



# Consumer Credit Act 2006

## 2006 CHAPTER 14

### *Default under regulated agreements*

#### **12 Notice of default sums**

After section 86D of the 1974 Act (inserted by section 11 of this Act) insert—

##### **“86E Notice of default sums**

- (1) This section applies where a default sum becomes payable under a regulated agreement by the debtor or hirer.
- (2) The creditor or owner shall, within the prescribed period after the default sum becomes payable, give the debtor or hirer a notice under this section.
- (3) The notice under this section may be incorporated in a statement or other notice which the creditor or owner gives the debtor or hirer in relation to the agreement by virtue of another provision of this Act.
- (4) The debtor or hirer shall have no liability to pay interest in connection with the default sum to the extent that the interest is calculated by reference to a period occurring before the 29th day after the day on which the debtor or hirer is given the notice under this section.
- (5) If the creditor or owner fails to give the debtor or hirer the notice under this section within the period mentioned in subsection (2), he shall not be entitled to enforce the agreement until the notice is given to the debtor or hirer.
- (6) The debtor or hirer shall have no liability to pay any sum in connection with the preparation or the giving to him of the notice under this section.
- (7) Regulations may—
  - (a) provide that this section does not apply in relation to a default sum which is less than a prescribed amount;
  - (b) make provision about the form and content of notices under this section.

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*Status: This is the original version (as it was originally enacted).*

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- (8) This section does not apply in relation to a non-commercial agreement or to a small agreement.”