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STATUTORY INSTRUMENTS

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**1989 No. 869**

**The Consumer Credit (Exempt Agreements) Order 1989**

**Exemption of certain consumer credit agreements by reference to the number of payments to be made by the debtor**

3.—(1) The Act shall not regulate a consumer credit agreement which is an agreement of one of the following descriptions, that is to say—

- (a) a debtor-creditor-supplier agreement being either—
  - (i) an agreement for fixed-sum credit under which the total number of payments to be made by the debtor does not exceed four, and those payments are required to be made within a period not exceeding 12 months beginning with the date of the agreement; or
  - (ii) an agreement for running-account credit which provides for the making of payments by the debtor in relation to specified periods and requires that the number of payments to be made by the debtor in repayment of the whole amount of the credit provided in each such period shall not exceed one;

not being, in either case, an agreement of a description specified in paragraph (2) below; and in this sub-paragraph, “payment” means a payment comprising an amount in respect of credit with or without any other amount;

- (b) a debtor-creditor-supplier agreement financing the purchase of land being an agreement under which the number of payments to be made by the debtor does not exceed four; and in this sub-paragraph, “payment” means a payment comprising or including an amount in respect of credit or the total charge for credit (if any);
- (c) a debtor-creditor-supplier agreement for fixed-sum credit to finance a premium under a contract of insurance relating to any land or to anything thereon where—
  - (i) the creditor is the creditor under an agreement secured by a land mortgage on that land which either is an exempt agreement by virtue of section 16(1) of the Act or of article 2 above, or is a personal credit agreement which would be an exempt agreement by virtue of either of those provisions if the credit provided were not to exceed £15,000;
  - (ii) the amount of the credit is to be repaid within the period to which the premium relates, not being a period exceeding 12 months; and
  - (iii) there is no charge forming part of the total charge for credit under the agreement other than interest at a rate not exceeding the rate of interest from time to time payable under the agreement mentioned in head (i) above,

and the number of payments to be made by the debtor does not exceed twelve; and in this sub-paragraph “payment” has the same meaning as it has in paragraph (1)(b) above; and

- (d) a debtor-creditor-supplier agreement for fixed-sum credit where—
  - (i) the creditor is the creditor under an agreement secured by a land mortgage on any land which either is an exempt agreement by virtue of section 16(1) of the Act or of article 2 above, or is a personal credit agreement which would be an exempt agreement by virtue of either of those provisions if the credit provided were not to exceed £15,000;

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- (ii) the agreement is to finance a premium under a contract of life insurance which provides, in the event of the death before the credit under the agreement referred to in head (i) above has been repaid of the person on whose life the contract is effected, for payment of a sum not exceeding the amount sufficient to defray the sums which, immediately after that credit has been advanced, would be payable to the creditor in respect of that credit and of the total charge for that credit; and
- (iii) there is no charge forming part of the total charge for credit under the agreement other than interest at a rate not exceeding the rate of interest from time to time payable under the agreement referred to in head (i) above,

and the number of payments to be made by the debtor does not exceed twelve; and in this sub-paragraph, “payment” has the same meaning as it has in sub-paragraph (1)(b) above.

(2) The descriptions of agreement referred to in sub-paragraph (a) of paragraph (1) above and to which accordingly that sub-paragraph does not apply are—

- (a) agreements financing the purchase of land;
- (b) agreements which are conditional sale agreements or hire-purchase agreements; and
- (c) agreements secured by a pledge (other than a pledge of documents of title or of bearer bonds).