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LIBRARY NOTE

The Consumer Credit Bill
[HL Bill 18 of 2005–06]

LLN 2005/006

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1. Introduction

The Consumer Credit Bill was introduced in the House of Commons on 18th May 2005. It received its Second Reading on 9th June 2005, was considered and amended in four sittings of Standing Committee D between 23rd June and 28th June 2005, and completed its passage through the Commons on 14th July 2005. It was given its First Reading in the House of Lords on the 19th July 2005, and is due to have its Second Reading on 24th October 2005.

The Explanatory Notes that accompany the Bill as introduced in the House of Commons state that the Bill will principally amend the Consumer Credit Act 1974 and give new and enhanced powers to the Office of Fair Trading (OFT). The Consumer Credit Bill's proposals cover the following areas:

- the regulation of consumer credit agreements and consumer hire agreements;
- the provision of information to debtors and hirers after the agreement is made;
- unfair relationships between debtors and creditors;
- the licensing of consumer credit and hire businesses and ancillary credit businesses;
- the powers of OFT in relation to the licensing of consumer credit and hire businesses and ancillary credit businesses;
- appeals from decisions of OFT in relation to the licensing of consumer credit and hire businesses and ancillary credit businesses; and
- the extension of the jurisdiction of the Financial Ombudsman Service established under the Financial Services and Markets Act 2000.

(Bill 2–EN, paragraph 8)

The Bill extends to the whole of the UK. A detailed analysis of the costs and gains associated with the Bill is contained in the Regulatory Impact Assessment published alongside the Bill (Department of Trade and Industry, *Consumer Credit Bill: Full Regulatory Impact Assessment* (June 2005)).

The Bill is almost identical to the Government Bill of the last session (HC Bill 16 of 2004–05), which fell on dissolution after passing all its stages in the House of Commons.

The reform of the consumer credit system has been under consideration over a number of years. In particular since 1999, the Department of Trade and Industry has published reports and conducted consultation exercises on various aspects of consumer credit and over-indebtedness. In 2003 the DTI issued a White Paper *Fair*

Clear and Competitive – The Consumer Credit Market in the 21st Century (Cm 6040, 8th December 2003). The White Paper stated that the Consumer Credit Act 1974 needed to be reformed and set out plans for the necessary primary and secondary legislation to achieve this. On the same day that the White Paper was published, details of proposed secondary legislation were outlined in the DTI publication – *Establishing a Transparent Market*, which was subject to a further consultation exercise. Following the consultation, seven Statutory Instruments were laid before Parliament. Reforms contained within the White Paper that required primary legislation were included within the previous Consumer Credit Bill (HC Bill 16 of 2004–05) and appear in the present Bill.

Background and analysis of the Consumer Credit Bill 2004–05 and of the current Bill is provided in a number of House of Commons Library research papers and standard notes; these are listed in the select bibliography at the end of this Note.

The Government’s proposals have been scrutinized by a wide range of interested parties. In relation to the 2004–05 Bill, the Joint Committee on Human Rights expressed concerns about the powers the 2004–05 Bill would give the Office of Fair Trading (OFT) to impose requirements on licensees where the OFT was dissatisfied with their conduct:

1.24 The Explanatory Notes explain that this power will not be used to deprive licensees of their right under a licence, but to control the exercise of them in appropriate cases. They explain that the powers are intended to enable OFT to take more proportionate action than it is currently able to under the Act.

1.25 However, we find this to be an extraordinarily wide power as it is presently drafted. The lack of specificity in relation to the conditions on which it is exercisable, the purposes for which it can be used and the definition of what may be required, in our view make it tantamount to a plenary power in the OFT to impose whatever requirements it may wish. The exercise of the power will clearly constitute an interference with licensees’ peaceful enjoyment of possessions and it must therefore satisfy the requirements of legal certainty and proportionality.

1.26 We welcome the Government’s attempt to devise more proportionate powers for the OFT in principle, but we are concerned that the entirely unfettered scope of this power fails to satisfy the requirements of reasonable legal certainty and also gives rise to a risk of disproportionate use of the power in practice. We are therefore concerned that this provision as currently drafted, without greater specificity, gives rise to a significant risk of incompatibility with Article 1 Protocol 1. We draw this matter to the attention of each House.

(Joint Committee on Human Rights, *Scrutiny: Seventh Progress Report* (HL 97, HC 496, 31st March 2005, pp. 9–10))

Earlier this year, the House of Commons Treasury Select Committee published its report – *Credit Card Charges and Marketing*, (HC 274, February 2005). The report considered matters such as transparency in the charging of interest rates and fees, the

sharing of information between lenders to allow an assessment of ability to pay and the use of credit card cheques. Relevant reports have also been published by other Government departments such as HM Treasury and the Department for Work and Pensions and by agencies such as the Office of Fair Trading and the Financial Services Authority. In addition, feedback has been given by bodies such as the National Consumer Council and the Citizen's Advice Bureau.

The European Commission has also been working on the area of consumer credit. It is considering revising the *Consumer Credit Directive* (87/102/EEC). If accepted, this reform would seek to allow cross-border access to harmonised consumer credit products. A draft of the revised *Consumer Credit Directive* was amended and adopted by the European Parliament on the 28th October 2004 and was subject to a DTI consultation exercise that ended on the 22nd April 2005. The DTI supports those proposals which would harmonize: data sharing, pre-contractual agreements; the calculation of interest rates; licensing requirements and overdraft facilities. However, the DTI is concerned that proposed harmonisation in other areas might impose unnecessary burdens upon business. Additional information relating to proposals for the revised Consumer Credit Directive can be found on the European Commission website:

http://europa.eu.int/comm/consumers/cons_int/fina_serv/cons_directive/index_en.htm¹

In May 2005, the European Commission and European Parliament signed Directive 2005/29/EC on *Unfair Commercial Practices* in May 2005. The Directive covers all business sectors, including consumer credit, and contains a prohibition on unfair commercial practices. Annex 1 of the Directive contains a list of some 31 practices which are deemed to be 'unfair'. The Directive can be viewed on the European Commission website at:

http://europa.eu.int/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm¹

The DTI initiated a consultation document on the draft version of the Directive in July 2003 and published a response in March 2004.

The purpose of this Library Note is to highlight some of the issues that arose during the Bill's passage through the House of Commons. Relevant references are contained in the bibliography.

¹ European Commission directives are also available in hard copy from the Library Information Desk.

