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STATUTORY INSTRUMENTS

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**2010 No. 1011**

**The Consumer Credit (Total Charge  
for Credit) Regulations 2010**

**Assumptions for calculation**

**6.** For the purposes of calculating the total charge for credit and the annual percentage rate of charge—

- (a) it shall be assumed that the consumer credit agreement is to remain valid for the period agreed and that the creditor and the debtor will fulfil their obligations under the terms and by the dates specified in that agreement;
- (b) in the case of a consumer credit agreement allowing variations in—
  - (i) the rate of interest, or
  - (ii) where applicable, charges contained in the annual percentage rate of charge,where these cannot be quantified at the time of calculation, it shall be assumed that they will remain at the initial level and will be applicable for the duration of the agreement;
- (c) where not all rates of interest are determined in the consumer credit agreement, a rate of interest shall be assumed to be fixed only for the partial periods for which the rate of interest is determined exclusively by a fixed specific percentage agreed when the agreement is made;
- (d) where the duration of the consumer credit agreement cannot be determined at the date of calculation and where different rates of interest and charges are to be offered for limited periods during that agreement, the rate of interest and the charge shall be assumed to be at the highest level for the duration of the agreement;
- (e) where there is a fixed rate of interest agreed in relation to an initial period under a consumer credit agreement, at the end of which a new rate of interest is determined and subsequently periodically adjusted according to an agreed indicator, it shall be assumed that, at the end of the period of the fixed rate of interest, the rate of interest is the same as at the time of making the calculation, based on the value of the agreed indicator at that time;
- (f) where the consumer credit agreement gives the debtor freedom of drawdown, the total amount of credit shall be assumed to be drawn down immediately and in full;
- (g) where the consumer credit agreement provides different ways of drawdown with different charges or rates of interest, the total amount of credit shall be assumed to be drawn down at the highest charge and rate of interest applied to the most common drawdown mechanism for the credit product to which the agreement relates;
- (h) for the purposes of paragraph (g), the most common drawdown mechanism for a particular credit product shall be assessed on the basis of the volume of transactions for that product in the preceding 12 months, or expected volumes in the case of a new credit product;
- (i) where the consumer credit agreement imposes, amongst the different ways of drawdown, a limitation with regard to the amount and period of time, the amount of credit shall be assumed to be the maximum amount provided for in the agreement and to be drawn down on the earliest date provided for in the agreement;

- (j) subject to paragraphs (p) and (q), where there is no fixed timetable for repayment under a consumer credit agreement, it shall be assumed—
  - (i) that the credit is provided for a period of one year;
  - (ii) that the credit will be repaid in 12 equal instalments and at monthly intervals;
- (k) repayment of credit in paragraph (j)(ii) includes repayment of interest and other charges;
- (l) there is no fixed timetable for repayment under a consumer credit agreement where the agreement does not set a specific date by which the entire credit must be repaid;
- (m) where there is a fixed timetable for repayment under a consumer credit agreement but the amount of repayment instalments is flexible, the amount of each instalment (other than the last instalment) shall be assumed to be the lowest for which the agreement provides;
- (n) unless otherwise provided, where the consumer credit agreement provides for more than one repayment date, it shall be assumed that the credit is to be made available and repayment made on the earliest date provided for in the agreement;
- (o) in the case of an agreement for running-account credit, where the credit limit applicable to the credit is not yet known, that credit limit shall be assumed to be £1,200;
- (p) in the case of an overdraft facility, the total amount of credit shall be assumed to be drawn down in full and for the entire duration of the consumer credit agreement;
- (q) for the purposes of paragraph (p) if the duration of the consumer credit agreement is not known it shall be assumed that the duration of the agreement is three months.