



Consumer Credit Act 1974

1974 CHAPTER 39

PART III U.K.

LICENSING OF CREDIT AND HIRE BUSINESSES

Licensing principles

21 Businesses needing a licence. U.K.

- (1) Subject to this section, a licence is required to carry on a consumer credit business or consumer hire business.
- (2) A local authority does not need a licence to carry on a business.
- (3) A body corporate empowered by a public general Act naming it to carry on a business does not need a licence to do so.

Modifications etc. (not altering text)

- C1** S. 21 restricted (1.1.1993) by S.I. 1992/3218, reg. 5(1)(c)
S. 21 excluded (1.1.1996) by S.I. 1995/3275, reg. 5(1)(b)
S. 21 excluded (1.12.2001) by 2000 c. 8, ss. 31(1)(b), 37, Sch. 3 Pt. II para. 15(3); S.I. 2001/3538, art. 2(1)

22 Standard and group licences. U.K.

- (1) A licence may be—
 - (a) a standard licence, that is a licence, issued by the [F1OFT] to a person named in the licence on an application made by him, which, during the prescribed period, covers such activities as are described in the licence, or
 - (b) a group licence, that is a licence, issued by the [F1OFT](whether on the application of any person or of [F2its] own motion), which, during such period

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as the [^{F1}OFT] thinks fit or, if [^{F3}it] thinks fit, indefinitely, covers such persons and activities as are described in the licence.

- [^{F4}(1A) The terms of a licence shall specify—
- (a) whether it has effect indefinitely or only for a limited period; and
 - (b) if it has effect for a limited period, that period.
- (1B) For the purposes of subsection (1A)(b) the period specified shall be such period not exceeding the prescribed period as the OFT thinks fit (subject to subsection (1E)).
- (1C) A standard licence shall have effect indefinitely unless—
- (a) the application for its issue requests that it have effect for a limited period only; or
 - (b) the OFT otherwise thinks there is good reason why it should have effect for such a period only.
- (1D) A group licence shall have effect for a limited period only unless the OFT thinks there is good reason why it should have effect indefinitely.
- (1E) Where a licence which has effect indefinitely is to be varied under section 30 or 31 for the purpose of limiting the licence's duration, the variation shall provide for the licence to expire—
- (a) in the case of a variation under section 30, at the end of such period from the time of the variation as is set out in the application for the variation; or
 - (b) in the case of a variation under section 31, at the end of such period from the time of the variation as the OFT thinks fit;
- but a period mentioned in paragraph (a) or (b) shall not exceed the prescribed period.]
- (2) A licence is not assignable or, subject to section 37, transmissible on death or in any other way.
 - (3) Except in the case of a partnership or an unincorporated body of persons, a standard licence shall not be issued to more than one person.
 - (4) A standard licence issued to a partnership or an unincorporated body of persons shall be issued in the name of the partnership or body.
 - (5) The [^{F1}OFT] may issue a group licence only if it appears to [^{F5}it] that the public interest is better served by doing so than by obliging the persons concerned to apply separately for standard licences.
 - (6) The persons covered by a group licence may be described by general words, whether or not coupled with the exclusion of named persons, or in any other way the [^{F1}OFT] thinks fit.
 - (7) The fact that a person is covered by a group licence in respect of certain activities does not prevent a standard licence being issued to him in respect of those activities or any of them.
 - (8) A group licence issued on the application of any person shall be issued to that person, and general notice shall be given of the issue of any group licence (whether on application or not).
- [^{F6}(9) Subsection (10) applies if a standard licence is issued to an EEA consumer credit firm.

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^{F6}(10) The activities described in the licence are not to include an activity for which the firm has, or could obtain, permission under paragraph 15 of Schedule 3 to the Financial Services and Markets Act 2000.]

Textual Amendments

- F1** Words in s. 22 substituted (1.4.2003) by Enterprise Act 2002 (c. 40), ss. 278, 279, Sch. 25 para. 6(7)(a); S.I. 2003/766, art. 2, Sch. (with art. 3)
- F2** Word in s. 22(1)(b) substituted (1.4.2003) by Enterprise Act 2002 (c. 40), ss. 278, 279, Sch. 25 para. 6(7)(b); S.I. 2003/766, art. 2, Sch. (with art. 3)
- F3** Word in s. 22(1)(b) substituted (1.4.2003) by Enterprise Act 2002 (c. 40), ss. 278, 279, Sch. 25 para. 6(7)(b); S.I. 2003/766, art. 2, Sch. (with art. 3)
- F4** S. 22(1A)-(1E) inserted (16.6.2006 for certain purposes and otherwise 6.4.2008) by Consumer Credit Act 2006 (c. 14), ss. {34(2)}, 71(2); S.I. 2006/1508, art. 3(1), Sch. 1; S.I. 2007/3300, art. 3(2), Sch. 2
- F5** Word in s. 22(5) substituted (1.4.2003) by Enterprise Act 2002 (c. 40), ss. 278, 279, Sch. 25 para. 6(7)(c); S.I. 2003/766, art. 2, Sch. (with art. 3)
- F6** S. 22(9)(10) inserted (1.12.2001) by S.I. 2001/3649, art. 166

