



# Consumer Credit Act 1974

## 1974 CHAPTER 39

### PART II

#### CREDIT AGREEMENTS, HIRE AGREEMENTS AND LINKED TRANSACTIONS

#### **8 Consumer credit agreements.**

(1) A [<sup>F1</sup>consumer] credit agreement is an agreement between an individual (“the debtor”) and any other person (“the creditor”) by which the creditor provides the debtor with credit of any amount.

(2) <sup>F2</sup>.....

[<sup>F3</sup>(3) A consumer credit agreement is a regulated credit agreement within the meaning of this Act if it—

- (a) is a regulated credit agreement for the purposes of Chapter 14A of Part 2 of the Regulated Activities Order; and
- (b) [<sup>F4</sup>if entered into on or after 21st March 2016,] is not an agreement [<sup>F5</sup>the purpose of which is the acquisition or retention, by an individual acting for purposes outside those of any trade, business or profession carried on by the individual, of property rights in land or in an existing or projected building].]

[<sup>F6</sup>(3A) A reference in paragraph (3)(b) to any land or building—

- (a) in relation to an agreement entered into before IP completion day, is a reference to any land or building in the United Kingdom or within the territory of an EEA State;
- (b) in relation to an agreement entered into on or after IP completion day, is a reference to any land or building in the United Kingdom.]

[<sup>F7</sup>(4) Subsection (1) does not apply in relation to an agreement that is a green deal plan (see instead section 189B).]

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### Textual Amendments

- F1** Word in s. 8(1) substituted (6.4.2008 for certain purposes otherwise 31.10.2008) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {2(1)(a)}, 71(2); [S.I. 2008/831](#), [art. 3\(1\)\(2\)](#), [Schs. 2, 3](#) (with [art. 4\(1\)](#)) (as amended by [S.I. 2008/2444](#), [art. 2](#))
- F2** S. 8(2) ceases to have effect and repealed (6.4.2008 for certain purposes otherwise 31.10.2008) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {2(1)(b)}, 70, 71(2), {Sch. 4}; [S.I. 2008/831](#), [art. 3\(1\)\(2\)](#), [Schs. 2, 3](#) (with [art. 4\(1\)](#)) (as amended by [S.I. 2008/2444](#), [art. 2](#))
- F3** S. 8(3) substituted (20.4.2015 for specified purposes, 21.12.2015 for specified purposes, 21.3.2016 in so far as not already in force) by [The Mortgage Credit Directive Order 2015 \(S.I. 2015/910\)](#), [art. 1\(5\)](#), [Sch. 1 para. 2\(2\)](#) (with Pt. 4)
- F4** Words in s. 8(3)(b) inserted (17.3.2016 for specified purposes, 21.3.2016 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2016 \(S.I. 2016/392\)](#), arts. 1(2)(3)(c), [3\(2\)](#) (with Pt. 5)
- F5** Words in s. 8(3A) substituted in earlier amending provision [S.I. 2019/632](#), reg. 194(3) (31.12.2020) by [The Financial Services and Economic and Monetary Policy \(Consequential Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1301\)](#), regs. 1, 3, [Sch. para. 33\(x\)](#)
- F6** S. 8(3A) inserted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), [194\(3\)](#) (as amended [S.I. 2020/1301](#), regs. 1, 3, [Sch. para. 33\(x\)](#)) (with savings in [S.I. 2019/680](#), reg. 11 (as amended by [S.I. 2019/1212](#), regs. 1(3), 22(3)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#))
- F7** S. 8(4) inserted (E.W.S.) (28.2.2014) by [The Consumer Credit Act 1974 \(Green Deal\) \(Amendment\) Order 2014 \(S.I. 2014/436\)](#), arts. 1(2), [3](#) (with [art. 1\(3\)](#))

## 9 Meaning of credit.

- (1) In this Act “credit ” includes a cash loan, and any other form of financial accommodation.
- (2) Where credit is provided otherwise than in sterling it shall be treated for the purposes of this Act as provided in sterling of an equivalent amount.
- (3) Without prejudice to the generality of subsection (1), the person by whom goods are bailed or (in Scotland) hired to an individual under a hire-purchase agreement shall be taken to provide him with fixed-sum credit to finance the transaction of an amount equal to the total price of the goods less the aggregate of the deposit (if any) and the total charge for credit.
- (4) For the purposes of this Act, an item entering into the total charge for credit shall not be treated as credit even though time is allowed for its payment.

