Consumer Credit sourcebook

Chapter 5A

Cost cap for high-cost shortterm credit



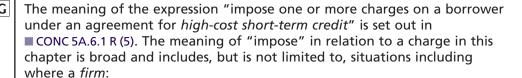
5A.6 Interpretation

5A.6.1

In this chapter:

- (1) "ancillary service" is a service in connection with the provision of credit under the agreement for high-cost short-term credit and includes, but not limited to, an insurance or payment protection policy;
- (2) "borrower" is an individual and includes:
 - (a) any person providing a guarantee or indemnity under the regulated credit agreement; and
 - (b) a person to whom the rights and duties of the borrower under the regulated credit agreement or of a person falling within (a) have passed by assignment or operation of law;
- (3) "charge" is a charge payable, by way of interest or otherwise, in connection with the provision of credit under the regulated credit agreement, whether or not the agreement itself makes provision for it and whether or not the person to whom it is payable is a party to the regulated credit agreement or an authorised person;
- (4) "connected agreement" is an agreement which provides for a charge within ■ CONC 5A.2.16 R, ■ CONC 5A.2.17 R, ■ CONC 5A.3.20 R, ■ CONC 5A.3.21 R, ■ CONC 5A.4.16 R and ■ CONC 5A.4.17 R;
- (5) "impose one or more charges on a borrower under an agreement for high-cost short-term credit" includes taking the following actions under the agreement:
 - (a) taking steps to perform duties, or exercise or enforce rights, on behalf of a *lender* in relation to a charge; or in relation to a *firm* with respect to operating an electronic system in relation to lending, exercise or enforce rights, on behalf of a lender in relation to one or more charges;
 - (b) taking steps to procure the payment of a debt due in relation to one or more charges;
 - (c) undertaking to receive payments in respect of interest due under an agreement for high-cost short-term credit and make payments in respect of interest due under the agreement to the lender;
 - (d) arranging for or instructing another person to take any of the steps described in (a), (b) or (c); or
 - (e) exercising the rights of the *lender* in a way that enables the imposition on the borrower of one or more charges.

5A.6.2



- (1) enters into an agreement containing a clause obliging the borrower to pay a charge;
- (2) varies or supplements an agreement and this has the result that there
 - (a) an increase in the amount of a charge; or
 - (b) where the amount of a charge is determined by reference to a period of time, an increase in the period of time to which a charge applies;
- (3) adds a charge to a borrower's account;
- (4) communicates with a borrower demanding payment of a charge or indicating that the borrower is, will be or may be obliged to pay the charge; and
- (5) is operating an electronic system in relation to lending, and it does any of activities in (1) to (4) for a lender.

■ Release 36 • May 2024