms of statement or protection and remedies available under the Consumer Credit Act 1974 to debtors under regulated consumer credit agreements)—

(a) in form 14, in column 3 under Form of Statements for the text in 1) to the end substitute—

“1) You can settle this agreement at any time by giving notice [in writing]\* and paying off the amount you owe under the agreement [which may be reduced by a rebate]\*\* [Examples indicating the amount you have to pay appear in the agreement.]\*\*\*

[2) You can settle this agreement in part at any time by giving notice and paying off some of the amount you owe.]\*\*\*\*

[3) If you received unsatisfactory goods or services paid for under this agreement [, apart from any bought with a cash loan.]\*\*\*\*\* you may have a right to sue the supplier, the creditor or both.

4) If the contract is not fulfilled, perhaps because the supplier has gone out of business, you may still be able to sue the creditor.]\*\*\*\*\*

If you would like to know more about your rights under the Act, contact either your local Trading Standards Department or your nearest Citizens’ Advice Bureau.

Notes:

\*Creditor to insert phrase in square brackets where agreement is secured on land.

\*\*Creditor to insert phrase in square brackets in any agreement where rebate would be payable on early settlement under the agreement or the Consumer Credit (Early Settlement) Regulations 2004.

\*\*\* Creditor to insert phrase in second pair of square brackets in any agreement for fixed-sum credit for a term of more than one month that is an agreement secured on land.

\*\*\*\* Creditor to delete where agreement is secured on land.

\*\*\*\*\* Creditor to insert phrase in square brackets in any multiple agreement, of which at least one part is a debtor-creditor-supplier agreement falling within section 12(b) or (c) of the Act and at least one part is a debtor-creditor agreement falling within section 13(c) of the Act.

\*\*\*\*\*Creditor may delete text in 3) and 4) where agreement is a debtor-creditor-supplier agreement for running-account credit—

(i) which provides for the making of payments by the debtor in relation to specified periods which, in the case of an agreement which is not secured on land, do not exceed three months, and

(ii) which requires that the number of payments to be made by the debtor in repayments of the whole amount of credit provided in such period shall not exceed one.”;

(b) in form 15, in column 3 under Form of Statement for the text from “You can settle the regulated agreement” to the end substitute—

“You can settle the regulated agreement at any time by giving notice [in writing]\*\* and paying off the amount you owe under this agreement [which may be reduced by a rebate]\*\*\* [Examples indicating the amount you have to pay appear in the agreement.]\*\*\*\*

[You can settle this agreement in part at any time by giving notice and paying off some of the amount you owe.]\*\*\*\*\*

If you would like to know more about your rights under the Act, contact either your local Trading Standards Department or your nearest Citizens' Advice Bureau.

Notes:

\*Creditor to insert description of regulated agreement example "the cash advance facility".

\*\* Creditor to insert phrase in square brackets where agreement is secured on land.

\*\*\*Creditor to insert phrase in square brackets in any agreement where rebate would be payable on early settlement under the agreement or the Consumer Credit (Early Settlement) Regulations 2004.

\*\*\*\* Creditor to insert phrase in second pair of square brackets in any agreement for fixed-sum credit for a term of more than one month that is an agreement secured on land.

\*\*\*\*\* Creditor to delete where agreement is secured on land."";

- (c) in Form 16, in column 3 under Form of Statement for the text from "You can settle this agreement" to the end substitute—

"You can settle this agreement at any time by giving notice [in writing]\* and paying off the amount you owe under the agreement [which may be reduced by a rebate]\*\*. [Examples indicating the amount you have to pay appear in the agreement.]\*\*\*

[You can settle this agreement in part at any time by giving notice and paying off some of the amount you owe.]\*\*\*\*\*

If you would like to know more about your rights under the Act, contact either your local Trading Standards Department or your nearest Citizens' Advice Bureau.

Notes:

\*Creditor to insert phrase in square brackets where agreement is secured on land.

\*\* Creditor to insert phrase in square brackets in any agreement where rebate would be payable on early settlement under the agreement or the Consumer Credit (Early Settlement) Regulations 2004.

\*\*\* Creditor to insert phrase in second pair of square brackets in any agreement for fixed-sum credit for a term of more than one month that is an agreement secured on land.

\*\*\*\* Creditor to delete where agreement is secured on land."";

5. In regulation 78 (Consumer Credit (Early Settlement) Regulations 2004), omit paragraph (c).
6. After regulation 88 (Financial Services (Distance Marketing) Regulations 2004), insert—
  - “**88A.** In regulation 10 (cancellation period), after paragraph (3), insert—
    - “(3A) Where the distance contract is also an authorised non-business overdraft agreement the cancellation period ends on the expiry of fourteen calendar days beginning with the day after the relevant day.

(3B) For the purposes of paragraph (3A) the relevant day is whichever is the latest of the following—

- (a) the conclusion day;
- (b) where the supplier is required to inform the consumer of the credit limit under the distance contract the day on which the supplier first does so;
- (c) in the case of an agreement to which regulation 8(1C)(a) is relevant the day on which the consumer receives the information and the contractual terms and conditions referred to in that regulation;
- (d) in the case of an agreement to which regulation 8(1C)(b) or (c) is relevant the day on which the consumer receives the information and the written agreement or, as applicable, the written agreement referred to in that regulation.”.”.

