

Important Announcement



Implementation of the Consumer Credit 2006 ("the Act")

The timetable for implementation of the Act has now been announced. As expected, the provisions of the Act will come into force over the course of the next two years, and the timetable should afford you sufficient, if not ample time to prepare for the changes. There is however one substantive change on which you may need to act now.

Urgent

Section 14(1) of the Act comes into force on 1st October 2006 extends the period for consumers to respond to default notices from seven days to 14 days.

Check your systems. You may need to make urgent changes to ensure that the default notices you serve from 1 October 2006 comply with the new requirements. And remember, the date you will need to put in your notices will need to be not less than 14 days after the date of service of the notice.

The 14 day period for response will apply to all notices, regardless of when the breach in question occurred, or when the agreement was made.

A full implementation timetable is available on the DTI website (www.dti.gov.uk), but some other highlights include:-

6 April 2007

For all agreements made from this date the court will have discretion to make enforcement orders whatever the defect, and the automatic bar on such orders under subsections (3) and (4) of Section 127 of the 1974 Act will cease to have effect.

6 August 2007

The new unfair relationships provisions will come into force on this date and apply to all new agreements, but there will be a transitional period of one year before the unfair relationship provisions apply to those agreements which are in existence as at 6 April 2007. The scope of the unfair relationship provisions is very wide. Before they take effect, make sure you understand how they might impact on your business.

6 April 2008

The financial limit of £25,000 will be abolished. At the same time, the high net worth and business exemptions will be brought into effect.

Those provisions of the Act dealing with post-contract transparency requirements will come into effect. These include the requirement to send out arrears notices.

Section 13 of the Act, which provides that only simple interest may be charged on default sums also comes into effect on this date.

If you feel you need our help in connection with the new Act please make contact with any of the following team members:

[Howard Cohen](#), [Stephen Finch](#), [Alison Gaines](#), [Paula Howard](#), or [Bill McCaffrey](#)

The Consumer Credit and Asset Finance Team at Salans



www.salans.com
