

Chapter 7

Arrears, default and recovery (including repossessions)



7.7 Application of interest and charges

- 7.7.1** **G** When levying charges for debt recovery on *customers* in default or arrears difficulties *firms* should consider their obligation under *Principle 6* to pay due regard to the interests of *customers* and treat them fairly.
- [Note: paragraphs 3.1 and 3.10 of DCG]
- 7.7.2** **R** A *firm* must not claim the costs of recovering a debt from a *customer* if it has no contractual right to claim such costs.
- [Note: paragraph 3.11b of DCG]
- 7.7.3** **R** A *firm* must not cause a *customer* to believe that the *customer* is legally liable to pay the costs of recovery where no such obligation exists.
- [Note: paragraph 3.11a of DCG]
- 7.7.4** **G** Where a *firm* has a contractual right to levy default charges, a *regulated credit agreement* must state the charges and the conditions for making the charge under, as the case may be, the Consumer Credit (Agreements) Regulations 2010 (SI 2010/1014) or the Consumer Credit (Agreements) Regulations 1983 (SI 1983/1553).
- [Note: paragraphs 3.11c of DCG and 7.15 of ILG]
- 7.7.5** **R** A *firm* must not impose charges on *customers* in default or arrears difficulties unless the charges are no higher than necessary to cover the reasonable costs of the *firm*.
- [Note: paragraphs 3.11 of DCG and 7.15 of ILG]