
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations implement article 19 of and Annex 1 to Directive [2008/48/EC](#) of the European Parliament and of the Council on credit agreements for consumers (OJ No L133, 22.5.2008, p66) (“the Directive”). They set out the basis on which the annual percentage rate of charge (APR) and the total charge for credit must be calculated for the purpose of an actual or prospective regulated consumer credit agreement.

By virtue of regulation 3, these Regulations do not apply to credit agreements secured on land except where the Consumer Credit (Disclosure of Information) Regulations 2010 ([S.I. 2010/1013](#)) apply to such agreements (see regulation 2(5) of those Regulations). Where these Regulations do not apply to agreements secured on land, the Consumer Credit (Total Charge for Credit) Regulations 1980 ([S.I.1980/51](#)) continue to apply (see regulation 50 of the Consumer Credit (EU Directive) Regulations 2010 ([S.I. 2010/1010](#))).

Regulation 4 sets out how the total charge for credit shall be determined.

Regulation 5 provides that the APR shall be calculated in accordance with the Schedule.

Regulation 6 contains a list of assumptions that may be applied, where necessary, when calculating the total charge for credit and the APR.

A transposition note and an impact assessment of the effect this instrument will have on the costs to business and the voluntary sector are available from the BIS website (www.bis.gov.uk). They are also annexed to the Explanatory Memorandum which is available alongside the instrument on the OPSI website (www.opsi.gov.uk). Copies have also been placed in the Libraries of both Houses of Parliament.