



Co-operative and Community Benefit Societies Act 2014

2014 CHAPTER 14

PART 6

BANKING AND LENDING BY SOCIETIES

Banking

67 Registered society with withdrawable share capital not to carry on banking etc

- (1) A registered society which has any withdrawable share capital must not carry on the business of banking.
- (2) For this purpose the taking of deposits of not more than £400 in any one payment and not more than £400 for any one depositor, payable on not less than 2 clear days' notice, is not to be treated as carrying on the business of banking.
- (3) A registered society which takes deposits must not make any payment of withdrawable capital while any payment due on account of any deposit is unsatisfied.
- (4) A registered society which contravenes this section commits an offence and is liable on summary conviction to a fine not exceeding level 1 on the standard scale.

68 Power to amend figures in section 67(2)

- (1) The Treasury may by order substitute for the sums for the time being specified in section 67(2) such other sums (being not less than the minimum sums) as they consider appropriate.
- (2) The "minimum sums" are—
 - (a) in the case of the first sum specified in section 67(2) (the limit of deposits that can be taken at any one time), £10;

- (b) in the case of the second sum specified there (the maximum amount that can be taken from any one depositor), £250.
- (3) The order may—
 - (a) make any such provision in connection with altering the limits for the time being applicable under section 67(2) as was made by section 1 of the Industrial and Provident Societies Act 1978 in connection with the alteration made by section 1(1) of that Act, and
 - (b) contain such other transitional, consequential, incidental or supplementary provisions as appear to the Treasury to be necessary or appropriate in that connection.

69 Society carrying on banking must display statement

- (1) A registered society which carries on the business of banking must display a statement complying with section 70 in a conspicuous position in—
 - (a) its registered office, and
 - (b) every other office or place of business belonging to the society where the business of banking is carried on.
- (2) Section 67(2) (taking of deposits below limits specified there not to be treated as carrying on the business of banking) applies for the purposes of this section.
- (3) A registered society which fails to comply with this section commits an offence and is liable on summary conviction to a fine not exceeding level 1 on the standard scale.

70 Section 69: form of statement

- (1) The statement required by section 69 is to be in the following form (or as near to it as is possible in the circumstances)—
 - 1 Capital of the society—
 - (a) nominal amount of each share;
 - (b) number of shares issued;
 - (c) amount paid up on shares.
 - 2 Liabilities of the society on the relevant date—
 - (a) on judgments;
 - (b) on specialty;
 - (c) on notes or bills;
 - (d) on simple contract;
 - (e) on estimated liabilities.
 - 3 Assets of the society on the relevant date—
 - (a) government securities (stating them);
 - (b) bills of exchange and promissory notes;
 - (c) cash at the bankers;
 - (d) other securities.
- (2) “The relevant date” is—
 - (a) 1 January (for the period beginning with the first Monday in the following February and ending immediately before the first Monday in the following August);

- (b) 1 July (for the period beginning with the first Monday in the following August and ending immediately before the first Monday in the following February).

Discharge of charges securing lending by a registered society

71 Discharge of mortgages of property in England and Wales

- (1) This section applies where—
 - (a) there is a mortgage or other assurance (“the charge”) of any property in England or Wales to a registered society,
 - (b) a receipt in full for all moneys secured on the property by the charge is endorsed on, or annexed to, the charge,
 - (c) the receipt is in a form set out in Part 1 of Schedule 2 or is in any other form specified in the society’s rules (or in a schedule to those rules), and
 - (d) the receipt is signed by 2 members of the society’s committee and countersigned by its secretary (or, if the society is in liquidation, is signed by the liquidator or liquidators for the time being, described as such).
- (2) For the purposes of the provisions of section 115 of the Law of Property Act 1925 (reconveyances of mortgages by endorsed receipts) specified below, the receipt is treated as meeting the requirements of subsection (1) of that section—
 - (a) subsection (1) so far as it relates to the operation of a receipt of a kind mentioned in that subsection;
 - (b) if the receipt states the name of the person who pays the money, subsection (2);
 - (c) subsections (3), (6), (8), (10) and (11);
 - (d) where consistent with the terms of the form used for the receipt, subsection (7).

72 Discharge of securities: land in Scotland

- (1) This section applies to land in Scotland that is held in security by a registered society by virtue of a heritable security.
- (2) If the heritable security is constituted by an ex facie absolute conveyance (whether or not qualified by a back letter), a receipt in Form C in Part 2 of Schedule 2 (or as nearly as may be in that form) that is endorsed on or annexed to the conveyance has the following effect on being registered in the General Register of Sasines—
 - (a) it effectually discharges the heritable security and disburdens the land comprised in it, and
 - (b) it vests that land in the person entitled to it at the date the receipt is granted, in the same way and to the same effect as if the society had granted a conveyance containing all usual and necessary clauses and the conveyance had been duly registered in the General Register of Sasines.
- (3) In any other case—
 - (a) where the heritable security is recorded in the General Register of Sasines, a receipt in Form D in Part 2 of Schedule 2 (or as nearly as may be in that form) that is endorsed on or annexed to the deed constituting the heritable security, upon being recorded in the General Register of Sasines, effectually discharges the heritable security and disburdens the land comprised in it, in the same way and to the same effect as if the society had granted a discharge and the discharge had been duly recorded in the General Register of Sasines, and

- (b) where the heritable security is registered in the Land Register of Scotland, a receipt in Form E in Part 2 of Schedule 2 (or as nearly as may be in that form) that is endorsed on or annexed to the deed constituting the heritable security, upon being registered in the Land Register of Scotland, effectually discharges the heritable security and disburdens the land comprised in it, in the same way and to the same effect as if the society had granted a discharge and the discharge had been duly registered in the Land Register of Scotland.
- (4) The fee payable in respect of the registration of the receipt may not exceed 25 pence.
- (5) In this section—
 - “a receipt”, in relation to any security, means a receipt for all moneys advanced by the society on the security of the property comprised in the security;
 - “conveyance” and “deed” have the meaning given by the Conveyancing (Scotland) Act 1924.

73 Discharge of securities: other property in Scotland

- (1) This section applies to property other than land that is held in security by a registered society in Scotland.
- (2) A receipt in Form F in Part 2 of Schedule 2 (or as nearly as may be in that form)—
 - (a) discharges the security, and
 - (b) vests the property comprised in it in the person entitled to it at the date the receipt is granted without the necessity of any further deed.
- (3) But where the original security was intimated to any person, a receipt has the effect mentioned in subsection (2) only when it is duly intimated to that person.
- (4) The fee payable in respect of the registration of the receipt may not exceed 25 pence.
- (5) In this section—
 - “a receipt”, in relation to any security, means a receipt for all moneys advanced by the society on the security of the property comprised in the security;
 - “deed” has the meaning given by the Conveyancing (Scotland) Act 1924.

74 Receipt on payment of moneys secured to a society

On payment of all moneys intended to be secured to a registered society on the security of any property, the debtor is entitled (or the debtor’s successor is, or the debtor’s representatives are, entitled) to a receipt in the appropriate form specified in Schedule 2.