## 10 Running-account credit and fixed-sum credit.

- (1) For the purposes of this Act—
  - (a) running-account credit is a facility under a [<sup>F8</sup>consumer] credit agreement whereby the debtor is enabled to receive from time to time (whether in his own person, or by another person) from the creditor or a third party cash, goods and services (or any of them) to an amount or value such that, taking into account payments made by or to the credit of the debtor, the credit limit (if any) is not at any time exceeded; and

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- (b) fixed-sum credit is any other facility under a [<sup>F8</sup>consumer] credit agreement whereby the debtor is enabled to receive credit (whether in one amount or by instalments).
- (2) In relation to running-account credit, “credit limit ” means, as respects any period, the maximum debit balance which, under the credit agreement, is allowed to stand on the account during that period, disregarding any term of the agreement allowing that maximum to be exceeded merely temporarily.
- (3) For the purposes of [<sup>F9</sup>any provision of this Act that specifies an amount of credit (except section 17(1)(a))] , running-account credit shall be taken not to exceed the amount specified in [<sup>F10</sup>that provision]( “the specified amount ”) if—
- (a) the credit limit does not exceed the specified amount; or
  - (b) whether or not there is a credit limit, and if there is, notwithstanding that it exceeds the specified amount,—
    - (i) the debtor is not enabled to draw at any one time an amount which, so far as (having regard to section 9(4)) it represents credit, exceeds the specified amount, or
    - (ii) the agreement provides that, if the debit balance rises above a given amount (not exceeding the specified amount), the rate of the total charge for credit increases or any other condition favouring the creditor or his associate comes into operation, or
    - (iii) at the time the agreement is made it is probable, having regard to the terms of the agreement and any other relevant considerations, that the debit balance will not at any time rise above the specified amount.

#### Textual Amendments

- F8** Word in s. 10(1) substituted (6.4.2008) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {5(2)(a)}, 71(2); S.I. 2007/3300, [art. 3\(2\)](#), Sch. 2
- F9** Words in s. 10(3) substituted (1.2.2011) by [The Consumer Credit \(EU Directive\) Regulations 2010 \(S.I. 2010/1010\)](#), [regs. 44\(a\)](#), 99(1) (with [regs. 100](#), 101)
- F10** Words in s. 10(3) substituted (1.2.2011) by [The Consumer Credit \(EU Directive\) Regulations 2010 \(S.I. 2010/1010\)](#), [regs. 44\(b\)](#), 99(1) (with [regs. 100](#), 101)

## 11 Restricted-use credit and unrestricted-use credit.

- (1) A restricted-use credit agreement is a regulated consumer credit agreement—
- (a) to finance a transaction between the debtor and the creditor, whether forming part of that agreement or not, or
  - (b) to finance a transaction between the debtor and a person (the “supplier ”) other than the creditor, or
  - (c) to refinance any existing indebtedness of the debtor’s, whether to the creditor or another person,
- and “restricted-use credit ” shall be construed accordingly.
- (2) An unrestricted-use credit agreement is a regulated consumer credit agreement not falling within subsection (1), and “unrestricted-use credit ” shall be construed accordingly.

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- (3) An agreement does not fall within subsection (1) if the credit is in fact provided in such a way as to leave the debtor free to use it as he chooses, even though certain uses would contravene that or any other agreement.
- (4) An agreement may fall within subsection (1)(b) although the identity of the supplier is unknown at the time the agreement is made.

## 12 Debtor-creditor supplier agreements.

A debtor-creditor-supplier agreement is a regulated consumer credit agreement being—

- (a) a restricted-use credit agreement which falls within section 11(1)(a), or
- (b) a restricted-use credit agreement which falls within section 11(1)(b) and is made by the creditor under pre-existing arrangements, or in contemplation of future arrangements, between himself and the supplier, or
- (c) an unrestricted-use credit agreement which is made by the creditor under pre-existing arrangements between himself and a person (the “supplier”) other than the debtor in the knowledge that the credit is to be used to finance a transaction between the debtor and the supplier.

