

FOR CONSULTATION PURPOSES ONLY

November working draft - text for the Consumer Credit (Green Deal) Regulations

The Secretary of State, in exercise of the powers conferred by sections 55, 60, 61(1)(a), 77A(2), 95, 95B(1)(b), (2)(b) and (3)(c), 97(1), 105(9), 114(1), 182(2) and 189(1) of the Consumer Credit Act 1974(a), makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as The Consumer Credit (Green Deal) Regulations [•] and shall come into force on [•].

Interpretation

2. In these Regulations—

“the 1974 Act” means the Consumer Credit Act 1974;

“the 2011 Act” means the Energy Act 2011(b);

“full early settlement” means the discharge in full of indebtedness under a regulated agreement that is a green deal plan by the debtor under section 94(1) of the 1974 Act;

“green deal plan” has the meaning given in section 1 of the 2011 Act;

“notice date” means the date on which the creditor receives notice from the debtor under section 94 of the 1974 Act;

“partial early settlement” means the discharge in part of indebtedness under a regulated agreement that is a green deal plan by the debtor under section 94(3) of the 1974 Act;

“regulated agreement” has the meaning given in section 189 of the 1974 Act;

“relevant interest rate” means the highest rate of interest that the creditor could obtain by lending the settlement amount on the notice date;

“settlement amount” means the amount of the repayment made by the debtor to the creditor under section 94 of the 1974 Act which is capital repayment; and

“settlement date” means the date falling 28 days after the notice date, or any later date specified by the debtor in the notice as the date of early settlement, if the debtor pays the amount in question not later than that date.

Duration of green deal plan

3. For the purposes of section 95B(1)(b) of the 1974 Act, the specified duration of a green deal plan is a plan of more than 15 years.

Compensatory amount: full early settlement

4.—(1) This regulation applies where full early settlement takes place.

(a) 1974 c. 39.

(b) 2011 c.16.

(2) For the purposes of section 95B(3)(c) of the 1974 Act, the method for calculating the amount of compensation that a creditor may claim under section 95B(2) is set out in paragraph (3).

(3) The amount of compensation is the amount given by the following formula—

$$A - B - C$$

where—

A = the amount of interest that would have been paid by the debtor under the green deal plan for the period mentioned in paragraph (4) had full early settlement not taken place;

B = the amount of interest that the creditor would obtain by lending the settlement amount for the period mentioned in paragraph (4) at the relevant interest rate; and

C = the amount by which the creditor's administration costs will be reduced as a result only of full early settlement taking place.

(4) The period mentioned in A and B in paragraph (3) is the period from the settlement date to the date fixed by the green deal plan for the discharge of the indebtedness of the debtor.

Compensatory amount: partial early settlement

5.—(1) This regulation applies where partial early settlement takes place.

(2) For the purposes of section 95B(3)(c) of the 1974 Act, the method for calculating the amount of compensation that a creditor may claim under section 95B(2) is set out in paragraph (3).

(3) The amount of compensation is the amount given by the following formula—

$$A - B - C - D$$

where:

A = the amount of interest that would have been paid by the debtor under the green deal plan for the period mentioned in paragraph (4) had partial early settlement not taken place;

B = the amount of interest that is to be paid by the debtor under the green deal plan for the period mentioned in paragraph (4) as a result of partial early settlement taking place;

C = the amount of interest that the creditor would obtain by lending the settlement amount for the period mentioned in paragraph (5) at the relevant interest rate; and

D = the amount by which the creditor's administrative costs will be reduced as a result only of partial early settlement taking place.

(4) The period mentioned in A and B in paragraph (3) is the period from the settlement date to the date fixed by the green deal plan for the discharge of the indebtedness of the debtor.

(5) The period mentioned in C in paragraph (3) is the period from the settlement date to the date on which the debtor's liability to repay the settlement amount would have been discharged had early settlement not taken place.

Amendment of regulations

6. The Schedule to these Regulations has effect.

Date

Name
Parliamentary Under Secretary of State
Department

SCHEDULE

Regulation 6

Amendment of regulations

The Consumer Credit (Agreements) Regulations 1983

1.—(1) The Consumer Credit (Agreements) Regulations 1983(a) are amended as follows.