2. Second Reading

The Second Reading debate in the House of Commons took place on 9th June 2005 (HC *Hansard*, cols. 1405–88). The spokespersons for both the Conservative Party and the Liberal Democrats expressed broad support for the Bill and it received a Second Reading without a vote. The programme motion was also agreed to without division.

In introducing the Bill for the Government, the Parliamentary Under-Secretary of State for Trade and Industry, Gerry Sutcliffe, spoke of the need for reform:

The Bill represents a major step towards a fairer, more competitive 21st century credit market for both consumers and industry. For 30 years, the consumer credit market has contributed positively to the building of what is now a thriving economy. Responsible use of credit has allowed consumers to enjoy high standards of living, and at the same time business has flourished. But since the foundations of our current legislative framework were established in 1974, everything about the market - from the providers to the consumers and the products - has changed immeasurably. Through the Bill we can complete much-needed reforms, and equip the credit sector to meet the challenges of the modern market.

(HC *Hansard*, 9th June 2005, col. 1405)

He argued that the current situation regarding redress for consumers was unsatisfactory:

Where disputes arise, consumers often have no option other than court action, which can be costly and time-consuming. Moreover, the chances of people winning cases under the existing extortionate credit test are slim, and there are few effective mechanisms for those people trapped in unfair agreements or subject to unfair lending behaviour to obtain redress.

(*ibid.* col. 1410)

The Bill would address this in a number of ways. It would provide for an alternative dispute resolution system:

... the Bill will introduce a mandatory alternative dispute resolution system - an ADR scheme - for consumer credit matters, thus giving consumers a fast and effective means to challenge unfair practices without the need to resort to court action. Importantly, all consumers will have access to redress using the ADR scheme, not just those who can afford to pay for it, because it will be free and no lawyers are necessary - not that I have got anything against lawyers.

Decisions taken under the ADR scheme will also be binding on the consumer credit business, so that consumers can be confident that redress is achievable. The system will be run by the Financial Ombudsman Service - an independent

and credible ADR scheme that already provides ADR under the Financial Services and Markets Act 2000.

(ibid. cols. 1410–11)

The Bill would also introduce a new test based on the principle of ‘unfairness’:

Consumers will be able to apply to the courts to challenge agreements where an unfair credit relationship exists. That will allow the consideration of all aspects of the transaction, including the lender’s conduct before and after making the agreement, its administration of the loan and the terms and conditions of the agreement. It will also ensure that the courts will have a wide discretion to assist those who face unfairness from lenders.

(ibid. col. 1411)

He explained why the Government had decided not to define ‘unfairness’:

If we are to give consumers the rights and redress mechanisms that they deserve, it is imperative that the test works effectively. It is also important that the test does not constrain or impede the courts’ ability to do justice in every case. That is why I will not try to define an unfair relationship. It is for the courts to determine such things according to the relevant facts of each case. Unfairness is not a new concept for the industry, and fair lenders have nothing to fear from its introduction.

(ibid. col. 1411)

He then turned to the new and enhanced powers that would be granted to the Office of Fair Trading:

The bureaucracy associated with licence renewals, together with limited information-gathering powers and lack of intermediate sanctions, hampers the Office of Fair Trading in running the licensing regime and in policing licence holders. Overhauling the licensing regime will produce a more streamlined system that is easier for the OFT to regulate and more proportionate for business. The OFT will be able to focus attention on problem lenders and problem sectors, and to impose sanctions on traders who misbehave.

(ibid. col. 1413)

The Bill’s proposals would also allow for a more transparent consumer credit market:

At present, lenders are not obliged to provide much information to consumers during the loan term, so the Bill has proposals to create minimum standards for lenders to provide regular account information and to tell consumers when they default and when they are charged. These reforms will ensure that lenders can be prevented from continuing any bad practices and, if necessary, excluded from the market, that responsible lenders can be regulated by light-

touch regulation, and that consumers can have confidence in a competitive market.

(ibid. col. 1413)

On the more specific issue of capping interest rates, the Minister explained why the Government had decided not to place a cap on interest rates charged for credit:

The Government do not consider capping to be the way forward, because there are many other hidden charges that can equally cause such misery. But I did undertake to keep the capping issue under review, and to examine it in the light of future developments and of our efforts through this Bill. However, at the moment there is no need for such caps.

(ibid. cols. 1405–06)

In responding to the Minister's speech, the Shadow Minister for Trade and Industry, Charles Hendry, generally welcomed the Bill and acknowledged the need for reform:

The Conservative party welcomes the reintroduction of this important and overdue Bill to update our consumer credit legislation. Only one or two changes have been made to the Bill introduced in the last Parliament and the measure has broad support on both sides of the House, as well as from key consumer organisations and the credit industry itself. That is a strong working basis on which to take the Bill forward.

(HC Hansard, 9th June 2005, col. 1415)

He concurred with the Minister on the question of capping interest rates:

Comparative research carried out for the Department of Trade and Industry across European countries and in those US states where rate caps already exist show clearly that such a measure drives down product diversity and causes lenders to withdraw from the market. That reduces choice and access for consumers. In France and Germany, for example, it drives borrowers to make greater use of illegal lenders than we do in the UK, where there are legal credit options for such borrowers.

(ibid. col. 1419)

Despite his general support for the Bill, he expressed a number of reservations concerning what he saw as a lack of detail in the Bill, particularly regarding the unfair relationship test:

It widens the scope of circumstances that the courts may take into account in deciding whether a credit agreement is unfair to a debtor. That is a welcome move, but the Bill fails to offer any definition or examples of what constitutes an unfair relationship. Without such definition, neither creditors nor debtors will ever fully understand their responsibilities and rights. For a Bill that intends to increase consumer protection, that is a fundamental flaw.

... The Minister talked today of his desire to change the system of redress and to remove that from the courts, but the lack of detail means that people will have to go to court, with the years of waiting and the stress that that involves, to find out whether they have been treated unfairly.

(*ibid.* cols. 1419–20)

He also questioned whether the test would comply with the Human Rights Act 1998:

A legal opinion from Michael Beloff QC finds that the test as currently drafted breaches the requirement in the Human Rights Act 1998 of legal certainty in article 1 of the first protocol.

