

Consumer Credit sourcebook

Chapter 11

Cancellation

11.2 Right of withdrawal: P2P agreements

[Note: Until the end of 30 September 2014, transitional provisions apply to ■ CONC 11.2: see ■ CONC TP 4.6]

Application

- 11.2.1 **R** This section applies to a *firm* with respect to *operating an electronic system in relation to lending* in relation to a *borrower* under a *P2P agreement*.
- 11.2.2 **R** This section does not apply to a *P2P agreement* under which *credit* exceeding £60,260 is, was or would be provided unless the agreement is a *residential renovation agreement*.

Right to cancel

- 11.2.3 **R** A *firm* must ensure that a *P2P agreement* that the *firm* makes available to a *borrower* and a *lender* provides for the following contractual rights and obligations and procedure for and effect of the exercise of those rights and obligations:
- (1) a right for the *borrower*:
 - (a) to withdraw from the agreement ("the right of withdrawal");
 - (b) without giving any reason; and
 - (c) by giving oral or written notice of the withdrawal to the *firm* (on behalf of the *lender*) before the end of the period of 14 days:
 - (i) beginning with the day after the *P2P agreement* is made; or
 - (ii) beginning with the day on which the *borrower* receives the contractual terms and conditions of the service and any other pre-contractual information required, as the case may be, under ■ CONC 4.3, if that is later than the date in (1);
 - (2) where written notice is given of the right of withdrawal by *electronic means*:
 - (a) it may be sent to the number or electronic address specified for the purpose in the agreement; and
 - (b) where it is so sent, it is to be regarded as having been received by the *firm* (on behalf of the *lender*) at the time it is sent;
 - (3) where written notice is given of the right of withdrawal, other than by *electronic means*:

- (a) it may be sent by post to, or left at, the postal address specified for the purpose in the agreement; and
 - (b) where it is sent by post to that address, it is to be regarded as having been received by the *firm* (on behalf of the *lender*) at the time of posting;
- (4) where the *borrower* exercises the right of withdrawal from a *P2P agreement*:
- (a) the *borrower* must repay to the *firm* (on behalf of the *lender*) or the *lender* any *credit* provided and the interest accrued on it (at the rate provided for under the agreement); but
 - (b) the *borrower* is not liable to pay to the *firm* (on behalf of the *lender*) or the *lender* any compensation, fees or charges, except any non-returnable charges paid by the *lender* or by the *firm* (on behalf of the *lender*) to a public administrative body;
- (5) the effect of exercising the right to withdraw is that the obligations of the *borrower* under the agreement cease to have effect except for the obligation in (4); and
- (6) where an amount is payable where (4) applies, the agreement may provide that the amount must be paid without undue delay and no later than the end of the period of 30 days beginning with the day after the day on which the notice of withdrawal was given (and if not paid by the end of that period the agreement may provide that the sum may be recovered from the *borrower* as a debt).

11.2.4

R

A *firm* must ensure that a *P2P agreement* that it makes available to a *lender* and a *borrower* does not provide for any other obligations of the *borrower* in connection with the exercise of the rights in ■ CONC 11.2.3 R.