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**2000 No. 1797**

**CONSUMER CREDIT**

**The Consumer Credit (Advertisements and Content  
of Quotations) (Amendment) Regulations 2000**

<i>Made - - - - -</i>	<i>6th July 2000</i>
<i>Laid before Parliament</i>	<i>11th July 2000</i>
<i>Coming into force - -</i>	<i>24th September 2000</i>

The Secretary of State, in exercise of his powers under sections 44 (read with section 151(1) and (5)), 52(1)(a) and (2) (read with section 152) and 182(2) of the Consumer Credit Act 1974(a), makes the following Regulations:—

**Title and commencement**

1. These Regulations may be cited as the Consumer Credit (Advertisements and Content of Quotations) (Amendment) Regulations 2000 and shall come into force on 24th September 2000.

**Amendments to the Consumer Credit (Advertisements) Regulations 1989**

2. The Consumer Credit (Advertisements) Regulations 1989(b) are amended as follows—  
(a) by substituting the following for regulation 1(3)—

“(3) In these Regulations as they apply to Scotland—

(a) any reference to bailment is a reference to hiring; and

(b) any reference to a mortgage or charge on land, or any other security on land, is a reference to a standard security over land within the meaning of the Conveyancing and Feudal Reform (Scotland) Act 1970(c).”;

(b) in Part II of Schedule 1, by substituting the following for paragraphs 2 and 2A—

“2.—(1) A statement that any security is or may be required.

(2) Where the security comprises or may comprise a mortgage or charge on the debtor’s home (but not where sub-paragraph (3) below applies or in the case of an exempt advertisement referred to in sub-paragraph (5) below), a statement in the following form—

“YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP REPAYMENTS  
ON A MORTGAGE OR OTHER LOAN SECURED ON IT.”.

(3) Where the security comprises or may comprise a mortgage on the debtor’s home and the credit agreement is or would be one to which sub-paragraph (4) below applies (but not in the case of an exempt advertisement referred to in sub-paragraph (5) below), a statement in the following form—

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(a) 1974 c. 39; section 189(1) contains a definition of “prescribed”.

(b) 1989/1125, to which the relevant amendment is S.I. 1999/2725.

(c) 1970 c. 35.

“CHECK THAT THIS MORTGAGE WILL MEET YOUR NEEDS IF YOU WANT TO MOVE OR SELL YOUR HOME OR YOU WANT YOUR FAMILY TO INHERIT IT. IF YOU ARE IN DOUBT, SEEK INDEPENDENT ADVICE.”.

(4) This sub-paragraph applies to—

(a) any credit agreement under which no instalment repayments of the credit secured by the mortgage on the debtor’s home, and no payment of interest on the credit (other than interest charged when all or part of the credit is repaid voluntarily by the debtor), are due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence; and

(b) any credit agreement—

(i) which is secured by a mortgage which the creditor cannot enforce by taking possession of or selling (or concurring with any other person in selling) the mortgaged land or any part of it while the debtor continues to occupy it as his main residence, and

(ii) under which, although interest payments may become due, no full or partial repayment of the credit secured by the mortgage is due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence.

(5) An exempt advertisement for the purposes of sub-paragraphs (2) and (3) above is an advertisement which is—

(a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or

(b) published by exhibition of a film (other than exhibition by television broadcast).”; and

(c) in Part III of Schedule 1, by substituting the following for paragraphs 2 and 2A—

“2.—(1) A statement that any security is or may be required.

(2) Where the security comprises or may comprise a mortgage or charge on the debtor’s home (but not where sub-paragraph (3) below applies or in the case of an exempt advertisement referred to in sub-paragraph (5) below), a statement in the following form—

“YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED ON IT.”.

(3) Where the security comprises or may comprise a mortgage on the debtor’s home and the credit agreement is or would be one to which sub-paragraph (4) below applies (but not in the case of an exempt advertisement referred to in sub-paragraph (5) below), a statement in the following form—

“CHECK THAT THIS MORTGAGE WILL MEET YOUR NEEDS IF YOU WANT TO MOVE OR SELL YOUR HOME OR YOU WANT YOUR FAMILY TO INHERIT IT. IF YOU ARE IN DOUBT, SEEK INDEPENDENT ADVICE.”.

(4) This sub-paragraph applies to—

(a) any credit agreement under which no instalment repayments of the credit secured by the mortgage on the debtor’s home, and no payment of interest on the credit (other than interest charged when all or part of the credit is repaid voluntarily by the debtor), are due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence; and

(b) any credit agreement—

(i) which is secured by a mortgage which the creditor cannot enforce by taking possession of or selling (or concurring with any other person in selling) the mortgaged land or any part of it while the debtor continues to occupy it as his main residence, and

- (ii) under which, although interest payments may become due, no full or partial repayment of the credit secured by the mortgage is due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence.

(5) An exempt advertisement for the purposes of sub-paragraphs (2) and (3) above is an advertisement which is—

- (a) published by means of television or radio broadcast in the course of programming whose primary purpose is not advertising; or
- (b) published by exhibition of a film (other than exhibition by television broadcast).”.