(*ibid.* col. 1420)

The Labour MP and former DTI Minister, John Battle, welcomed a number of areas that the Bill addressed:

We need to tackle unfairness in any aspect of the consumer credit relationship. That is in the Bill. We need to root out misleading and unfair selling methods, including irresponsible lending. We have gone some way towards that in the Bill. We need transparency in the way in which fees and charges are applied to accounts. We have gone some way in the Bill to getting there. We need to prevent unfair treatment of accounts in arrears. That is somewhere in the Bill. We need a system of effective redress. That is in the Bill. The germs are there but they could be strengthened. The Bill goes much of the way to addressing these issues.

(*HC Hansard*, 9th June 2005, col. 1427)

However, he went on to highlight a number of concerns. He was worried about how the ‘unfair relationship test’ would work:

Borrowers do not want to go to court. They prefer to tie themselves into more debt. Low-income borrowers are not likely to seek court action. They will not receive legal aid. They cannot go before a court to allege unfairness or to try to seek enforcement of their rights as set out in the Bill. They will not see a court as a place that they can use to get redress. It is difficult for them to go before a court. Low-income borrowers may be in court for other matters—for example, not paying other bills. They do not see a court as being on their side. There must be real opportunities to ensure that poor borrowers have effective redress.

The Minister might say that the alternative is to go to the ombudsman. There are two caveats here. There has been good discussion before the introduction of the Bill, and I am not saying that the Bill will not work. However, there is a problem that needs to be ironed out. If the ombudsman has an office in London, and only London, the procedure will not be much use in Leeds and Bradford. People will not traipse down to London to sort out their problems with the ombudsman. The structure must be examined. A more fundamental

point is that the ombudsman will wait for court decisions on what is unfair before settling disputes. The courts will be used first. We are still locked into the court being the key in defining the unfair relationship test.

(*ibid*, col. 1428)

He also thought that the Bill should include a “responsible lending test”:

A responsible lending test should be built into the Bill, so that the lenders cannot get away with repeatedly lending to people without undertaking an assessment of their ability to pay back the loan. Such tests are included on mortgage forms, so why do we not include them on loan forms, especially as people are sometimes lent more than they are given for their mortgage?

(*ibid*. col. 1429)

He then echoed a number of other speakers when he asked the Minister to consider a cap on excessive interest rates:

I still believe that the Government should serve notice in the Bill that if lenders exceed a marker rate they will be penalised. The Minister said that interest rates will be kept under review, but I would like a reserve power to be introduced. If he thought the rate was too high he could draw on that power instead of being in a position where rates might be reviewed by his successors in the next 30 years.

(*ibid*. col. 1430)

Norman Lamb, speaking for the Liberal Democrats, expressed his broad support for the Bill:

It has taken far too long to introduce new legislation. The 1974 Act is more than 30 years old, and since its introduction there has been a revolution in the availability of credit and the range of credit products ... Borrowing on credit cards has gone through the roof. The legislation is therefore no longer fit for purpose. The new measure is long overdue and it is good that it is before Parliament today.

(*HC Hansard*, 9th June 2005, col. 1431)

However, he was concerned that the Bill did not adequately deal with a number of issues. He raised the principle of data sharing between financial institutions:

... there has been a failure to achieve adequate data sharing, and reform is essential. We have not got there yet and I am not convinced that the Bill does anything effective to address the problem ... Difficulties arise when people go to a number of different lenders and borrow - they may well be making the minimum monthly payments - so that the total amount never shows up as a default, but cumulatively gather a debt that is completely unsustainable, after which everything crashes. It is incredible that that can continue.

(*ibid*. col. 1432)

He thought that despite recent Government initiatives, there was still a lack of transparency in terms of interest rates and credit card cheques:

... although there is new regulation on the single method of calculating annual percentage rates, there are still about 10 different ways in which credit card companies calculate interest, depending on when the interest rate starts to run. The inevitable consequence is that a single APR achieves nothing in terms of greater transparency if the consumer cannot make a proper comparison between one card and another.

... On credit card cheques, I know that a new opt-out protection has been introduced by way of the banking code. I was told in a letter from one of the Minister's officials that the Government plan to consult on the commitment that the Minister gave, during consideration of the Bill before the general election, to introduce secondary legislation on transparency of terms and conditions regarding credit card cheques. What is the time scale? Is he planning to consult now or will he take many months to get around to it? There is a serious problem with consumers not understanding the consequences of using the cheques.

(*ibid.* col. 1433)

He did, however, agree with the Minister on the capping of interest rates:

If a measure does not protect the most vulnerable people, what is the point of introducing it? The evidence shows that a cap would not protect the most vulnerable consumers.

(*ibid.* col. 1434)

He then considered the proposed new 'unfair relationship test':

It is right to raise concerns ... about whether, without a further framework or guidance, it will be compatible with the human rights legislation. It is a vague test, inevitably, as there is a lack of a clear framework for applying it, and that, combined with the presumption that the relationship is deemed unfair until the contrary is proved, makes it potentially onerous.

... I suggest that the Bill should set out the clear regulatory objectives that the OFT should apply in exercising its discretion. Although that proposal was put to me by the Consumer Credit Association, it seems to me that clarity is entirely in the interests of consumers, as well as of the industry.

Subject to those concerns, I support the change in the test. It is right to be able to survey the whole relationship to determine fairness, considering all the relevant circumstances, including the terms of the agreement and, crucially, the conduct of the parties. An agreement that on the face of it can look entirely reasonable may, in fact, be entirely unreasonable if it has been forced on a consumer in entirely inappropriate circumstances.

(*ibid.* col. 1436)

Laurence Robertson (Conservative), who had been a member of the Standing Committee for the previous Consumer Credit Bill, questioned the lack of definition in the proposed unfair relationship test and the test's retrospective elements:

... it is extraordinary that the 1974 Act included a definition of extortion, yet this Bill contains no definition of unfairness. We have moved from defining what is illegal to not doing so, which strikes me as odd. There are many drawbacks involved in that move. Lenders will not know what is illegal but, more importantly, neither will borrowers. How is a vulnerable borrower to decide whether to go to court to get an agreement struck out when he and, more importantly, his lawyers do not know what is legal and what is not? It has been pointed out that, until a number of court cases have established case law on this matter, there can be no certainty. I do not therefore believe that these measures move us forward quickly enough in the right direction.

... Regarding the lack of a definition of unfairness, it is even worse that the Bill will apply retrospectively. It is not even as though lenders will be able to say, "Well, from now on, we are going to be very careful." They can say that, of course, but in the case of agreements that have already been drawn up, it will be too late. Retrospective legislation should not be encouraged. I know that there will sometimes be grey areas in which it might have to be considered, but I do not think that this is one of them.

