



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.

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 ;

Status: This is the original version (as it was originally enacted).

- (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 seven 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 seven 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 seven 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.
- (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.

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.