



Credit Unions Act 1979

1979 CHAPTER 34

Registration as a credit union

1 Registration under the Industrial and Provident Societies Act 1965.

- (1) Subject to [^{F1}section 6(4)] below and to sections 2(1) and 7(1) of the Industrial and Provident Societies Act 1965 (in this Act referred to as “the 1965 Act”), a society may be registered under that Act if—
- (a) it is shown to the satisfaction of the [^{F2}Authority] that the conditions specified in subsection (2) below are fulfilled;
 - (b) the rules of the society comply with section 4(1) below; ^{F3} . . .
 - (c) the place which under those rules is to be the society’s registered office is situated in Great Britain;
 - [^{F4}(d) the society has made an application to the Authority for Part IV permission under section 40 of the Financial Services and Markets Act 2000 (in this Act referred to as “the 2000 Act”) to accept deposits; and
 - (e) the Authority is satisfied that, once registered under the 1965 Act, the society will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 to the 2000 Act in relation to the regulated activity of accepting deposits;]

and a society which is so registered by virtue of this section shall be registered as, and is in this Act referred to as, a “credit union”.

[^{F5}(1A) The Authority shall not issue an acknowledgement of registration under section 2(3) of the 1965 Act to a credit union unless it also proposes to give that society permission under Part IV of the 2000 Act to accept deposits.

(1B) If the Authority issues an acknowledgment of registration to a credit union under that section, it shall determine any outstanding application of that credit union for permission under Part IV of the 2000 Act to accept deposits as soon as reasonably possible thereafter.]

- (2) The conditions referred to in subsection (1)(a) above are—
- (a) that the objects of the society are those, and only those, of a credit union; and

Status: Point in time view as at 13/02/2003.

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

- [^{F6}(b) that as a result of any provision of the rules, admission to membership of the society meets the requirement specified in subsection (3A) or (3B) below (whether or not any other qualifications for admission to membership are also required by the rules) and that in consequence, a common bond exists between members of the society.]
- (3) The objects of a credit union are—
- (a) the promotion of thrift among the members of the society by the accumulation of their savings;
 - (b) the creation of sources of credit for the benefit of the members of the society at a fair and reasonable rate of interest;
 - (c) the use and control of the members' savings for their mutual benefit; and
 - (d) the training and education of the members in the wise use of money and in the management of their financial affairs.
- [^{F7}(3A) The requirement specified in this subsection is that admission to membership of the society is restricted to persons all of whom fulfil the same specific qualification for admission to membership, being a qualification specified in, or approved under, subsection (4) below as being appropriate to a credit union.
- (3B) The requirement specified in this subsection is that admission to membership of the society is restricted to persons each of whom fulfils either—
- (a) the qualification for admission to membership specified by paragraph (e) of subsection (4) below as being appropriate to a credit union; or
 - (b) the same specific qualification for admission to membership, being a qualification which is so specified in paragraph (a), (b), (c), (d) or (f) of that subsection.]
- (4) The qualifications for admission to membership which are appropriate to a credit union are—
- (a) following a particular occupation;
 - (b) residing in a particular locality;
 - (c) being employed in a particular locality;
 - (d) being employed by a particular employer;
 - (e) being a member of a bona fide organisation or being otherwise associated with other members of the society for a purpose other than that of forming a society to be registered as a credit union;
 - [^{F8}(f) residing in or being employed in a particular locality;]
- and such other qualifications as are for the time being approved by the [^{F2}Authority].
- (5) In ascertaining whether a common bond exists between the members of a society, the [^{F2}Authority]—
- [^{F9}(a) may, if [^{F10}it] considers it proper in the circumstances of the case, treat as sufficient evidence of the existence of a common bond a statutory declaration which is given by three members and the secretary of the society, and is to the effect that a common bond exists,]
 - (b) may, if [^{F10}it] considers it proper in the circumstances of the case, treat the fact that admission to membership is restricted as mentioned in subsection (2)(b) above as sufficient evidence of the existence of a common bond.
- (6) For the purposes of this Act, if the rules of a credit union so provide, a person shall be treated as fulfilling a qualification for admission to membership stated in those rules

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if he is a member of the same household as, and is a relative of, another person who is a member of the credit union and fulfils that qualification directly.

Textual Amendments

- F1** Words in s. 1(1) substituted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(2)(a)(i)**
- F2** Words in s. 1(1)(4)(5) substituted (1.12.2001) by S.I. 2001/2617, **arts. 2(b), 13(1), Sch. 3 Pt. IV para. 265(a)** (with **art. 13(3)**); S.I. 2001/3538, **art. 2(1)**
- F3** Word in s. 1(1)(b) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(2)(a)(ii)**
- F4** S. 1(1)(d)(e) inserted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(2)(a)(iii)**
- F5** S. 1(1A)(1B) inserted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(2)(b)**
- F6** S. 1(2)(b) substituted (13.2.2003) by **Regulatory Reform (Credit Unions) Order 2003 (S.I. 2003/256), arts. 1, 3(2)**
- F7** S. 1(3A)(3B) inserted (13.2.2003) by **Regulatory Reform (Credit Unions) Order 2003 (S.I. 2003/256), arts. 1, 3(3)**
- F8** S. 1(4)(f) inserted (1.9.1996) by S.I. 1996/1189 arts. 1, 3(2)
- F9** S. 1(5)(a) substituted (1.9.1996) by S.I. 1996/1189 arts. 1, 3(3)
- F10** Words in s. 1(5) substituted (1.12.2001) by S.I. 2001/2617, **arts. 2(b), 13(1), Sch. 3 Pt. IV para. 265(b)** (with **art. 13(3)**); S.I. 2001/3538, **art. 2(1)**