## 13 Debtor-creditor agreements.

A debtor-creditor agreement is a regulated consumer credit agreement being—

- (a) a restricted-use credit agreement which falls within section 11(1)(b) but is not made by the creditor under pre-existing arrangements, or in contemplation of future arrangements, between himself and the supplier, or
- (b) a restricted-use credit agreement which falls within section 11(1)(c), or
- (c) an unrestricted-use credit agreement which is not made by the creditor under pre-existing arrangements between himself and a person (the “supplier”) other than the debtor in the knowledge that the credit is to be used to finance a transaction between the debtor and the supplier.

## 14 Credit-token agreements.

- (1) A credit-token is a card, check, voucher, coupon, stamp, form, booklet or other document or thing given to an individual by a person carrying on a consumer credit business, who undertakes—
  - (a) that on the production of it (whether or not some other action is also required) he will supply cash, goods and services (or any of them) on credit, or
  - (b) that where, on the production of it to a third party (whether or not any other action is also required), the third party supplies cash, goods and services (or any of them), he will pay the third party for them (whether or not deducting any discount or commission), in return for payment to him by the individual.
- (2) A credit-token agreement is a regulated agreement for the provision of credit in connection with the use of a credit-token.
- (3) Without prejudice to the generality of section 9(1), the person who gives to an individual an undertaking falling within subsection (1)(b) shall be taken to provide him with credit drawn on whenever a third party supplies him with cash, goods or services.

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- (4) For the purposes of subsection (1), use of an object to operate a machine provided by the person giving the object or a third party shall be treated as the production of the object to him.

## 15 Consumer hire agreements.

- (1) A consumer hire agreement is an agreement made by a person with an individual (the “hirer”) for the bailment or (in Scotland) the hiring of goods to the hirer, being an agreement which—
- (a) is not a hire-purchase agreement, and
  - (b) is capable of subsisting for more than three months, <sup>F11</sup> . . .
  - (c) <sup>F11</sup> . . . . .

[<sup>F12</sup>(2) A consumer hire agreement is a regulated agreement with the meaning of this Act if it is a regulated consumer hire agreement for the purposes of Chapter 14B of Part 2 of the Regulated Activities Order.]

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### Textual Amendments

- F11** S. 15(1)(c) and preceding word ceases to have effect (6.4.2008) and repealed (6.4.2008) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {2(2)}, 70, 71(2), {Sch. 4}; [S.I. 2007/3300](#), [art. 3\(2\)](#), [Sch. 2](#)
- F12** S. 15(2) substituted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), [20\(4\)](#)

## <sup>F13</sup>16 Exempt agreements.

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### Textual Amendments

- F13** S. 16 omitted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by virtue of [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), [20\(5\)](#)

## <sup>F14</sup>16A Exemption relating to high net worth debtors and hirers

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### Textual Amendments

- F14** S. 16A omitted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by virtue of [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), [20\(6\)](#)

## <sup>F15</sup>16B Exemption relating to businesses

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#### Textual Amendments

- F15** S. 16B omitted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by virtue of [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), **20(7)**

### <sup>F16</sup>16C Exemption relating to investment properties

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#### Textual Amendments

- F16** S. 16C omitted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by virtue of [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), **20(8)**

### 17 Small agreements.

- (1) A small agreement is—
- (a) A regulated consumer credit agreement for credit not exceeding [<sup>F17</sup>£50], other than a hire-purchase or conditional sale agreement: or
  - (b) a regulated consumer hire agreement which does not require the hirer to make payments exceeding [<sup>F17</sup>£50],
- being an agreement which is either unsecured or secured by a guarantee or indemnity only (whether or not the guarantee or indemnity is itself secured).

[<sup>F18</sup>(2) For the purposes of paragraph (a) of subsection (1), running-account credit shall be taken not to exceed the amount specified in that paragraph if the credit limit does not exceed that amount.]