#### **Amendments to the Consumer Credit (Total Charge for Credit) Regulations 2010**

7.—(1) The Consumer Credit (Total Charge for Credit) Regulations 2010<sup>(5)</sup> are amended as follows.

(2) In regulation 2 (interpretation), in paragraph (2)(b) for “the Act” substitute “the Consumer Credit Act 1974”.

#### **Amendments to the Consumer Credit (Disclosure of Information) Regulations 2010**

8.—(1) The Consumer Credit (Disclosure of Information) Regulations 2010<sup>(6)</sup> are amended as follows.

(2) In regulation 10 (information to be disclosed: overdraft agreements), in paragraph (5A) for “regulation” substitute “agreement”.

#### **Transitional provision**

9.—(1) This regulation applies to a consumer credit agreement regulated by the Consumer Credit Act 1974—

- (a) that is entered into on or after 1st February 2011 and before 2nd August 2011,
- (b) that is not secured on land, and
- (c) to which the Agreements Regulations 1983 apply.

(2) An agreement is to be treated as though the Agreements Regulations 1983 have been complied with where the creditor does what is required by those Regulations except that in the wording of the relevant Form the words “in writing” are inserted before the words “and paying off the amount you owe”.

10.—(1) This regulation applies to a consumer credit agreement regulated by the Consumer Credit Act 1974—

- (a) that is entered into on 31st January 2011,
- (b) that is not secured on land, and
- (c) to which regulation 101A of the Consumer Credit (EU Directive) Regulations 2010 applies.

(2) In regulation 101A(3) of the Consumer Credit (EU Directive) Regulations 2010, Condition F is satisfied where the creditor does what is required by that regulation except that in the relevant

(5) [S.I. 2010/1011](#).

(6) [S.I. 2010/1013](#), amended by [S.I. 2010/1969](#).

statement of protection and remedies provided in accordance with regulation 101A(3)(a) the words “in writing” are inserted before the words “and paying off the amount you owe”.

(3) In paragraph (2) the “relevant statement of protection and remedies” means the statement of protection and remedies in the relevant Form.

(4) An agreement is to be treated as though the Agreements Regulations 1983 have been complied with where the creditor does what is required by those Regulations except that in the wording of the relevant Form the words “in writing” are inserted before the words “and paying off the amount you owe”

**11.** In regulations 9 and 10—

- (a) “the Agreements Regulations 1983” means the Consumer Credit (Agreements) Regulations 1983(7);
- (b) “the relevant Form” means Form 14, 15 or 16, as applicable, of Schedule 2 to the Consumer Credit (Agreements) Regulations 1983.

5th January 2011

*Mark Prisk*  
Minister of State for Business and Enterprise  
Department for Business, Innovation and Skills

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, issued free of charge, amend the Consumer Credit (EU Directive) Regulations 2010 (S.I. 2010/1010), the Consumer Credit (Total Charge for Credit) Regulations 2010 (S.I. 2010/1011) and the Consumer Credit (Disclosure of Information) Regulation 2010 (S.I. 2010/1013) (“the principal Regulations”) to correct drafting errors. The principal Regulations implement Directive 2008/48/EC of the European Parliament and of the Council on credit agreements for consumers (OJ No L133, 22.5.2000, p66) (“the Directive”) except for articles 4 and 10.

Regulations 2 to 6 amend S.I. 2010/1010 to correct errors in the amendments made to primary and secondary legislation by those Regulations. Regulation 3 clarifies the amount a creditor may claim in compensation for early repayment by the debtor. The creditor can charge the relevant percentage, as defined in section 95A of the Consumer Credit Act 1974, so long as that amount does not exceed the total amount of interest that would have been paid by the debtor under the agreement if the debtor had not repaid early. Regulation 4 amends Forms 14, 15 and 16 of Schedule 2 to the Consumer Credit (Agreements) Regulations 1983 to clarify that the notice of full early repayment does not need to be given in writing unless the agreement is secured on land. This is a minor amendment but the text of the Forms have been substituted for ease of use. Regulation 6 clarifies when the cancellation period starts to run for authorised non-business overdraft agreements under the Financial Services (Distance Marketing) Regulations 2004.

Regulation 7 amends S.I. 2010/1011 and regulation 8 amends S.I. 2010/1013 to correct drafting errors in those Regulations.

Regulations 9 to 11 make transitional provision to provide a grace period for creditors who have prepared forms prior to regulation 4 coming into force so that those forms may be used during that period and will be treated as complying with the relevant provisions of the Consumer Credit Act 1974 and associated Regulations.

An impact assessment has not been prepared for these Regulations since they have the same effect on the costs to business and the voluntary sector as the principal Regulations. A copy of the transposition note and impact assessment for the principal Regulations is available from the BIS website ([www.bis.gov.uk](http://www.bis.gov.uk)) and was placed in the Libraries of both Houses of Parliament.