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S T A T U T O R Y   I N S T R U M E N T S

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**1999 No. 2725**

**CONSUMER CREDIT**

**The Consumer Credit (Content of Quotations)  
and Consumer Credit (Advertisements)  
(Amendment) Regulations 1999**

*Made - - - - - 29th September 1999*  
*Laid before Parliament 1st October 1999*  
*Coming into force - - 28th February 2000*

The Secretary of State, in exercise of his powers under sections 44 (read with section 151(1) and (5)), 52(1)(a) and (2) (read with section 152) and 182(2) of the Consumer Credit Act 1974(a), makes the following Regulations:—

**PART I**  
**GENERAL**

**Title and commencement**

**1.** These Regulations may be cited as the Consumer Credit (Content of Quotations) and Consumer Credit (Advertisements) (Amendment) Regulations 1999 and shall come into force on 28th February 2000.

**PART II**  
**CONTENT OF QUOTATIONS**

**Interpretation of Part II**

**2.—(1)** In this Part—

“the Act” means the Consumer Credit Act 1974;

“quotation” means any document by which a person gives a prospective customer information about the terms on which he is prepared to do business, but does not include—

- (a) any document which is also an advertisement to which Part IV of the Act applies or an advertisement to which sections 44 to 47 of the Act are applied by section 151(1);
- (b) any document given to a prospective customer under section 58 of the Act (opportunity for withdrawal from prospective land mortgage);

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(a) 1974 c. 39; section 189(1) contains a definition of “prescribed”.

- (c) any document sent to a prospective customer for signature which embodies the terms (or such of them as it is intended to reduce to writing) of a prospective personal credit agreement or a prospective agreement for the bailment of goods; or
- (d) any copy of an unexecuted agreement delivered or sent to a prospective customer under section 62 of the Act (duty to supply copy of unexecuted agreement);

“secured” means secured by a mortgage or charge or, in Scotland, by a standard security within the meaning of the Conveyancing and Feudal Reform (Scotland) Act 1970(a);

“the specified form” means—

- (a) in capital letters;
- (b) clear and legible; and
- (c) prominent; and

“trader” means a person who carries on one or more of the following—

- (a) a consumer credit business;
- (b) a consumer hire business; and
- (c) a business in the course of which he provides credit to individuals secured on land.

(2) Any reference in these Regulations to bailment is in Scotland a reference to hiring.

(3) In these Regulations, references to a trader or credit-broker providing a quotation to a prospective customer include—

- (a) a trader or credit-broker providing a quotation through a person acting on his behalf; and
- (b) a trader or credit-broker providing a quotation to a person acting on behalf of a prospective customer;

and providing a quotation includes making one available temporarily.

#### **Credit agreements secured on the customer’s home**

3. A trader shall, when he provides a quotation to a prospective customer in connection with a prospective personal credit agreement which would or might be secured on the prospective customer’s home, include in that quotation or cause to be included—

- (a) a statement that such security would or might be required; and
- (b) the following statement in the specified form—

“Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it.”.

#### **Foreign currency credit agreements secured on land**

4. A trader shall, when he provides a quotation to a prospective customer in connection with a prospective personal credit agreement which would be secured on land and under which repayments of credit would be made in a currency other than sterling, include in that quotation the following statement in the specified form, or cause it to be included—

“The sterling equivalent of your liability under a foreign currency mortgage may be increased by exchange rate movements.”.

#### **Hire agreements secured on the customer’s home**

5. A trader shall, when he provides a quotation to a prospective customer in connection with a prospective agreement for the bailment of goods which would or might be secured on the prospective customer’s home, include in that quotation or cause to be included—

- (a) a statement that such security would or might be required; and
- (b) the following statement in the specified form—

“Your home is at risk if you do not keep up payments on a hire agreement secured by a mortgage or other security on your home.”.

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(a) 1970 c. 35.

**Quotations provided by credit-brokers**

- 6.—(1) This regulation applies where—
- (a) a credit-broker provides a quotation to an individual (“the prospective customer”); and
  - (b) the quotation is provided in connection with, and relates to, a prospective agreement between the prospective customer and a person to whom the credit-broker effects introductions.
- (2) Where the prospective agreement is a personal credit agreement which would or might be secured on the prospective customer’s home, the credit-broker shall include in the quotation or cause to be included—
- (a) a statement that such security would or might be required; and
  - (b) the following statement in the specified form—  
“Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it.”.
- (3) Where the prospective agreement is a personal credit agreement which would be secured on land and under which repayments of credit would be made in a currency other than sterling, the credit-broker shall include in the quotation the following statement in the specified form, or cause it to be included—  
“The sterling equivalent of your liability under a foreign currency mortgage may be increased by exchange rate movements.”.
- (4) Where the prospective agreement is an agreement for the bailment of goods which would or might be secured on the prospective customer’s home, the credit-broker shall include in the quotation or cause to be included—
- (a) a statement that such security would or might be required; and
  - (b) the following statement in the specified form—  
“Your home is at risk if you do not keep up payments on a hire agreement secured by a mortgage or other security on your home.”.