- (3) Where—
- (a) two or more small agreements are made at or about the same time between the same parties, and
  - (b) it appears probable that they would instead have been made as a single agreement but for the desire to avoid the operation of provisions of this Act which would have applied to that single agreement but, apart from this subsection, are not applicable to the small agreements,

this Act applies to the small agreements as if they were regulated agreements other than small agreements.

- (4) If, apart from this subsection, subsection (3) does not apply to any agreements but would apply if, for any party or parties to any of the agreements, there were substituted an associate of that party, or associates of each of those parties, as the case may be, then subsection (3) shall apply to the agreements.

#### Textual Amendments

- F17** "£50" substituted by [S.I. 1983/1878](#), art. 3, [Sch. Pt. I](#)

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**F18** S. 17(2) substituted (1.2.2011) by [The Consumer Credit \(EU Directive\) Regulations 2010 \(S.I. 2010/1010\)](#), [regs. 45, 99\(1\)](#) (with [regs. 100, 101](#))

## 18 Multiple agreements.

- (1) This section applies to an agreement (a “multiple agreement”) if its terms are such as—
  - (a) to place a part of it within one category of agreement mentioned in this Act, and another part of it within a different category of agreement so mentioned, or within a category of agreement not so mentioned, or
  - (b) to place it, or a part of it, within two or more categories of agreement so mentioned.
- (2) Where a part of an agreement falls within subsection (1), that part shall be treated for the purposes of this Act as a separate agreement.
- (3) Where an agreement falls within subsection (1)(b), it shall be treated as an agreement in each of the categories in question, and this Act shall apply to it accordingly.
- (4) Where under subsection (2) a part of a multiple agreement is to be treated as a separate agreement, the multiple agreement shall (with any necessary modifications) be construed accordingly; and any sum payable under the multiple agreement, if not apportioned by the parties, shall for the purposes of proceedings in any court relating to the multiple agreement be apportioned by the court as may be requisite.
- (5) In the case of an agreement for running-account credit, a term of the agreement allowing the credit limit to be exceeded merely temporarily shall not be treated as a separate agreement or as providing fixed-sum credit in respect of the excess.
- (6) This Act does not apply to a multiple agreement so far as the agreement relates to goods if under the agreement payments are to be made in respect of the goods in the form of rent (other than a rentcharge) issuing out of land.

## 19 Linked transactions.

- (1) A transaction entered into by the debtor or hirer, or a relative of his, with any other person ( “the other party ”), except one for the provision of security, is a linked transaction in relation to an actual or prospective regulated agreement (the “principal agreement”) of which it does not form part if—
  - (a) the transaction is entered into in compliance with a term of the principal agreement; or
  - (b) the principal agreement is a debtor-creditor-supplier agreement and the transaction is financed, or to be financed, by the principal agreement; or
  - (c) the other party is a person mentioned in subsection (2), and a person so mentioned initiated the transaction by suggesting it to the debtor or hirer, or his relative, who enters into it—
    - (i) to induce the creditor or owner to enter into the principal agreement, or
    - (ii) for another purpose related to the principal agreement, or
    - (iii) where the principal agreement is a restricted-use credit agreement, for a purpose related to a transaction financed, or to be financed, by the principal agreement.

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- (2) The persons referred to in subsection (1)(c) are—
- (a) the creditor or owner, or his associate;
  - (b) a person who, in the negotiation of the transaction, is represented by a credit-broker who is also a negotiator in antecedent negotiations for the principal agreement;
  - (c) a person who, at the time the transaction is initiated, knows that the principal agreement has been made or contemplates that it might be made.
- (3) A linked transaction entered into before the making of the principal agreement has no effect until such time (if any) as that agreement is made.
- (4) Regulations may exclude linked transactions of the prescribed description from the operation of subsection (3).

**[<sup>F19</sup>20. Total charge for credit**

In this Act, “the total charge for credit” has the meaning given by the Regulated Activities Order for the purposes of Chapter 14A of Part 2 of that Order.]

**Textual Amendments**

- F19** S. 20 substituted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), **20(9)**



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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 25(2A)(b)(ia) inserted by [2010 c. 28 Sch. 2 para. 36](#)