(*HC Hansard*, 9th June 2004, cols. 1476–77)

However, he supported the Minister on the question of capping interest rates:

Maximum interest rates could have the effect of dragging up the average of the interest rates charged, and as the Minister said earlier, could exclude those who need to borrow at the lower end of the market and who take out short-term loans. I know that those tend to be the people whom we are trying to protect, but again it is a question of striking the right balance, and I do not think an interest rate ceiling is the answer. I do not think a Minister - not this Minister in particular, for I trust him entirely, but Ministers in general - should have the authority to introduce such a draconian measure.

(*ibid.* cols. 1478–79)

3. Standing Committee and Report Stage

The Consumer Credit Bill was considered in four sittings of Standing Committee D from 23rd to 28th June 2005. The Bill's Report Stage, together with Third Reading, took place on 14th July 2005.

3.1 Unfair Relationship Test

Clauses 19–22 of the Bill seek to repeal the existing 'extortionate credit bargain' provisions contained within the Consumer Credit Act 1974 and replace it with a new 'unfair relationship test'. The existing test defines an agreement as 'extortionate', if at the time the agreement was made, it required the debtor to make payments which were grossly exorbitant or otherwise grossly contravened ordinary principles of fair dealing. A court in coming to its conclusions is required to consider evidence produced concerning specific factors relevant to prevailing interest rates, the debtor (e.g. age, experience or degree of financial pressure) and creditor (e.g. accepted risk having regard to value of security). The new 'unfair relationship test' would enable a court to consider whether a relationship between a creditor and debtor was unfair to the debtor because of the terms of the agreement, the way in which the agreement was operated by the creditor or any other thing done or not done by the creditor before or after the agreement was made. The court would be allowed to take into account all matters it thought relevant relating to the creditor and debtor in making its assessment. This would include a consideration of multiple credit agreements entered into by a creditor and debtor, where the intention might be to increase the size of an overall debt or to extract further fees. Schedule 3 to the Bill also adds a retrospective element. The DTI has set out how this would operate:

The new unfair relationships test will apply to all new credit agreements made after the date that the reforms commence and will apply to any agreements already made which continue in existence at a specified date after commencement. We will consult with consumers and industry as to when this date will be.

The period between the commencement date and the specified date will be a transitional period, to allow creditors to ensure that any agreements that will continue beyond the end of the transitional period comply with the new test.

The old test will continue to apply to agreements that have been completed (e.g. no party has any further obligations under the agreement because no further sums are payable) before the end of the transitional period. The new unfair relationships test will not apply to these agreements.

(DTI, *Q & A on Consumer Credit Bill*, May 2005, p. 6)

At the second sitting of Standing Committee D, Charles Hendry, the Shadow Minister of Trade and Industry, moved Amendment No. 13, which aimed to define the circumstances in which a relationship between a creditor and debtor could be regarded

as unfair. Though he supported the general principle of the new unfair test, he was concerned that without a definition of what that constituted a number of problems would arise. He said that this would deter some consumers from pursuing their grievance as it would require the use of the courts to determine if a relationship was unfair. The lack of certainty would also impact upon lenders, which would be to the detriment of borrowers:

Without a thorough understanding of what lending practices will be considered inappropriate, the credit industry remains unaware of the changes it may need to make to ensure that its consumers are protected. As a consequence, the industry will become more cautious in its lending practices, and that will hit the most vulnerable the hardest. That will do more than anything else to drive those people to loan sharks.

(HC Standing Committee D, 23rd June 2005, cols. 50–1)

He suggested that examples of such definitions could be found in annexe 1 of the Unfair Practices Directive.

The Labour MP, John Battle, saw two problems with the test:

The first is the fear that without clarity, the issue of unfairness will be pushed in the direction of the courts. The second is the fear that the people involved will not go to court; it is not their place of resort to get justice.

(HC Standing Committee D, 23rd June 2005, col. 52)

In response, the Parliamentary Under-Secretary of State for Trade and Industry, Gerry Sutcliffe, argued that the unfair test would be considered in conjunction with existing law:

In applying the new test the courts will use existing legal principles. For example, they can look at the law of contract when considering the terms of the agreement, the law of penalties when looking at the cost of fees and charges, and the principles relating to how remedies are applied in other contexts when looking at remedies under the new test.

(HC Standing Committee D, 23rd June 2005, col. 59)

He then defended the broadness of the unfair test by contrasting it with the existing extortionate credit test:

The extortionate credit test has ... been difficult for consumers to use in all but the most extreme circumstances. Indeed, in trying to define an extortionate credit bargain, the provision has been applied in a way that has strained its ordinary meaning and limited the courts' ability to consider all relevant issues at the cost of preventing consumers from obtaining justice. The extortionate credit test has allowed unscrupulous lenders to use it to justify practices that could never be considered fair, and we do not want to do the same thing with unfair relationships.

Under the new test, the court may consider the terms of the agreement, the conduct of the creditor in enforcing his rights and anything else that is relevant to making the determination.

(*ibid.* cols. 59–60)

The Committee divided on Amendment No. 13 and it was defeated by 10 votes to 6.

At Report Stage, Charles Hendry, speaking for the Opposition, moved Amendment No. 5, which made provision for periodic guidance to be issued by the Office of Fair Trading (OFT) on what constituted an unfair relationship after it had been approved by the Secretary of State. He reiterated his support for the concept of an unfair relationship test, but returned to his concerns regarding its detail:

... the unfairness test cannot achieve its desired effect unless the present lack of definition about what would be considered “fair” or “unfair” is cleared up. The Bill offers no guidance to consumers or the credit industry on the practices that will fall within or outside the boundaries of that test. Indeed, we do not know where those boundaries lie, which is why both the consumer organisations and the credit companies have asked for greater clarity.

The lack of clarity presents problems on both sides. Consumers, without a thorough understanding of their chances of success through the courts, will be deterred from pursuing cases that, if unsuccessful, could only add to their financial difficulties, stress and problems.

(*HC Hansard*, 14th July 2005, cols. 1015–16)

He suggested that the guidance he was proposing could draw upon examples to be found under the Unfair Contract Act 1997 and the Unfair Terms in Consumer Contract Regulations 1999.

Norman Lamb, the Liberal Democrat Spokesperson for Trade and Industry, also welcomed the general idea that lay behind the new test, but he too had difficulty with its detail as drafted:

There is no guidance about what would subsequently be deemed unfair by a court and that is an unattractive scenario for the lending industry. It is also unattractive for consumers who are left simply not knowing their rights. The lack of clarity is dangerous in law making for the interests of both the consumer and those whom the measure seeks to control.