**Amendments to the Consumer Credit (Content of Quotations) and Consumer Credit (Advertisements) (Amendment) Regulations 1999**

3. Part II of the Consumer Credit (Content of Quotations) and Consumer Credit (Advertisements) (Amendment) Regulations 1999(a) is amended as follows—

- (a) by substituting the following for the definition of “secured” in regulation 2(1)—  
““secured” means (except in regulations 3A, 3B and 6(2A) and (2B) below) secured by a mortgage or charge;”;
- (b) by substituting the following for regulation 2(2)—  
“(2) In this Part as it applies to Scotland—  
  - (a) any reference to bailment is a reference to hiring; and
  - (b) any reference to a mortgage or charge on land is a reference to a standard security over land within the meaning of the Conveyancing and Feudal Reform (Scotland) Act 1970.”;
- (c) by substituting the words “this Part” for the words “these Regulations” in regulation 2(3);
- (d) by inserting the words “subject to regulation 3A below,” at the beginning of paragraph (b) of regulation 3 and by adding the following after that regulation—

“3A. In the case of a quotation provided in connection with a prospective personal credit agreement which would or might be secured by a mortgage on the prospective customer’s home and which, so secured, would be an agreement to which regulation 3B below applies, regulation 3 above shall have effect with the following substituted for the statement set out in paragraph (b)—

“Check that this mortgage will meet your needs if you want to move or sell your home or you want your family to inherit it. If you are in doubt, seek independent advice.”.

3B. This regulation applies to—

- (a) any personal credit agreement under which no instalment repayments of the credit secured by the mortgage on the debtor’s home, and no payment of interest on the credit (other than interest charged when all or part of the credit is repaid voluntarily by the debtor), are due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence; and
- (b) any personal credit agreement—  
  - (i) which is secured by a mortgage which the creditor cannot enforce by taking possession of or selling (or concurring with any other person in selling) the mortgaged land or any part of it while the debtor continues to occupy it as his main residence, and
  - (ii) under which, although interest payments may become due, no full or partial repayment of the credit secured by the mortgage is due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence.”; and

- (e) by inserting the words “subject to paragraph (2A) below,” at the beginning of paragraph (2)(b) of regulation 6 and by adding the following after that paragraph—

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(a) S.I. 1999/2725.

“(2A) In the case of a quotation provided in connection with a prospective personal credit agreement which would or might be secured by a mortgage on the prospective customer’s home and which, so secured, would be an agreement to which paragraph (2B) below applies, paragraph (2) above shall have effect with the following substituted for the statement set out in sub-paragraph (b)—

“Check that this mortgage will meet your needs if you want to move or sell your home or you want your family to inherit it. If you are in doubt, seek independent advice.”.

(2B) This paragraph applies to—

- (a) any personal credit agreement under which no instalment repayments of the credit secured by the mortgage on the debtor’s home, and no payment of interest on the credit (other than interest charged when all or part of the credit is repaid voluntarily by the debtor), are due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence; and
- (b) any personal credit agreement—
  - (i) which is secured by a mortgage which the creditor cannot enforce by taking possession of or selling (or concurring with any other person in selling) the mortgaged land or any part of it while the debtor continues to occupy it as his main residence, and
  - (ii) under which, although interest payments may become due, no full or partial repayment of the credit secured by the mortgage is due or capable of becoming due while the debtor continues to occupy the mortgaged land as his main residence.”.

6th July 2000

*Kim Howells,*  
Parliamentary Under-Secretary of State  
for Consumers and Corporate Affairs,  
Department of Trade and Industry

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Consumer Credit (Advertisements) Regulations 1989 (“the 1989 Regulations”) and Part II of the Consumer Credit (Content of Quotations) and Consumer Credit (Advertisements) (Amendment) Regulations 1999 (“the 1999 Regulations”).

Provisions of the 1989 Regulations are revoked and re-enacted with amendments. Under those Regulations, certain credit advertisements were required to carry a warning statement (“Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it”) where security was or might be required in the form of a mortgage on the debtor’s home. These Regulations replace that warning statement for two types of mortgage loan secured on the debtor’s home. The first type is one which does not, while the mortgaged property continues to be the debtor’s main residence, require any instalment repayments of the secured sum or any payment of interest on it (other than interest charged when the debtor makes a voluntary repayment, as he does when exercising a contractual or equitable right to redeem). The second type of mortgage loan is one which may require interest payments but does not require full or partial repayment of the secured sum while the mortgaged property is the debtor’s main residence, and under which the creditor cannot repossess or sell the property during that period. The new warning statement is: “Check that this mortgage will meet your needs if you want to move or sell your home or you want your family to inherit it. If you are in doubt, seek independent advice.”.

The 1999 Regulations are similarly amended. They required the same warning statement in quotations for mortgage loans secured on the prospective debtor’s home. The new statement is substituted by these Regulations where the mortgage loan would be one of the two types described above.

In addition, there is a drafting change to regulation 2(3) of the 1999 Regulations.

In Scotland, loans which are secured over land are secured by a standard security. This is reflected in the amendments made to the 1989 and 1999 Regulations. A paragraph is added to the 1989 Regulations which, for the first time, expressly provides that in the Regulations as they apply to Scotland references to a mortgage, charge or other security on land are to be taken to refer to a standard security over land.

A Regulatory Impact Assessment of the costs and benefits which will result from these Regulations has been prepared. Copies have been placed in the libraries of both Houses of Parliament and can also be obtained from the Consumer Affairs Directorate of the Department of Trade and Industry, Room 407, 1 Victoria Street, London SW1H 0ET.





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**STATUTORY INSTRUMENTS**

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