



Credit Unions Act 1979

1979 CHAPTER 34

Operation of credit union

7 Shares.

- (1) All shares in a credit union shall be of £1 denomination and may, subject to the rules of the credit union, be subscribed for either in full or by periodical or other subscriptions but no share shall be allotted to a member until it has been fully paid in cash.
- (2) Shares in a credit union shall not be transferable and a credit union shall not issue to a member a certificate denoting ownership of a share.
- (3) Nothing in subsection (2) above shall affect the operation of section 24(1) of the 1965 Act (transfer in pursuance of nomination on death of nominator).
- (4) Subject to subsection (5) below, shares in a credit union shall be withdrawable but a credit union shall not issue shares except on terms enabling it to require not less than sixty days' notice of withdrawal.
- (5) If a withdrawal of shares would reduce a member's paid-up shareholding in the credit union to less than his total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise, then—
 - [^{F1}(a) in the case of a member to whom there is a loan by the credit union which is treated by virtue of section 11A below as a secured loan, the withdrawal shall not be permitted;]
 - ^{F1}(b) in any other case the withdrawal shall be permitted only at the discretion of the committee.

Textual Amendments

F1 S. 7(5)(a) substituted (1.9.1996) by [S.I. 1996/1189, art. 5\(2\)](#)

Status: Point in time view as at 01/01/2006.

Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979, Cross Heading: Operation of credit union. (See end of Document for details)

8 General prohibition on deposit-taking.

(1) Subject to sections 9 and 10 below, a credit union shall not accept a deposit from any person except by way of subscription for its shares.

F2(2)

F2(4)

F2(5)

Textual Amendments

F2 S. 8(2)(4)(5) omitted (2.7.2002) by virtue of S.I. 2002/1501, arts. 1(1), 2(5)

9 Deposits by persons too young to be members.

(1) A credit union may take deposits^{F3} . . . from a person who is under the age at which, by virtue of section 20 of the 1965 Act, he may become a member of the credit union^{F3} . . .

F4(2)

F4(3)

F4(4)

F4(5)

Textual Amendments

F3 Words in s. 9(1) omitted (2.7.2002) by virtue of S.I. 2002/1501, arts. 1(1), 2(6)(a)

F4 S. 9(2)-(5) omitted (2.7.2002) by virtue of S.I. 2002/1501, arts. 1(1), 2(6)(b)

[^{F5}9A Power to charge for ancillary services

(1) A credit union which provides an ancillary service to a member or any other person from whom the credit union has accepted a deposit may charge a fee to cover the cost of providing that service.

(2) In this section, “ancillary service” means any service which is ancillary to the activity of accepting a deposit or making a loan, and includes—

- (a) the making or receiving of payments, made by way of standing order, direct debit or any other means, as agent for a member or any other person from whom the credit union has accepted a deposit;
- (b) issuing and administering means of payment (for example, chequebooks and debit cards);
- (c) money transmission services;
- (d) giving advice on the services specified by paragraphs (a) to (c) above.]

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Textual Amendments

- F5** S. 9A inserted (13.2.2003) by [Regulatory Reform \(Credit Unions\) Order 2003 \(S.I. 2003/256\)](#), arts. 1, 5

10 Power to borrow money.

(1) A credit union may borrow money ^{F6}

^{F7}(2)

^{F7}(3)

^{F7}(4)

^{F7}(5)

^{F7}(6)

Textual Amendments

- F6** Words in s. 10(1) omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), arts. **1(1)**, 2(7)(a)

- F7** S. 10(2)-(6) omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), arts. **1(1)**, 2(7)(b)

11 Loans.

[^{F8}(1) A credit union may make to a member a loan, upon such security (or without security) and terms as the rules of the credit union may provide.]

^{F9}(2)

(3) ^{F10}

^{F11}(4)

(5) A credit union may charge interest on loans made by it but such interest shall be at a rate not exceeding one per cent. per month, or such other rate as may from time to time be specified, on the amount of the loan outstanding and such interest shall be inclusive of all administrative and other expenses incurred in connection with the making of the loan.

^{F9}(6)

(7) In this section “specified” means specified by order made by the ^{F12} . . . Treasury.

