STATUTORY INSTRUMENTS

1983 No. 1556

CONSUMER CREDIT

The Consumer Credit (Guarantees and Indemnities) Regulations 1983

Made - - - -	*24th October* 1983
Laid before Parliament	*3rd November* 1983
Coming into Operation	*19th May* 1985

The Secretary of State, in exercise of the powers conferred on him by sections 105(1) to (6), 182(2) and 189(1) of the Consumer Credit Act 1974 (a) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Consumer Credit (Guarantees and Indemnities) Regulations 1983 and shall come into operation on 19th May 1985.

(2) In these Regulations —

"the Act" means the Consumer Credit Act 1974;

"guarantee" does not include a mortgage, charge or pledge; and

"lettering" includes figures and symbols.

Application of Regulations

2. These Regulations apply only to guarantees and indemnities provided on or after 19th May 1985 in relation to regulated agreements at the request (express or implied) of the debtor or hirer; and in these Regulations the expression "security instrument" means a document expressing the guarantee or indemnity in writing.

Form and content of security instruments

3.—(1) Security instruments shall contain —

(a) a heading shown prominently on the first page of the security instrument in one of the forms of words specified in Part I of the Schedule to these Regulations, as the case may require;

(b) the information set out in Part II of the Schedule;

(c) a statement of the rights of the surety in the Form specified in Part III of the Schedule; and

(d) a signature box —

(i) in Form 1 specified in Part IV of the Schedule where the regulated agreement in relation to which the guarantee is provided is a consumer credit agreement; or

(a) 1974 c.39.

(ii) in Form 2 specified in Part IV of the Schedule where the regulated agreement in relation to which the guarantee is provided is a consumer hire agreement; or

(iii) in Form 3 specified in Part IV of the Schedule where the regulated agreement in relation to which the indemnity, or the guarantee and indemnity, is provided is a consumer credit agreement; or

(iv) in Form 4 specified in Part IV of the Schedule where the regulated agreement in relation to which the indemnity, or the guarantee and indemnity, is provided is a consumer hire agreement.

(2) The wording of any Form prescribed by these Regulations shall be reproduced in security instruments without any alteration or addition, except that —

(a) the words "the creditor" or "the owner" or the words and symbol "the creditor/owner" may be replaced by the name of the creditor or owner, by the expression by which the creditor or owner is referred to in the guarantee or indemnity or by an appropriate pronoun, and any consequential changes to pronouns may be made;

(b) the words "the debtor" or "the hirer" or the words and symbol "the debtor/hirer" may be replaced by the name of the debtor or hirer and any consequential changes to pronouns and verbs may be made; and

(c) every Form shall be completed in accordance with any footnote.

(3) Any such footnote shall not be treated as part of any Form prescribed by these Regulations and may be reproduced in addition to any such Form.

(4) Where any such footnote requires any words to be omitted, those words shall be omitted or deleted.

(5) Where words are shown in capital letters in any Form prescribed in Parts III and IV of the Schedule to these Regulations and are reproduced in security instruments, they shall be afforded more prominence (whether by capital letters, underlining, large or bold print or otherwise) than any other lettering in that Form except lettering inserted in accordance with paragraph (2)*(c)* above and no less prominence than that given to any other information in the security instrument apart from the heading to the instrument, trade names, the names of the creditor or owner, of the debtor or hirer or of the surety, or lettering in the instrument inserted in handwriting.

Legibility and signing of security instruments

4.—(1) The lettering of the terms of the security included in the document referred to in section 105(4)*(a)* of the Act and of the information contained in that document for the purpose of conforming to these Regulations shall, apart from any signature, be easily legible and of a colour which is readily distinguishable from the colour of the paper.

(2) The signature of the said document shall be made by or on behalf of the surety in the space in the document indicated for the purpose.

(3) Nothing in paragraph (2) above shall prohibit the inclusion in the said document, near to any such signature, of the signature by any witness outside any signature box in which the surety may sign.

(4) In Scotland any provision in paragraph (2) above requiring the said document to be signed shall be complied with by a body corporate if the document is properly executed in accordance with the law of Scotland.

Alexander Fletcher,
Parliamentary Under-Secretary of State,
Department of Trade and Industry.

24th October 1983.

Regulation 3

SCHEDULE

PART I

FORMS OF HEADING TO SECURITY INSTRUMENTS

(a) "Guarantee subject to the Consumer Credit Act 1974";

(b) "Indemnity subject to the Consumer Credit Act 1974"; or

(c) "Guarantee and Indemnity subject to the Consumer Credit Act 1974".