It has been said many times by many people, including me, that a court will inevitably consider this test at some point, and lay down guidelines. Is the Minister saying that he wants a court to provide that greater clarity for the industry and the consumer? I do not think that that would be satisfactory. First, it could take months or even years before we learn what the court decides the right guidelines should be for interpreting the unfairness test.

Secondly, is it right that a court, rather than Parliament or a body accountable to Parliament, should determine those guidelines?

(HC *Hansard*, 14th July 2005, col. 1018)

He suggested that the tabled amendment, by allowing for periodic review, could avoid any such guidance becoming too prescriptive, which would meet one of the Minister's principle objections.

The Minister, Gerry Sutcliffe, replied that the amendment was predicated on a misunderstanding of the OFT's role and how the courts might view its guidance:

The amendment seems to assume that the test is somehow dependent on the OFT's guidance. It is not. The OFT's guidance is simply that: guidance. It will set out the circumstances in which the OFT will act under its powers in part 8 of the Enterprise Act 2002, and it will not seek to interpret or define unfairness. It is not one of the OFT's functions as a regulator to interpret the law for the courts. The courts are not bound by the OFT's guidance and need not have regard to it if it is not relevant to the specific case. Obviously, if the guidance is relevant, which we could expect it to be quite often, the court may have regard to it. The court's application of the new test need not and should not be linked to the OFT's guidance as the amendment suggests.

(HC *Hansard*, 14th July 2005, cols. 1021–22)

He also disagreed with the view that a Minister should prescribe the guidance:

In the Enterprise Act, Parliament reconstituted the OFT as an independent regulator. Parliament decided that the way in which the OFT used its powers to enforce the legislation for which it is responsible should be free of ministerial control. The amendment would fetter that freedom.

(*ibid.* col. 1022)

Charles Hendry withdrew his amendment, but hoped that the problem it addressed would be revisited when the Bill moved to the House of Lords.

3.2. Special Requirements and Penalties

Clauses 38 to 43 of the Bill provide for intermediate powers to impose special requirements where the Office of Fair Trading (OFT) is dissatisfied with the conduct of a licensee or associate or with proposals from a licensee or associate in relation to future conduct. The powers can require licensees to address unfit conduct and in the absence of compliance allow for the imposition of penalties. Such penalties include the revocation, suspension or variation of the licence. The Bill also permits the OFT to impose special requirements on a 'responsible person' who is deemed to be regulating (or has regulated) the conduct of a group licence. Clause 41 sets out the manner in which such special requirements would be imposed, including the need to

notify relevant persons of the reasons for such actions. Clause 42 directs the OFT to issue guidance on how it will exercise these powers and Clause 43 provides for a right of appeal. Clauses 52 to 54 of the Bill set out the civil penalties to be imposed if requirements issued by the OFT are not complied with. This includes a maximum of £50,000 for every breach of a requirement. The OFT is required to notify a person with the reasons for the imposition of a penalty. Clause 54 requires the OFT to publish a statement on how it will impose penalties after consulting relevant persons and with the approval of the Secretary of State. Clauses 55 to 58 of the Bill establish a new Consumer Credit Appeals Tribunal (CCAT) and authorise the Lord Chancellor to set its procedural rules. Consumer credit and hire businesses will be able to appeal to the new CCAT, rather than as at present to the Secretary of State, in respect of decisions taken by the OFT under the Consumer Credit Act 1974. Clause 57 establishes a right of appeal against a CCAT decision on a point of law to the Courts of Appeal of England and Wales and Northern Ireland or the Court of Session in Scotland. Clause 58(5) ensures that the CCAT will be supervised by the Council on Tribunals.

As outlined in the introduction to this Note, the proposal regarding requirements was criticised by the Joint Committee on Human Rights in relation to the European Convention on Human Rights (ECHR) because it “fails to satisfy the requirements of reasonable legal certainty and also gives rise to a risk of disproportionate use of the power in practice” (Joint Committee on Human Rights, *Scrutiny: Seventh Progress Report*, HL 97, HC 496, 31st March 2005, p. 10). However, the Government states in the Explanatory Notes that accompany the Bill as introduced in the House of Lords, that it believes that this part of the Bill is compatible with the ECHR:

The power of OFT to impose requirements on licence holders to take or refrain from taking certain action will not be used to deprive licensees of their rights under a licence, but to control the exercise of them in appropriate cases in the general interest. This means that there is no conflict with Article 1, Protocol 1 of the Convention, under which it might be asserted that these provisions interfere with licensees’ peaceful enjoyment of their possessions (insofar as rights under a licence amount to “possessions”). These powers are intended to enable OFT to take more proportionate action than it is currently able to under the Act, and persons on whom requirements have been imposed or, for example, whose employment is adversely affected may appeal to the Consumer Credit Appeals Tribunal. It is not considered that the principle of legal certainty has been breached in relation to the scope of these powers because of the safeguards which will be in place, namely the duty on the OFT to issue guidance; the duty on the OFT to give reasons; the requirement on the OFT to seek representations from persons upon whom the requirement may be imposed and other affected persons; and the right of appeal to an independent Tribunal.

(Bill 18–EN, paragraph. 130)

During the debates that took place in Standing Committee D, the Shadow Minister for Trade and Industry, Charles Hendry, expressed a number of concerns relating to some of the Bill’s clauses which award powers to the Office of Fair Trading (OFT). His reservations centred on what he saw as the Bill’s ambiguity in relation to such powers.

This was reflected at the third sitting of Standing Committee D, when Mr Hendry tabled an amendment to Clause 38 of the Bill, which concerns the powers of the OFT to impose requirements on licensees. He thought that the use of the word 'dissatisfied' as a basis for the OFT to use its powers was vague and needed clarification:

Without greater objectivity, the clause could be dangerous and it leaves us open to the risk of excessive and unnecessary regulation, which will stifle the development of the credit industry and what it can offer the consumer. Indeed, the provisions give rise to serious concerns about their compatibility with human rights legislation.

(HC Standing Committee D, 28th June 2005, col. 106)

In response, the Parliamentary Under-Secretary of State for Trade and Industry, Gerry Sutcliffe, said that the Government thought that the provisions relating to special requirements were compatible with the European Convention on Human Rights, as the Bill had sufficient safeguards to stop the OFT abusing its powers:

The OFT will have to let licensees know that it is minded to impose requirements, to explain why, and to give them the opportunity to make representations on the proposal. Appeals relating to other requirements can be made to the appeals tribunal, which provides a safeguard against the OFT exercising these powers unreasonably.