**PART III****AMENDMENTS TO THE CONSUMER CREDIT (ADVERTISEMENTS) REGULATIONS 1989**

7. The Consumer Credit (Advertisements) Regulations 1989(a) are amended as follows—
- (a) in paragraph 2 of Part II of Schedule 1, by inserting after the words “the debtor’s home” the words “(but not in the case of an exempt advertisement referred to in paragraph 2A below)” and by adding the following after that paragraph—  
“**2A.** An exempt advertisement for the purposes of paragraph 2 above is an advertisement which is—  
    - (a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or
    - (b) published by exhibition of a film (other than exhibition by television broadcast).”;
  - (b) in Part II of Schedule 1, by inserting at the beginning of paragraph 9 the words “Subject to paragraph 9A below,” and by adding the following after that paragraph—  
“**9A.** Paragraph 9 above does not apply to an advertisement which is—  
    - (a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or
    - (b) published by exhibition of a film (other than exhibition by television broadcast).”;
  - (c) in paragraph 2 of Part III of Schedule 1, by inserting after the words “the debtor’s home” the words “(but not in the case of an exempt advertisement referred to in paragraph 2A below)” and by adding the following after that paragraph—

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(a) S.I. 1989/1125, to which there is an amendment not relevant to these Regulations.

- “2A.** An exempt advertisement for the purposes of paragraph 2 above is an advertisement which is—
- (a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or
  - (b) published by exhibition of a film (other than exhibition by television broadcast).”;
- (d) in Part III of Schedule 1 by inserting at the beginning of paragraph 16 the words “Subject to paragraph 16A below,” and by adding the following after that paragraph—
- “16A.** Paragraph 16 above does not apply to an advertisement which is—
- (a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or
  - (b) published by exhibition of a film (other than exhibition by television broadcast).”;
- (e) in paragraph 3 of Part II of Schedule 2, by inserting after the words “the hirer’s home” the words “(but not in the case of an exempt advertisement referred to in paragraph 3A below)” and by adding the following after that paragraph—
- “3A.** An exempt advertisement for the purposes of paragraph 3 above is an advertisement which is—
- (a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or
  - (b) published by exhibition of a film (other than exhibition by television broadcast).”; and
- (f) in paragraph 3 of Part III of Schedule 2, by inserting after the words “the hirer’s home” the words “(but not in the case of an exempt advertisement referred to in paragraph 3A below)” and by adding the following after that paragraph—
- “3A.** An exempt advertisement for the purposes of paragraph 3 above is an advertisement which is—
- (a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or
  - (b) published by exhibition of a film (other than exhibition by television broadcast).”.

29th September 1999

*Kim Howells,*  
Parliamentary Under-Secretary of State  
for Consumers and Corporate Affairs,  
Department of Trade and Industry

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Part II of these Regulations provides for the inclusion of prescribed information in quotations. A quotation is defined (subject to exceptions) as any document by which a person gives a prospective customer information about the terms on which he is prepared to do business (regulation 2(1)). Part III of these Regulations amends the Consumer Credit (Advertisements) Regulations 1989 ("the 1989 Regulations").

Part II requires that when a person who carries on a consumer credit business, a consumer hire business or a business which involves providing credit to individuals secured on land provides a quotation to a prospective customer in connection with a prospective credit agreement which will or may be secured by a mortgage or charge (or in Scotland by a standard security) on the customer's home, that quotation must include a statement that such security is or may be required and, in addition, the warning "Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it" (regulation 3).

The same requirements apply to quotations provided in connection with a prospective hire agreement which will or may be similarly secured on the customer's home, except that the required warning statement is "Your home is at risk if you do not keep up payments on a hire agreement secured by a mortgage or other security on your home" (regulation 5).

Where the prospective credit agreement is one which will be secured by mortgage, charge or standard security on land and require repayments to be made in a currency other than sterling, the Regulations require a quotation to include the warning "The sterling equivalent of your liability under a foreign currency mortgage may be increased by exchange rate movements" (regulation 4).

Part II contains the same requirements where the quotation is provided by a credit-broker and relates to a credit or hire agreement between an individual and a person to whom the credit-broker effects introductions (regulation 6).

By virtue of the definition in regulation 2(1) of "the specified form", the prescribed warnings are to be in capital letters and must be clear, legible and prominent.

A person who is required to include prescribed information in a quotation in the specified form but fails to do so, or fails to cause it to be included, commits an offence under section 167(2) of the Consumer Credit Act 1974.

Part III of these Regulations amends the 1989 Regulations. The amendments have the effect of exempting certain credit advertisements from the requirement to contain one or both of the warning statements "Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it" and "The sterling equivalent of your liability under a foreign currency mortgage may be increased by exchange rate movements". The exemption applies to television and radio advertisements broadcast in the course of programming whose primary purpose is not advertising, and to advertisements on film.

The amendments to the 1989 Regulations also have the effect of exempting the same types of hire advertisements from the requirement to contain the statement "Your home is at risk if you do not keep up payments on a hire agreement secured by a mortgage or other security on your home".

A Regulatory Impact Assessment of the costs and benefits which will result from these Regulations has been prepared. Copies have been placed in the libraries of both Houses of Parliament and can also be obtained from the Consumer Affairs Directorate of the Department of Trade and Industry, Room 407, 1 Victoria Street, London SW1H 0ET.

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