PART II

INFORMATION TO BE CONTAINED IN SECURITY INSTRUMENTS

(a) The name and a postal address of the creditor or owner;

(b) the name and a postal address of the debtor or hirer;

(c) the name and a postal address of the surety; and

(d) a description of the subject matter to which the security to be provided by the surety relates.

PART III

FORM OF STATEMENT OF RIGHTS OF SURETIES

IMPORTANT — YOU SHOULD READ THIS CAREFULLY

YOUR RIGHTS

The Consumer Credit Act 1974 covers this guarantee/indemnity/guarantee and indemnity[1] and lays down certain requirements for your protection. If they are not carried out, the creditor/owner[1] cannot enforce the guarantee/indemnity/guarantee and indemnity[1] against you without a court order.

[Until the agreement between the creditor/owner[1] and the debtor/hirer[1] has been made, you can change your mind about giving the guarantee/indemnity/guarantee and indemnity[1]. If you wish to withdraw, you must give WRITTEN notice to the creditor/owner[1] which must reach him BEFORE the main agreement is made. Once it has been made you can no longer change your mind.][2]

Under this guarantee/indemnity/guarantee and indemnity[1] YOU MAY HAVE TO PAY INSTEAD of the debtor/hirer[1] and fulfil any other obligations under the guarantee/indemnity/guarantee and indemnity[1]. (But you cannot be made to pay more than he could have been made to pay [unless he is under 18][3].) However, if the debtor/hirer[1] fails to keep to his side of the agreement, the creditor/owner[1] must send him a default notice (and a copy to you) giving him a chance to put things right before any claim is made on you.

If you would like to know more about your rights under the Act, you should contact either your local Trading Standards Department or your nearest Citizens' Advice Bureau.

Notes:

[1] Omit the words that do not apply.

[2] The paragraph in square brackets may be omitted where the security is provided after, or at the time when, the regulated agreement is made.

[3] Omit the words in square brackets in the case of a guarantee.

PART IV

FORMS OF SIGNATURE BOX

1.

This is a guarantee subject to the Consumer Credit Act 1974. If the debtor fails to keep to his agreement with the creditor, YOU MAY HAVE TO PAY INSTEAD and fulfil any other obligations under the guarantee. Sign only if you want to be legally bound by its terms.

Signature(s)[1] of

Guarantor(s)

Note:

[1] Where the document is signed on behalf of the guarantor, the words "on behalf" are to be inserted.

2.

This is a guarantee subject to the Consumer Credit Act 1974. If the hirer fails to keep to his agreement with the owner, YOU MAY HAVE TO PAY INSTEAD and fulfil any other obligations under the guarantee. Sign only if you want to be legally bound by its terms.

Signature(s)[1] of

Guarantor(s)

Note:

[1] Where the document is signed on behalf of the guarantor, the words "on behalf" are to be inserted.

3.

This is [an indemnity] [a guarantee and indemnity][1] subject to the Consumer Credit Act 1974. If the debtor fails to keep to his agreement with the creditor, YOU MAY HAVE TO PAY INSTEAD and fulfil any other obligations under the [guarantee and][1] indemnity. Sign only if you want to be legally bound by its terms.

Signature(s)[2] of

Indemnifier(s)

Notes:

[1] Creditor to omit words in square brackets where not appropriate.

[2] Where the document is signed on behalf of the indemnifier, the words "on behalf" are to be inserted.

PART IV *(continued)*

4.	This is [an indemnity] [a guarantee and indemnity][1] subject to the Consumer Credit Act 1974. If the hirer fails to keep to his agreement with the owner, YOU MAY HAVE TO PAY INSTEAD and fulfil any other obligations under the [guarantee and][1] indemnity. Sign only if you want to be legally bound by its terms. Signature(s)[2] of Indemnifier(s)

Notes:

[1] Owner to omit words in square brackets where not appropriate.

[2] Where the document is signed on behalf of the indemnifier, the words "on behalf" are to be inserted.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

Section 105(1) of the Consumer Credit Act 1974 requires any security provided by a person other than the debtor or hirer in relation to an agreement regulated by the Act to be expressed in writing.

These Regulations prescribe the form and content of two types of security instrument made in compliance with that requirement — those expressing guarantees and indemnities. They also prescribe the manner of signature and legibility of the document which must be signed if these security instruments are not to be improperly executed.

SI 1983/1556
ISBN 0-11-037556-4