(2) In paragraph 24A of schedule 1 (information about early settlement compensation to be contained in documents embodying regulated consumer credit agreements other than modifying agreements), after “95A” insert “and 95B”.

(3) In paragraph 24A of schedule 8 (information to be contained in regulated modifying agreements about early settlement compensation), after “95A” insert “and 95B”.

The Consumer Credit (Settlement Information) Regulations 1983

2. In paragraph 3A of the schedule to the Consumer Credit (Settlement Information) Regulations 1983(b) (information to be contained in settlement statements about early settlement compensation), after “95A(2)”, insert “or 95B(2)”.

The Consumer Credit (Early Settlement) Regulations 2004

3.—(1) The Consumer Credit (Early Settlement) Regulations 2004(c) are amended as follows.

(2) In regulation 1(2), at the appropriate place, insert—

““green deal plan” has the meaning given in section 1 of the Energy Act 2011;”.

(3) In regulation 4A(2) (calculation of the amount of rebate where indebtedness is discharged in part), after “95A(2)”, insert “or 95B(2)”.

(4) In regulation 6 (deferment of settlement date)—

(a) regulation 6 is renumbered as paragraph (1) of that regulation;

(b) after paragraph (1) as so renumbered, insert—

“(2) Paragraph (1) shall not apply where the agreement is a green deal plan and the creditor under that plan is claiming compensation under section 95B of the Act.”.

The Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007

4.—(1) The Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007(d) are amended as follows.

(2) In regulation 2 (interpretation), at the appropriate place, insert—

““green deal plan” has the meaning given in section 1 of the Energy Act 2011;”.

(3) In regulation 4(b) (content of statements), before “each”, insert “where the statement relates to a regulated agreement for fixed sum credit which is not a green deal plan,”.

(4) In regulation 4 (content of statements), after paragraph (b), insert—

(a) S.I. 1983/1553.

(b) S.I. 1983/1564.

(c) S.I. 2004/1483.

(d) S.I. 2007/1167.

“(ba) where the statement relates to a green deal plan, each of the forms of wording set out in Part 2A of Schedule 1;”.

(5) In Schedule 1, after part 2 insert—

“PART 2A

Regulation 4(ba)

4A. Each of the following forms of wording shall be contained in a statement under this Part—

“**Settling your credit agreement early**

You can settle this agreement at any time by giving us notice in writing and paying off the amount you owe. If you wish to settle early you should contact us for a final settlement figure.”;

“**Dispute resolution**

If you have a problem with any aspect of your green deal plan, please try to resolve it with us in the first instance. If you are not happy with the way in which we handled your complaint or the result, you may be able to complain to the Financial Ombudsman or Energy Ombudsman. If you do not take up your problem with us first you will not be entitled to complain to either Ombudsman. We can provide details of how to contact both these Ombudsmen.”;

“**Paying less than the agreed sum**

If you pay less than your agreed payment, in most cases it is likely to take you longer and may cost you more to pay off the debt under the agreement.

If you have difficulties making payments under your green deal plan please contact your electricity supplier. You may also want to seek advice on what to do from an independent free advice agency such as the Citizens Advice Bureau.”.”.

The Consumer Credit (Disclosure of Information) Regulations 2010

5. In paragraph 4 of schedule 1 to the Consumer Credit (Disclosure of Information) Regulations 2010**(a)** (pre-contract credit information about compensation payable in the case of early repayment), after “1974”, insert “and, where applicable, section 95B of the Consumer Credit Act 1974”.

The Consumer Credit (Agreements) Regulations 2010

6. In paragraph 28 of schedule 1 to the Consumer Credit (Agreements) Regulations 2010**(b)** (information to be included in regulated consumer credit agreements about early repayment), after “95A”, insert “and 95B”.

(a) S.I. 2010/1013.

(b) SI 2010/1014

EXPLANATORY NOTE

(This note is not part of the Regulations)