(HC Standing Committee D, 28th June 2005, col. 107)

He said that the clause has been drafted to allow the OFT flexibility in dealing with those situations in which the behaviour of a licensee was not serious enough to warrant the revocation of a licence, but where remedial action was necessary. This sought to address the current situation in which the OFT is restricted to acting in the most serious cases where a person is not fit to hold a licence (*ibid.* cols 107–08).

Mr Hendry withdrew his amendment.

The question of the OFT's powers was returned to at the fourth sitting of Standing Committee D, when Mr Hendry introduced New Clause 1. The new clause would have required the OFT to adhere to a number of general objectives. These objectives would seek to ensure: lender confidence; the widest possible access to credit; consumer protection; an efficient and innovative credit industry. The OFT would also have regard to principles such as the desirability of innovation and competition and of minimal burdens being placed upon the industry. Mr Hendry said that objectives were necessary because of the wide and open powers available to the OFT:

It is given a free rein to impose requirements and penalties based entirely on loose concepts of unacceptable conduct. What the OFT says is what goes. With such wide-ranging powers, it is striking that the Bill contains no provision specifying the objectives and purposes towards which the OFT must act, particularly in a Bill that sets out to achieve so much.

(HC Standing Committee D, 28th June 2005, col. 148)

The Minister, Gerry Sutcliffe reiterated his contention that sufficient constraints would be in place in relation to the OFT's powers, and that these would preclude the need for such objectives:

The ground rules for the operation of the OFT were laid down when Parliament debated the 2002 [Enterprise] Act. The OFT is subject to the usual range of accountability measures, such as scrutiny and appearance before Committees of the House. In addition, as a signatory to the Cabinet Office enforcement concordat, it is under an obligation to act proportionately. It is committed to minimising the cost of compliance for business by ensuring that any action that it requires is proportionate to the risk, and by taking into account the circumstances and the attitude of the operator.

(HC Standing Committee D, 28th June 2005, cols. 149–51)

Mr Hendry said that he was not persuaded, but withdrew the new clause.

At Report Stage, Charles Hendry, the Shadow Minister for Trade and Industry, moved New Clause 3, which replicated New Clause 1 as tabled in Standing Committee. He repeated his fear concerning the Bill's lack of detail concerning the OFT:

The concepts of unacceptable conduct against which the OFT will be judging licensees' business practices are entirely loose and ill-defined, so their interpretation is left entirely to the OFT. As the measure also includes the power to impose the penalties for committing unfair practice, there is no question but that the OFT will be both judge and jury.

With such broad-ranging powers, I am concerned that the Bill contains no provisions specifying the objectives and purposes towards which the OFT must act. Indeed, there is at present no guarantee that the OFT will perform in the manner that Parliament has in mind. By introducing an "objects" clause, new clause 3 would redress that, and install a vital degree of maintenance of parliamentary control over an organisation to which we are entrusting so much authority.

(HC *Hansard*, 14th July 2005, col. 1004)

Norman Lamb, speaking for the Liberal Democrats, agreed with the sentiments of the new clause, but thought that elements of it were unbalanced:

There needs to be a legislative framework for the exercise of these onerous powers; unfettered discretion is dangerous. There is an absence in the Bill of any guidance for the OFT in terms of the exercise of its powers. The case for setting a framework for the discharge of those duties is entirely right ... but the new clause does not balance well enough, in terms of the factors that the OFT must have regard to, the interests of the consumer and the interests of the industry.

(HC *Hansard*, 14th July 2005, cols. 1006–07)

The Minister, Gerry Sutcliffe, sought to meet such fears by pointing to the framework within which the OFT would carry out its duties as set out in the Bill:

... the Office of Fair Trading should act with regard to its consumer credit functions, as set out in sections 1 to 5 of the Consumer Credit Act 1974. That includes keeping under review both the Act and relevant social and commercial developments; the enforcement and operation of the Act; the production of information and advice; and annual reporting obligations on the operation of the Act. The provisions of the 1974 Act should be read in conjunction with some of the general provisions in the Enterprise Act 2002, particularly the provisions relating to corporate governance and the OFT board; the requirement for an annual plan and report; and the OFT's more general functions, which are set out in sections 1 to 8 of the Enterprise Act.

The ground rules for the way in which OFT operates were laid down when Parliament debated and passed the Enterprise Act in 2002, and they recognised the nature of the role given to the OFT. It was not to be a narrow regulator operating within the terms of a strictly defined remit that could limit its approach to problems. There had to be one set of coherent objectives for the OFT, and the Enterprise Act provided it.

We should remember that the OFT is subject to the usual range of accountability measures such as scrutiny by the National Audit Office and appearances before House Committees. It presents an annual report to Parliament and, in addition, it is a signatory to the Cabinet Office enforcement concordat, which commits it to minimising the costs of compliance for business by ensuring that any action it requires is proportionate to the risks.

(*HC Hansard*, 14th July 2005, cols. 1007–08)

Charles Hendry withdrew his new clause, but expressed the hope that some of the issues that it raised would be revisited when the Bill was considered in the House of Lords.

3.3 Fitness to Provide Credit

Clause 28 of the Bill requires people to specify in a licence application what type of business they want the licence to cover and if it would apply to more than one business. Clause 29 of the Bill requires the Office of Fair Trading (OFT) to have regard to the skills, knowledge and relevant experience of any person applying for a licence in relation to consumer credit, consumer hire or ancillary credit services. The OFT, in considering the fitness of an applicant or associate, will bear in mind whether such persons had: committed an offence involving fraud, other dishonesty or violence; contravened relevant provisions of any law relating to consumer credit (in the UK or another European Economic Area state); practised discriminatory practices; engaged in business practices which appeared to OFT to be deceitful, oppressive, unfair or improper (whether unlawful or not). Clause 30 of the Bill obliges the OFT to publish guidance regarding how it will determine the fitness of a person to hold a licence. In

preparing such guidance, the OFT will consult relevant persons and will publish the guidance in such a way as to bring it to the attention of those most likely to be affected by it.

