

## Chapter 5B

# Cost cap for rent-to-own agreements



## 5B.6 Consequences of contravention of the total cost of credit cap

5B.6.1 **R** Where a **RTO firm** enters into a **RTO agreement** in contravention of a *rule* in **■ CONC 5B.2.11R**:

an obligation in or under a **RTO agreement** that requires the *borrower* to pay **charges** which in total would exceed the total cost of credit cap, is unenforceable in its entirety; and

the *borrower* is entitled to recover any amount paid in **charges**. If that is the case, at the written or oral request of the *borrower*, the **RTO firm** must, as soon as reasonably practicable following the request and in any case within 7 *days* of the request, repay to the *borrower* any **charges** paid by the *borrower* under or in connection with the **RTO agreement**.

5B.6.2 **G** Taking the example in **■ CONC 5B.2.12G**, if the agreement provided that the total amount of **charges** that may be payable by the *borrower* were £600 (so exceeding the sum of the *cash prices* which was £500), the obligation to pay the £600 **charges** would be unenforceable, and where a *customer* had paid part or all of the £600, they would be entitled to have the amount of **charges** they had paid refunded by the **RTO firm**.