



Consumer Credit Act 1974

1974 CHAPTER 39

PART VII

DEFAULT AND TERMINATION

Early payment by debtor

[^{F1}95A Compensatory amount

- (1) This section applies where—
 - (a) a regulated consumer credit agreement, other than an agreement secured on land, provides for the rate of interest on the credit to be fixed for a period of time, and
 - (b) under section 94 the debtor discharges all or part of his indebtedness during that period.
- (2) The creditor may claim an amount equal to the cost which the creditor has incurred as a result only of the debtor's indebtedness being discharged during that period if—
 - (a) the amount of the payment under section 94 exceeds £8,000 or, where more than one such payment is made in any 12 month period, the total of those payments exceeds £8,000,
 - (b) the agreement is not a debtor-creditor agreement enabling the debtor to overdraw on a current account, and
 - (c) the amount of the payment under section 94 is not paid from the proceeds of a contract of payment protection insurance.
- (3) The amount in subsection (2)—
 - (a) must be fair,
 - (b) must be objectively justified, and
 - (c) must not exceed whichever is the lower of—
 - (i) the relevant percentage of the amount of the payment under section 94, and

Changes to legislation: Consumer Credit Act 1974, Section 95A is up to date with all changes known to be in force on or before 12 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

(ii) the total amount of interest that would have been paid by the debtor under the agreement in the period from the date on which the debtor makes the payment under section 94 to the date fixed by the agreement for the discharge of the indebtedness of the debtor.

(4) In subsection (3)(c)(i) “ relevant percentage ” means—

- (a) 1%, where the period from the date on which the debtor makes the payment under section 94 to the date fixed by the agreement for the discharge of the indebtedness of the debtor is more than one year, or
- (b) 0.5%, where that period is equal to or less than one year.]

Textual Amendments

F1 S. 95A inserted (1.2.2011) by [The Consumer Credit \(EU Directive\) Regulations 2010 \(S.I. 2010/1010\)](#), [regs. 32, 99\(1\)](#) (with [regs. 100, 101](#)) (as amended (31.1.2011) by [S.I. 2011/11, reg. 3](#))

Modifications etc. (not altering text)

C1 Ss. 94-97A 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\(2\)](#) (with art. 1(3))

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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](#)