At the third sitting of Standing Committee D, John Battle (Labour) moved Amendment No. 38, with the intended effect of requiring consumer credit companies to lend responsibly, an issue he had raised at Second Reading. He said that he did not want to get into a protracted debate about the meaning of ‘responsible’ but instead hoped that it would focus minds on borrowers’ ability to pay:

The ability to repay, the ability to pay back, is important. It will enable people to be part of a conversation, instead of lenders simply saying to those who have so far paid their loans and who therefore have a good credit rating that they will lend them more, which will mean borrowers getting further out and wanting more. I cannot think that that is responsible. The letter of the law may say that it is responsible. It may be responsible under the Companies Acts for companies to tell people their terms, to make clear the hidden clauses and to send regular letters letting them know how they are getting on, but I suspect that it is not enough.

(HC Standing Committee D, 28th June 2005, col. 98)

The amendment was supported by Conservative members of the Committee. However, the Minister sought to persuade Mr Battle to withdraw his amendment:

There would be a definition of “responsible” and people would be able to hide behind that, because it might not be wide enough to cover all the relevant circumstances. Perhaps the discussion that we should continue is about how to develop the matter. It is in that spirit that I hope my right hon. Friend will withdraw the amendment, on the undertaking that we shall discuss the matter further and see what we can come up with.

(HC Standing Committee D, 28th June 2005, col. 99)

Mr Battle said that he would withdraw his amendment, but a number of Committee members asked that it be put to the vote. The Committee divided and it was defeated by 10 votes to 6.

3.4 Sharing of Information between Creditors

At Report Stage, Norman Lamb, speaking for the Liberal Democrats, moved New Clause 1. The new clause aimed to allow the sharing of data between consumer credit companies in relation to the financial standing and credit history of an applicant who had applied for credit. It would oblige the lender to inform the borrower that such information was to be disclosed and would give the borrower 28 days in which to object. Sub-clause 4 of the new clause listed the purposes for which shared data would be used. These included: the vetting of credit applications; the identification of an applicant; the management of credit accounts (including debt tracing and

recovery); the prevention and detection of possible fraud and the statistical analysis of credit risk assessment where anonymity would be assured. Mr Lamb set out the intentions that lay behind the new clause:

In a sense, it goes without saying that the best decisions about whether to lend are made when both parties - the lender and the borrower - have access to full information on which to base a judgment about whether it is appropriate to lend and about the amount to lend in the circumstances. However, at the moment, all too often, only the borrower has access to the full information. For many reasons, borrowers may be in denial about their capacity to service a loan or the amount borrowed on a credit card. We must therefore find a way of ensuring that both parties have access to the full information to make objective and wise decisions based on the principle of responsible lending.

(HC *Hansard*, 14th July 2005, col. 981)

He then moved on to set out some of the specific problems that the new clause would address. Firstly, it would allow the sharing of data in the absence of a default on repayment. The absence of a default, he suggested, could lead to information not being shared and hence the accumulation of unsustainable debt. Secondly, it would deal with the problem of accounts and credit agreements that pre-dated the conditions required by the Data Protection Act 1998:

The Data Protection Act 1998 requires lenders to notify individuals that their data will be shared and the purpose for which they will be used. That legislation led in due course to the industry including standard clauses in the application process to ensure the consent and knowledge on the part of the consumer for any new agreement after data protection legislation came into force. There is no problem for new agreements; consumers have given their consent. However, there is no provision for any account opened or agreement made before the introduction of the standard clauses in contracts.

(*ibid.* col. 982)

Mr Lamb believed this was a problem because existing arrangements meant that lenders had to contact the holders of older accounts and agreements to obtain consent to data sharing. The new clause would address this problem because the onus would be placed upon the borrower to refuse such data sharing. He then looked at possible conflicts between his clause and the Data Protection Act 1998:

We could simply say that this provision breaches the principles of the Data Protection Act; therefore there is nothing we can do. However, the consequence of doing that would be too serious, and I cannot accept that that is the right approach.

(*ibid.*, col. 984)

He also addressed suggestions that the sharing of data could be misused:

Some people have expressed concern that the new clause could lead to predatory lending. Other jurisdictions have suggested that, where there are

provisions for data sharing, some unscrupulous lenders could use the information to target vulnerable consumers. However, the specific provisions of subsection (4) will address that concern, in that it sets out the conditions under which the information can be shared. It will prevent any risk of the information being exploited for the purpose of predatory lending.

(*ibid.* col. 984)

Charles Hendry, the Shadow Minister for Trade and Industry, supported the new clause:

We all realise that we cannot stop people borrowing too much when they wilfully give lenders incorrect information about their circumstances or other cards that they have, but we can do much more to make such activities more difficult. Data sharing is a crucial part of the process, which is why we support new clause 1.

... In the case of accounts with a long life such as credit card or current accounts, decades may pass before the whole portfolio is available. The new clause seeks to solve that problem. As the number of agreements continues to increase because it is becoming easier to enter into them, and lenders seek more sophisticated means of risk management, data sharing becomes increasingly important.

(*HC Hansard*, 14th July 2005, col. 989)

The Minister accepted that data sharing was important, but argued that the Government was in the process of considering the wider issues that data sharing posed for the industry:

The Government believe that data sharing is a necessary and important means of ensuring responsible lending, but the issues are wider than just those covered by the Consumer Credit Act 1974. They include other types of lending regulated in other statutes, such as the Financial Services and Markets Act 2000, and the important question of data protection, which is regulated by the Data Protection Act 1998.

... We have to work with the industry and with the Department for Constitutional Affairs to determine the case for possible legal changes and to identify possible legal routes that allow for the sharing of data on accounts that date back before lenders routinely sought permission to disclose data for credit reference purposes. It is important, however, that the industry be able to show that the benefits gained from the sharing of these data are proportionate to the legislative measures involved. We all recognise how important it is that lenders have the best possible information to make responsible lending decisions, while ensuring that proper safeguards are in place on the use of personal information.

(*HC Hansard*, 14th July 2005, col. 993)

While he understood the intentions that lay behind the new clause, he did not think it was “the right way forward at the moment” (*ibid.* col. 993).

The House divided on the new clause and it was defeated by 234 votes to 106.

3.5 Different Formats for Lenders’ Information

At Report Stage, Charles Hendry, speaking for the Opposition, moved New Clause 2, which required lenders to provide information in formats that would be suitable for blind and partially-sighted borrowers or in languages other than English or Welsh, if so requested. He said that it was important that borrowers understood what agreements they were entering into:

If people do not understand what they are signing up to in a credit agreement, if they do not understand the importance of the arrears notice or if they cannot read the OFT guidance issued to them, they will not be able to enjoy the full protection that the Bill is designed to offer them.