Modifications etc. (not altering text)

- C2** S. 22 extended (1.1.1993) by S.I. 1992/3218, reg. 57(1)
S. 22 extended (1.1.1996) by S.I. 1995/3275, reg. 34(1)

23 Authorisation of specific activities. **U.K.**

- (1) Subject to this section, a licence to carry on a business covers all lawful activities done in the course of that business, whether by the licensee or other persons on his behalf.
- (2) A licence may limit the activities it covers, whether by authorising the licensee to enter into certain types of agreement only, or in any other way.
- (3) A licence covers the canvassing off trade premises of debtor-creditor-supplier agreements or regulated consumer hire agreements only if, and to the extent that, the licence specifically so provides; and such provision shall not be included in a group licence.
- (4) [^{F7}The OFT may by general notice specify] other activities which, if engaged in by or on behalf of the person carrying on a business, require to be covered by an express term in his licence.

Textual Amendments

- F7** Words in s. 23(4) substituted (1.12.2007) by Consumer Credit Act 2006 (c. 14), ss. {33(4)}, 71(2); S.I. 2007/3300, art. 3(1), Sch. 1

24 Control of name of business. **U.K.**

A standard licence authorises the licensee to carry on a business under the name or names specified in the licence, but not under any other name.

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[^{F8}24A Applications for standard licences **U.K.**

- (1) An application for a standard licence shall, in relation to each type of business which is covered by the application, state whether the applicant is applying—
 - (a) for the licence to cover the carrying on of that type of business with no limitation; or
 - (b) for the licence to cover the carrying on of that type of business only so far as it falls within one or more descriptions of business.
- (2) An application within subsection (1)(b) in relation to a type of business shall set out the description or descriptions of business in question.
- (3) References in this Part to a type of business are references to a type of business within subsection (4).
- (4) The types of business within this subsection are—
 - (a) a consumer credit business;
 - (b) a consumer hire business;
 - (c) a business so far as it comprises or relates to credit brokerage;
 - (d) a business so far as it comprises or relates to debt-adjusting;
 - (e) a business so far as it comprises or relates to debt-counselling;
 - (f) a business so far as it comprises or relates to debt-collecting;
 - (g) a business so far as it comprises or relates to debt administration;
 - (h) a business so far as it comprises or relates to the provision of credit information services;
 - (i) a business so far as it comprises or relates to the operation of a credit reference agency.
- (5) The OFT—
 - (a) shall by general notice specify the descriptions of business which can be set out in an application for the purposes of subsection (2) in relation to a type of business;
 - (b) may by general notice provide that applications within subsection (1)(b) cannot be made in relation to one or more of the types of business within subsection (4)(c) to (i).
- (6) The power of the OFT under subsection (5) includes power to make different provision for different cases or classes of case.]

Textual Amendments

F8 S. 24A inserted (16.6.2006 for certain purposes and otherwise 6.4.2008) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {28}, 71(2); [S.I. 2006/1508](#), [art. 3\(1\)](#), Sch. 1; [S.I. 2007/3300](#), [art. 3\(2\)](#), Sch. 2

25 Licensee to be a fit person. **U.K.**

- (1) A standard licence shall be granted on the application of any person if he satisfies the [^{F9}OFT] that—
 - (a) he is a fit person to engage in activities covered by the licence, and
 - (b) the name or names under which he applies to be licensed is or are not misleading or otherwise undesirable.