2 Supplementary and transitional provisions as to registration.

- (1) Section 1 of, and Schedule 1 to, the 1965 Act (societies which may be registered and matters to be provided for in their rules) [^{F11}and section 7(3) of that Act (acceptance of certain deposits not to be treated as carrying on the business of banking)] shall not apply in relation to registration as a credit union.
- (2) In section 2(3) of the 1965 Act (acknowledgement of registration) as it applies to registration as a credit union the reference to compliance with the provisions of the 1965 Act shall be construed, subject to subsection (1) above, as a reference to compliance with the provisions as to registration of both that Act and this Act.
- (3) A society whose objects are wholly or substantially those of a credit union within the meaning of section 1(3) above shall not be registered under the 1965 Act otherwise than as a credit union and, except in the case of a registration made before the commencement of this Act, any such registration shall be void.
- (4) A society which at the commencement of this Act is registered under the 1965 Act but whose objects are wholly or substantially those of a credit union within the meaning of section 1(3) above shall take all reasonable steps to have its existing registration cancelled and become registered as a credit union.
- (5) Where in accordance with subsection (4) above a society's existing registration is cancelled on its registration as a credit union, the society shall, notwithstanding anything in section 16(7) or section 3 of the 1965 Act, be taken for all purposes to be the same body corporate before and after the change of registration.

^{F12}(6)

Textual Amendments

- F11** Words in s. 2(1) inserted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(3)**

Status: Point in time view as at 13/02/2003.

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

F12 S. 2(6) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1)(2), Sch. 3 Pt. IV para. 266, Sch. 4 (with art. 13(3)); S.I. 2001/3538, art. 2(1)

3 Use of name “credit union”, etc.

(1) The name of every society registered as a credit union shall contain the words “credit union”^{F13} or, if the rules of the society state that its registered office is to be in Wales, either those words or the words “undeb credyd”].

(2) Subject to subsection (3) below, a person shall not, unless registered as a credit union,

(a) use in reference to himself a name, title or descriptive expression containing the words “credit union” or ^{F14}undeb credyd or] any cognate term or any derivative of those words; or

(b) represent himself as being a credit union;

and any person who contravenes this subsection shall be guilty of an offence and liable on summary conviction to a fine not exceeding ^{F15}level 4 on the standard scale].

^{F16}(3) Subsection (2) above does not apply to—

(a) the use, in reference to itself, of a name, title or descriptive expression by any body corporate which falls within subsection (3A) below;

(b) the use by any person or unincorporated association with reference to himself (or itself) of a name which has been approved in writing by the Authority; or

(c) the use by any officer or employee of—

(i) a credit union,

(ii) a body corporate which falls within subsection (3A) below, or

(iii) a person or association which has obtained approval under paragraph (b) above,

of a title or descriptive expression indicating his office or post with that credit union, body, person or association.]

^{F17}(3A) A body corporate falls within this subsection if its head office is not in England, Wales or Scotland and it—

(a) has Part IV permission under the 2000 Act to accept deposits;

(b) is exempt from the prohibition imposed by section 19 of that Act in respect of accepting deposits;

(c) has permission under that Act to accept deposits by virtue of qualifying for authorisation under Schedule 3 or 4 to that Act; or

(d) is subject to legal provisions that are similar to the relevant provisions.

(3B) For the purposes of subsection (3A)(d) above, a body corporate is to be treated as being subject to legal provisions that are similar to the relevant provisions if it is subject to legal provisions which—

(a) provide that the main activities carried on by the body are accepting deposits from, and lending money to, persons who are members or shareholders of the body;

(b) require the body to obtain authorisation or approval before it commences business;

(c) require the members and shareholders of the body to be linked by reference to some common characteristic or circumstance; and

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- (d) provide that those from whom the body accepts deposits must be shareholders or members of the body (although the legal provisions may allow for some exceptions to this proposition).

(3C) In determining, for the purposes of subsection (3A)(d) above, whether a body corporate is subject to legal provisions that are similar to the relevant provisions, regard must be had as to whether the legal provisions to which it is subject require the body to obtain authorisation or approval before it commences business and whether those provisions—

- (a) impose limits on the objects which the body may or must have,
- (b) impose limits on the membership of the body,
- (c) impose restrictions on the kind of activities which the body may carry on,
- (d) impose limits or conditions on the body's ability to accept deposits,
- (e) impose limits on the value of the shares which any one shareholder may have in the body,
- (f) impose limits on the body's ability to lend money,

which are similar to those imposed by the relevant provisions.

(3D) In this section—

- (a) "legal provisions" includes laws, regulations and administrative provisions;
- (b) "relevant provisions" means—
 - (i) the provisions of this Act; and
 - (ii) any provision of or made under the 1965 Act or the 2000 Act so far as it relates to credit unions.]

(4) For the purposes of section 5(5) of the 1965 Act (societies which may be permitted to have a name which does not contain the word "limited") the objects of a credit union shall not be regarded as wholly charitable or benevolent.

Textual Amendments

F13 Words in s. 3(1) added (21.12.1993) by 1993 c. 38, **ss. 29(2)**, 36(1).

F14 Words in s. 3(2) inserted (21.12.1993) by 1993 c. 38, **ss. 29(3)**, 36(1).

F15 Words substituted by virtue of (E.W.) **Criminal Justice Act 1982** (c. 48, SIF 39:1), **s. 46** and (S.) **Criminal Procedure (Scotland) Act 1975** (c. 21, SIF 39:1), **s. 289G**

F16 S. 3(3) substituted (13.2.2003) by **Regulatory Reform (Credit Unions) Order 2003** (S.I. 2003/256), arts. 1, **4(2)**

F17 S. 3(3A)-(3D) inserted (13.2.2003) by **Regulatory Reform (Credit Unions) Order 2003** (S.I. 2003/256), arts. 1, **4(3)**

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