(*HC Hansard*, 14th July 2005, col. 999)

He also noted that the new clause would place the onus upon the borrower:

Crucially, though, in respect of the subsequent proof of fairness, the onus would be on the borrower to request the information in given format, not on the lender to know what special needs and requirements someone may have.

(*ibid.*, col. 999)

The Liberal Democrat spokesperson, Norman Lamb, supported the new clause:

Unless consumers are able to understand such provisions, there is not financial inclusion but ignorance of the requirements imposed on them. It must be right that someone who perhaps cannot speak English or who is blind has the capacity to understand the information in another way. It also seems right that the consumer in those circumstances should serve notice on the lender to the effect that the information is required in another format.

(*HC Hansard*, 14th June 2005, col. 999)

The Minister, Gerry Sutcliffe, resisted the new clause in terms of the costs it might place upon the industry and because of existing legislation and codes of practice:

... it is important to consider the Bill in its context: the other legislation dealing with the provision of business services to disabled persons. So, in relation to providing information to blind or partially sighted persons, the result that the new clause seeks to achieve is already dealt with in the Disability Discrimination Act 1995, which applies generally to business. The Act imposes obligations on businesses to take such steps as are reasonable to

make their services available to disabled people. The Disability Rights Commission has published a code of practice on access to goods, facilities and services, which provides advice to businesses as to the manner in which they can comply with those obligations.

Similarly, there is no provision in relation to other languages in the Bill, the Consumer Credit Act 1974 or any similar legislation. Lenders should look to any legislation or codes of practice that may have some bearing on the question. It goes beyond the issue of the provision of notices that can be understood by consumers to more fundamental questions concerning the capability of particular debtors to contract with the creditor. If a person cannot understand documents written in English and the lender knows that, or knowingly disregards it, it may be relevant to the fairness of the relationship when considered in the context of all other relevant factors. Similarly, the regular targeting of consumers who have difficulty in understanding agreements and notices is a matter that could be taken into account by the Office of Fair Trading in assessing fitness under the licensing regime.

(HC *Hansard*, 14th July 2005, col. 1001)

Charles Hendry withdrew his amendment.

4. Third Reading

The Parliamentary Under-Secretary of State for Trade and Industry, Gerry Sutcliffe, in commending the Bill to the House, sought to assure those who had concerns relating to the powers that the Bill gave to the Office of Fair Trading:

The OFT does not have an unfettered power to act. As a public body, it has a responsibility to act reasonably and proportionately. In relation to its powers under the 1974 Act, it is subject to certain constraints and to an independent appeals tribunal. The powers that the Bill will give to the OFT are an essential foundation for a modern and effective consumer credit market.

(*HC Hansard*, 14th July 2005, col. 1028)

He was committed to addressing a number of issues that had been raised by members:

I have restated the Government's commitment to look further at the issue of credit card cheques under secondary legislation, and the Department is working on that. Similarly, I have arranged, with my Front-Bench counterparts, to meet the credit card industry on 18 July, before the recess, to discuss how industry is addressing, through self-regulation, concerns about unsolicited increases in credit card limits.

(*ibid.* cols. 1028–29)

He finished by highlighting the general support that the Bill had received and argued that it would modernise consumer credit provision:

The Bill enjoys wide support both in the House and among consumer and industry groups. Some aspects of the Bill give rise to concerns, and I have no doubt that they will be explored again in this debate and as the Bill goes through the other place. However, after more than four years' work, I believe that the Bill represents the foundation of a fair and competitive 21st-century consumer credit market. It enhances consumer rights and redress, while giving business confidence that it is competing in fair markets that are fit for the modern world. It encourages effective competition, driven by demanding and discerning consumers.

(*ibid.* col. 1029)

The Shadow Minister for Trade and Industry, Charles Hendry, reiterated some of his concerns about the level of detail in certain of the Bill's provisions:

By far one of the most important aspects of the Bill has been the new unfair relationship test, which replaces the old, impractical, extortionate credit test. We support the new test as a means of clamping down on loan sharks and unfair practices but, as the Minister is well aware, we are concerned about the lack of detail. As he knows, we have argued powerfully for that greater detail and we are disappointed that he has not given ground on it.

... We also welcome the new systems of redress provided through the Financial Ombudsman Service. The Bill also provides expanded powers for the OFT as a means of improving regulation. Again, we agree that better regulation of licensees is a crucial step forward, but we remain concerned that the OFT's powers will go unchecked and that it will be judge and jury.

(*HC Hansard*, 14th July 2005, col. 1030)

However, he accepted that the Bill had the broad support of the House:

I am pleased with the level of consensus that we have struck throughout the Bill's progress and, although we have not always been able to agree on the detail, we all want to see the same end product - more protection for consumers, better systems of redress, more access to information and better regulation.

(*ibid.* col. 1031)

Norman Lamb, speaking for the Liberal Democrats, welcomed the Minister's commitment to take a further look at the use of credit card cheques. However, he was unhappy that the calculation of interest rates was still unclear:

When there are 10 different means of calculating interest, no consumer will be able to compare one card with another. There will not be transparency until that problem is resolved.

(*HC Hansard*, 14th July 2005, col. 1033)

There was also the issue of data sharing between credit companies to be addressed:

... as the industry says, it needs a legislative change in order for it to be able to share data under the historic agreements introduced before the implementation of the Data Protection Act 1998.

(*ibid.* col. 1034)

He also questioned the level of detail contained within the Bill in relation to the proposed unfairness test:

There is serious concern about a lack of guidance for both the lender and the borrower on what "unfairness" means in that particular context. The matter comes down to whether Parliament or an agency that is accountable to Parliament should decide, or whether a court should decide. The Minister has chosen the option of the court deciding, so we will be left with an uncertain wait, which may last for years, for an unaccountable court to provide the guidelines on how to interpret unfairness.

(*ibid.* col. 1035)

19th October, 2005

LLN 2005/006, IC

5. Relevant Statutory Instruments

The Consumer Credit (Enforcement, Default and Termination Notices) (Amendment) Regulations 2004, SI 2004/3237

The Consumer Credit Act 1974 (Electronic Communications) Order 2004, SI 2004/3236

Consumer Credit (Miscellaneous Amendments) Regulations 2004, SI 2004/2619

Consumer Credit (Advertisements) Regulations 2004, SI 2004/ 1484

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