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- [^{F10}(1A)] The [^{F9}OFT] shall refuse an application for the grant of standard licence made by a consumer credit EEA firm if all of the activities described in the licence are activities for which the firm has permission, or could obtain permission, under paragraph 15 of Schedule 3 to the Financial Services and Markets Act 2000.
- ^{F10}(1B) If an application for the grant of a standard licence—
- (a) is made by a person with permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits, and
 - (b) relates to a listed activity,
- the Financial Services Authority may, if it considers that the [^{F9}OFT] ought to refuse the application, notify him of that fact.
- ^{F10}(1C) In subsection (1B) “listed activity” means an activity listed in [^{F11}Annex 1 to Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions] or in [^{F12}Annex I to the markets in financial instruments directive (2004/39/EC)] and references to deposits and to their acceptance must be read with—
- (a) section 22 of the Financial Services and Markets Act 2000;
 - (b) any relevant order under that section; and
 - (c) Schedule 2 to that Act.]
- (2) In determining whether an applicant for a standard licence is a fit person to engage in any activities, the [^{F9}OFT] shall have regard to any circumstances appearing to [^{F13}it] to be relevant, and in particular any evidence tending to show that the applicant, or any of the applicant’s employees, agents or associates (whether past or present) or, where the applicant is a body corporate, any person appearing to the [^{F9}OFT] to be a controller of the body corporate or an associate of any such person, has—
- (a) committed any offence involving fraud or other dishonesty, or violence,
 - (b) contravened any provision made by or under this Act, or by or under any other enactment regulating the provision of credit to individuals or other transactions with individuals,
- [^{F14}(bb) contravened any provision in force in an EEA State which corresponds to a provision of the kind mentioned in paragraph (b);]
- (c) practised discrimination on grounds of sex, colour, race or ethnic or national origins in, or in connection with, the carrying on of any business, or
 - (d) engaged in business practices appearing to the [^{F9}OFT] to be deceitful or oppressive, or otherwise unfair or improper (whether unlawful or not).
- (3) In subsection (2), “associate”, in addition to the persons specified in section 184, includes a business associate.

Textual Amendments

- F9** Words in s. 25 substituted (1.4.2003) by Enterprise Act 2002 (c. 40), ss. 278, 279, Sch. 25 para. 6(8) (a); S.I. 2003/766, art. 2, Sch. (with art. 3)
- F10** S. 25(1A)(1B)(1C) inserted (1.12.2001) by S.I. 2001/3649, art. 167(1)(2)
- F11** Words in s. 25(1C) substituted (1.1.2007) by The Capital Requirements Regulations 2006 (S.I. 2006/3221), reg. 29(2), Sch. 4 para. 1
- F12** Words in s. 25(1C) substituted (1.11.2007) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007 (S.I. 2007/126), regs. 1(2), 3(6), Sch. 6 para. 5

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F13 Word in s. 25(2) substituted (1.4.2003) by Enterprise Act 2002 (c. 40), ss. 278, 279, **Sch. 25 para. 6(8)(b)**; S.I. 2003/766, **art. 2**, Sch. (with art. 3)

F14 S. 25(2)(bb) inserted (1.12.2001) by S.I. 2001/3649, **art. 167(1)(3)**

Modifications etc. (not altering text)

C3 S. 25, 25(2)(b) extended (1.1.1993) by S.I. 1992/3218, **reg. 58(1)**
S. 25 modified (1.1.1996) by S.I. 1995/3275, **reg. 35**

[^{F15}**25A Guidance on fitness test** **U.K.**

- (1) The OFT shall prepare and publish guidance in relation to how it determines, or how it proposes to determine, whether persons are fit persons as mentioned in section 25.
- (2) If the OFT revises the guidance at any time after it has been published, the OFT shall publish it as revised.
- (3) The guidance shall be published in such manner as the OFT thinks fit for the purpose of bringing it to the attention of those likely to be affected by it.
- (4) In preparing or revising the guidance the OFT shall consult such persons as it thinks fit.
- (5) In carrying out its functions under this Part the OFT shall have regard to the guidance as most recently published.]

Textual Amendments

F15 S. 25A inserted (1.12.2007) by Consumer Credit Act 2006 (c. 14), ss. {30}, 71(2) (with Sch. 3 para. 19); S.I. 2007/3300, **art. 3(1)**, Sch. 1

[^{F16}**26 Conduct of business** **U.K.**

- (1) Regulations may be made as to—
 - (a) the conduct by a licensee of his business; and
 - (b) the conduct by a consumer credit EEA firm of its business in the United Kingdom.
- (2) The regulations may in particular specify—
 - (a) the books or other records to be kept by any person to whom the regulations apply;
 - (b) the information to be furnished by such a person to those persons with whom—
 - (i) that person does business, or
 - (ii) that person seeks to do business,
 and the way in which that information is to be furnished.]

Textual Amendments

F16 S. 26 substituted (1.12.2001) by S.I. 2001/3649, **art. 168**

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