



Credit Unions Act 1979

1979 CHAPTER 34

Operation of credit union

[^{F1}11E Conditional sale and hire purchase agreements

- (1) If the objects of a credit union include the optional object specified in section 1(3ZZA) it may (subject to such terms, including as to security, as its rules may provide)—
 - (a) enter into a conditional sale agreement, as the seller, with a member of the credit union, or
 - (b) enter into a hire purchase agreement, as the person from whom goods are bailed or (in Scotland) hired, with a member of the credit union.
- (2) A credit union may only enter into an agreement mentioned in subsection (1) with a corporate member if—
 - (a) the credit union's rules provide that it may do so, and
 - (b) entering into the agreement would not result in the aggregate of the outstanding balances under all such agreements made by the credit union with corporate members exceeding 10% of the aggregate of the outstanding balances under all such agreements made by the credit union with members, or such higher percentage as may be specified in regulations made by the Treasury.
- (3) Subsection (4) applies where—
 - (a) an agreement mentioned in subsection (1) is entered into by a credit union with a member, and
 - (b) the agreement is not a secured agreement within the meaning of section 11F.
- (4) The terms of the agreement must include provision as to whether, for the duration of the agreement, the member is permitted to withdraw shares where the member's paid-up shareholding in the credit union is, or following the withdrawal would be, less than the member's total liability (including contingent liability) to the credit union.
- (5) Any interest charged under an agreement mentioned in subsection (1)—
 - (a) must not exceed the rate specified in subsection (7), and

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Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979, Section 11E. (See end of Document for details)

- (b) must be inclusive of all administrative and other expenses incurred in connection with the making of the agreement.
- (6) The rate specified in this subsection is 3% per month on the sum outstanding under the agreement.
- (7) The Treasury may by regulations amend subsection (7) to substitute a different rate for the rate that is for the time being specified.]

Textual Amendments

- F1** Ss. 11E, 11F inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), [Sch. 14 para. 8](#); S.I. 2023/779, reg. 4(eee)

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