Textual Amendments

- F8** S. 11(1) substituted (2.7.2002) by [S.I. 2002/1501](#), arts. **1(1)**, 2(8)(a)

- F9** S. 11(2)(6) repealed (2.7.2002) by [2000 c. 8](#), ss. 338(4), 432(3), Sch. 18 Pt. V para. 22, [Sch. 22](#); [S.I. 2001/3538](#), art. **2(5)**

- F10** S. 11(3) repealed (1.9.1996) by [S.I. 1996/1189](#), art. **6(a)**

- F11** S. 11(4) omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), arts. **1(1)**, 2(8)(b)

- F12** Words in s. 11(7) repealed (1.12.2001) by [S.I. 2001/2617](#), arts. 2(b), 13(1)(2), Sch. 3 Pt. IV para. 273, [Sch. 4](#) (with art. 13(3)); [S.I. 2001/3538](#), art. **2(1)**

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Modifications etc. (not altering text)

C1 S. 11(7): Functions of the chief registrar transferred to the Treasury (1.12.2001) by [S.I. 2001/2617](#), arts. 2(b), 4(1), [Sch. 1 Pt. I](#) (with art. 5); [S.I. 2001/3538](#), [art. 2\(1\)](#)

[^{F13}11A Loans to be treated as secured

- (1) This section applies where—
 - (a) a credit union makes a loan to a member of the credit union, and
 - (b) at the time the loan is made, the member’s paid-up shareholding in the credit union is equal to or greater than his total liability (including contingent liability) to the credit union, whether as borrower, guarantor or otherwise.
- (2) On the application of the member to the credit union, the loan shall be treated for the purposes of this Act as a secured loan.]

Textual Amendments

F13 S. 11A inserted (1.9.1996) by [S.I. 1996/1189](#) arts. 1, 5

^{F14}11B

Textual Amendments

F14 S. 11B repealed (2.7.2002) by [2000 c. 8](#), ss. 338(4), 432(3), [Sch. 18 Pt. V para. 23](#), [Sch. 22](#); [S.I. 2001/3538](#), [art. 2\(5\)](#)

^{F15}11C

Textual Amendments

F15 S. 11C repealed (2.7.2002) by [2000 c. 8](#), ss. 338(4), 432(3), [Sch. 18 Pt. V para. 23](#), [Sch. 22](#); [S.I. 2001/3538](#), [art. 2\(5\)](#)

^{F16}11D

Textual Amendments

F16 S. 11D repealed (2.7.2002) by [2000 c. 8](#), ss. 338(4), 432(3), [Sch. 18 Pt. V para. 23](#), [Sch. 22](#); [S.I. 2001/3538](#), [art. 2\(5\)](#)

12 Power to hold land for limited purposes.

- (1) A credit union may hold, purchase or take on lease in its own name any land for the purpose of conducting its business thereon but, subject to subsection (3) below, for no

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other purpose, and may sell, exchange, mortgage or lease any such land, and erect, alter or pull down buildings on it.

- (2) In the application of subsection (1) above to Scotland—
 - (a) for the word “exchange” there shall be substituted the word “excamb””, and
 - (b) for the word “mortgage” there shall be substituted the words “grant a heritable security over””.

(3) A credit union shall have power to hold any interest in land so far as is necessary for the purpose of making loans to its members on the security of an interest in land and of enforcing any such security.

^{F17}(4)

^{F17}(5)

(6) No person shall be bound to inquire as to the authority for any dealing with land by a credit union; and the receipt of a credit union shall be a discharge for all moneys arising from or in connection with any dealing with land by it.

Textual Amendments

F17 S. 12(4)(5) repealed (2.7.2002) by 2000 c. 8, ss. 338(4), 432(3), Sch. 18 Pt. V para. 24, **Sch. 22**; S.I. 2001/3538, **art. 2(5)**

^{F18}**13**

Textual Amendments

F18 S. 13 omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(9)**

14 Computation and application of profits.

^{F19}(1)

^{F20}(2)

^{F20}(3)

(4) The dividend payable on any shares of a credit union shall not exceed a rate of 8 per cent. per annum or such other rate as may from time to time be specified by order made by the ^{F21}... Treasury.

^{F20}(5)

^{F20}(6)

^{F19}(7)

Textual Amendments

F19 S. 14(1)(7) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(10)**

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F20 S. 14(2)(3)(5)(6) repealed (2.7.2002) by 2000 c. 8, ss. 338(4), 432(3), Sch. 18 Pt. V para. 25, **Sch. 22**; S.I. 2001/3538, **art. 2(5)**

F21 Words in s. 14(4) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1)(2), Sch. 3 Pt. IV para. 278, **Sch. 4** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**

Modifications etc. (not altering text)

C2 S. 14(4): functions of the chief registrar transferred to the Treasury (1.12.2001) by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. I** (with art. 5); S.I. 2001/3538, **art. 2(1)**

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