



# Consumer Credit Act 1974

## 1974 CHAPTER 39

### PART IX

#### JUDICIAL CONTROL

##### *Extortionate credit bargains*

#### 138 When bargains are extortionate

- (1) A credit bargain is extortionate if it—
  - (a) requires the debtor or a relative of his to make payments (whether unconditionally, or on certain contingencies) which are grossly exorbitant, or
  - (b) otherwise grossly contravenes ordinary principles of fair dealing.
- (2) In determining whether a credit bargain is extortionate, regard shall be had to such evidence as is adduced concerning—
  - (a) interest rates prevailing at the time it was made,
  - (b) the factors mentioned in subsection (3) to (5), and
  - (c) any other relevant considerations.
- (3) Factors applicable under subsection (2) in relation to the debtor include—
  - (a) his age, experience, business capacity and state of health; and
  - (b) the degree to which, at the time of making the credit bargain, he was (under financial pressure, and the nature of that pressure.
- (4) Factors applicable under subsection (2) in relation to the creditor include—
  - (a) the degree of risk accepted by him, having regard to the value of any security provided ;
  - (b) his relationship to the debtor ; and
  - (c) whether or not a colourable cash price was quoted for any goods or services included in the credit bargain.

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*Status: This is the original version (as it was originally enacted).*

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- (5) Factors applicable under subsection (2) in relation to a linked transaction include the question how far the transaction was reasonably required for the protection of debtor or creditor, or was in the interest of the debtor.