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## EXPLANATORY NOTE

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

These Regulations revoke and replace the Consumer Credit (Advertisements) Regulations 2010 (SI 2010/1012), which have not yet come into force, to address certain defects in the drafting of that instrument. They have been issued free of charge to all known recipients of that instrument.

These Regulations implement article 4 of Directive 2008/48/EC of the European Parliament and of the Council on credit agreements for consumers (OJ No L133, 22.5.2008, p66) (“the Directive”). They impose requirements concerning the form and content of advertisements that relate to the provision of credit. By virtue of regulation 11, these Regulations do not apply in relation to advertisements for loans to businesses, to financial promotions or to consumer credit agreements secured on land. The Consumer Credit (Advertisements) Regulations 2004 (“the 2004 Regulations”) will continue to apply to consumer credit agreements secured on land only.

Regulation 3 replicates the 2004 Regulations in prescribing the manner in which credit advertisements should be displayed and the specific content of all types of credit advertisement.

Regulation 4 is new. It prescribes the content of those credit advertisements that includes a rate of interest or any amount relating to the cost of credit. In particular this requires an advertisement to include standard information by means of a representative example.

Regulation 5 lists the information which the representative example must comprise and the manner in which it should be presented. It includes a requirement for a “representative APR”.

Regulation 7 sets out the manner in which an APR (including the representative APR) should be presented. As with the 2004 Regulations, the APR must be calculated on the basis of assumptions set out in the Schedule to these Regulations.

Regulations 4(2) and 6 disapply the requirement for standard information in certain circumstances.

Regulation 8 requires an obligation to enter into a contract for an ancillary service to be stated clearly in the credit advertisement, except in the case of advertisements relating to authorised non-business overdrafts (as defined in section 189 of the Consumer Credit Act 1974).

Regulations 9 and 10 replicate regulations 7(1) and 9 of the 2004 Regulations.

Regulation 12 makes transitional provision disapplying the requirements to advertisements published in a catalogue before 1st March and giving advertisers a period of one month from 1st February 2011 in which to replace other types of credit advertisement published prior to that date.

An impact assessment has not been prepared for these Regulations since they have the same effect on the costs to business and the voluntary sector as S.I. 2010/1012. An impact assessment for that instrument is available from the BIS website ([www.bis.gov.uk](http://www.bis.gov.uk)) and was placed in the Libraries of both Houses of Parliament. A transposition note is available from the BIS website and a copy is also annexed to the Explanatory Memorandum to these Regulations, which is available alongside the instrument on the OPSI website ([www.opsi.gov.uk](http://www.opsi.gov.uk)). Copies of that note have also been placed in the Libraries of both Houses of Parliament