

*These notes refer to the Consumer Credit Act 2006
(c.14) which received Royal Assent on 30 March 2006*

CONSUMER CREDIT ACT 2006

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Agreements Regulated under the 1974 Act

Section 4: Exemption relating to businesses

20. *Section 4* inserts a new section 16B before section 17 of the 1974 Act. Section 16B exempts from regulation those consumer credit and hire agreements entered into wholly or predominantly for the debtor's or hirer's business purposes where the credit provided or hire payments to be made exceed £25,000, although the provisions relating to unfair relationships will continue to apply (i.e. the new sections 140A to 140C inserted by sections 19-22 (see below)) as will the existing provisions relating to extortionate credit bargains (i.e. sections 137-140 of the 1974 Act) as they will in relation to section 16A (see the notes in respect of Schedule 3 below).
21. Whether an agreement is for a business purpose will depend on the circumstances of the proposed transaction. A credit or hire agreement will be presumed to be wholly or predominantly for business purposes where it includes a declaration by the debtor or hirer to that effect, unless at the time the agreement was made, the creditor or owner, or any person who has acted on his behalf in connection with the entering into of the agreement, knows or has reasonable cause to suspect that the declaration is not true.