



Consumer Credit Act 1974

1974 CHAPTER 39

PART VII

DEFAULT AND TERMINATION

Default notices

87 Need for default notice.

- (1) Service of a notice on the debtor or hirer in accordance with section 88 (a “default notice”) is necessary before the creditor or owner can become entitled, by reason of any breach by the debtor or hirer of a regulated agreement,—
 - (a) to terminate the agreement, or
 - (b) to demand earlier payment of any sum, or
 - (c) to recover possession of any goods or land, or
 - (d) to treat any right conferred on the debtor or hirer by the agreement as terminated, restricted or deferred, or
 - (e) to enforce any security.
- (2) Subsection (1) does not prevent the creditor from treating the right to draw upon any credit as restricted or deferred, and taking such steps as may be necessary to make the restriction or deferment effective.
- (3) The doing of an act by which a floating charge becomes fixed is not enforcement of a security.
- (4) Regulations may provide that subsection (1) is not to apply to agreements described by the regulations.
- [^{F1}(5) Subsection (1)(d) does not apply in a case referred to in section 98A(4) (termination or suspension of debtor's right to draw on credit under open-end agreement).]

Changes to legislation: Consumer Credit Act 1974, Cross Heading: Default notices is up to date with all changes known to be in force on or before 10 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

- F1** S. 87(5) inserted (1.2.2011) by [The Consumer Credit \(EU Directive\) Regulations 2010 \(S.I. 2010/1010\)](#), [regs. 37, 99\(1\)](#) (with [regs. 100, 101](#))

Modifications etc. (not altering text)

- C1** S. 87 applied (1.11.2009) by [The Payment Services Regulations 2009 \(S.I. 2009/209\)](#), [regs. 1\(2\)\(c\), 52\(d\)](#) (with [reg. 3](#))
- C2** S. 87 excluded (E.W.S.) (15.7.2014) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Green Deal\) \(Amendment\) Order 2014 \(S.I. 2014/1850\)](#), [arts. 1\(2\), 12\(3\)](#) (with [art. 1\(3\)](#))

88 Contents and effect of default notice.

- (1) The default notice must be in the prescribed form and specify—
 - (a) the nature of the alleged breach;
 - (b) if the breach is capable of remedy, what action is required to remedy it and the date before which that action is to be taken;
 - (c) if the breach is not capable of remedy, the sum (if any) required to be paid as compensation for the breach, and the date before which it is to be paid.
- (2) A date specified under subsection (1) must not be less than [^{F2}14] days after the date of service of the default notice, and the creditor or owner shall not take action such as is mentioned in section 87(1) before the date so specified or (if no requirement is made under subsection (1)) before those [^{F2}14] days have elapsed.
- (3) The default notice must not treat as a breach failure to comply with a provision of the agreement which becomes operative only on breach of some other provision, but if the breach of that other provision is not duly remedied or compensation demanded under subsection (1) is not duly paid, or (where no requirement is made under subsection (1)) if the [^{F2}14] days mentioned in subsection (2) have elapsed, the creditor or owner may treat the failure as a breach and section 87(1) shall not apply to it.
- (4) The default notice must contain information in the prescribed terms about the consequences of failure to comply with it [^{F3}and any other prescribed matters relating to the agreement].
- [^{F4}(4A) The default notice must also include a copy of the current default information sheet under section 86A.]
- (5) A default notice making a requirement under subsection (1) may include a provision for the taking of action such as is mentioned in section 87(1) at any time after the restriction imposed by subsection (2) will cease, together with a statement that the provision will be ineffective if the breach is duly remedied or the compensation duly paid.

Textual Amendments

- F2** Words in s. 88(2)(3) substituted (1.10.2006) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {14(1)}, 71(2) (with Sch. 3 para. 10); [S.I. 2006/1508](#), [art. 3\(2\)](#), Sch. 2
- F3** Words in s. 88(4) inserted (16.6.2006) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {14(2)}, 71(2) (with Sch. 3 para. 10); [S.I. 2006/1508](#), [art. 3\(1\)](#), Sch. 1

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F4 S. 88(4A) inserted (1.10.2008) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {14(3)}, 71(2) (with Sch. 3 para. 10); [S.I. 2007/3300](#), [art. 3\(3\)](#), Sch. 3

89 Compliance with default notice.

If before the date specified for that purpose in the default notice the debtor or hirer takes the action specified under section 88(1)(b) or (c) the breach shall be treated as not having occurred.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 25(2A)(b)(ia) inserted by [2010 c. 28 Sch. 2 para. 36](#)