DRAFT STATUTORY INSTRUMENTS

2008 No.

The Cancellation of Contracts made in a Consumer's Home or Place of Work etc. Regulations 2008

Repayment of credit and interest

12.—(1) Where—

(a) a contract under which credit is provided to the consumer is cancelled under regulation 8; or

(b) a related credit agreement (other than a cancellable agreement or an agreement of a kind referred to in regulation 6(1)(c)) is cancelled as a result of the cancellation of a contract for goods or services,

the contract or agreement shall continue in force so far as it relates to repayment of the credit and payment of interest.

(2) If, following the cancellation of a contract or related credit agreement to which paragraph (1) applies, the consumer repays the whole or a portion of the credit—

(a) before the expiry of one month following service of the cancellation notice; or

(b) in the case of a credit repayable by instalments, before the date on which the first instalment is due,

no interest shall be payable on the amount repaid.

(3) If the whole of a credit repayable by instalments is not repaid on or before the date specified in paragraph (2)(b), the consumer shall not be liable to repay any of the credit except on receipt of a request in writing signed by the trader stating the amounts of the remaining instalments (recalculated by the trader as nearly as may be in accordance with the contract and without extending the repayment period), but excluding any sum other than principal and interest.

(4) Repayment of a credit, or payment of interest, under a cancelled contract or related credit agreement shall be treated as duly made if it is made to any person on whom, under regulation 8(4), a cancellation notice could have been served.

(5) Where any security has been provided in relation to the contract or consumer credit agreement, the duty imposed on the consumer by this regulation shall not be enforceable before the trader or creditor has discharged any duty imposed on him by regulation 10(3) or 11(2)(d) respectively.