



# Consumer Credit Act 1974

## 1974 CHAPTER 39

### PART IX

#### JUDICIAL CONTROL

#### *[<sup>F1</sup>Unfair relationships*

#### Textual Amendments

- F1** S. 140A and preceding cross-heading inserted (6.4.2007) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {19}, 71(2) (with Sch. 3 para. 16); [S.I. 2007/123](#), [art. 3\(2\)](#), [Sch. 2](#)

#### **140A Unfair relationships between creditors and debtors**

- (1) The court may make an order under section 140B in connection with a credit agreement if it determines that the relationship between the creditor and the debtor arising out of the agreement (or the agreement taken with any related agreement) is unfair to the debtor because of one or more of the following—
  - (a) any of the terms of the agreement or of any related agreement;
  - (b) the way in which the creditor has exercised or enforced any of his rights under the agreement or any related agreement;
  - (c) any other thing done (or not done) by, or on behalf of, the creditor (either before or after the making of the agreement or any related agreement).
- (2) In deciding whether to make a determination under this section the court shall have regard to all matters it thinks relevant (including matters relating to the creditor and matters relating to the debtor).
- (3) For the purposes of this section the court shall (except to the extent that it is not appropriate to do so) treat anything done (or not done) by, or on behalf of, or in relation to, an associate or a former associate of the creditor as if done (or not done) by, or on behalf of, or in relation to, the creditor.

**Changes to legislation:** Consumer Credit Act 1974, Cross Heading: Unfair relationships is up to date with all changes known to be in force on or before 09 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (4) A determination may be made under this section in relation to a relationship notwithstanding that the relationship may have ended.
- (5) An order under section 140B shall not be made in connection with a credit agreement which is an exempt agreement [<sup>F2</sup>for the purposes of Chapter 14A of Part 2 of the Regulated Activities Order by virtue of article 60C(2) of that Order (regulated mortgage contracts and regulated home purchase plans)] .
- [<sup>F3</sup>(6) An order under section 140B shall not be made in connection with a credit agreement entered into under the Bounce Back Loan Scheme.
- (7) In subsection (6) “the Bounce Back Loan Scheme” means the scheme of that name operated from 4 May 2020 by the British Business Bank plc on behalf of the Secretary of State.]

#### Textual Amendments

- F2** Words in s. 140A(5) substituted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), **20(39)**
- F3** S. 140A(6)(7) inserted (retrospective to 4.5.2020) by [Business and Planning Act 2020 \(c. 16\)](#), **ss. 12, 25(2)(a)**

#### Modifications etc. (not altering text)

- C1** Ss. 140A-140C applied (20.4.2015 for specified purposes, 21.12.2015 for specified purposes, 21.3.2016 in so far as not already in force) by [The Mortgage Credit Directive Order 2015 \(S.I. 2015/910\)](#), arts. 1(5), **29(12)** (with Pt. 4)

### [<sup>F4</sup>140B Powers of court in relation to unfair relationships

- (1) An order under this section in connection with a credit agreement may do one or more of the following—
- (a) require the creditor, or any associate or former associate of his, to repay (in whole or in part) any sum paid by the debtor or by a surety by virtue of the agreement or any related agreement (whether paid to the creditor, the associate or the former associate or to any other person);
  - (b) require the creditor, or any associate or former associate of his, to do or not to do (or to cease doing) anything specified in the order in connection with the agreement or any related agreement;
  - (c) reduce or discharge any sum payable by the debtor or by a surety by virtue of the agreement or any related agreement;
  - (d) direct the return to a surety of any property provided by him for the purposes of a security;
  - (e) otherwise set aside (in whole or in part) any duty imposed on the debtor or on a surety by virtue of the agreement or any related agreement;
  - (f) alter the terms of the agreement or of any related agreement;
  - (g) direct accounts to be taken, or (in Scotland) an accounting to be made, between any persons.
- (2) An order under this section may be made in connection with a credit agreement only—
- (a) on an application made by the debtor or by a surety;

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- (b) at the instance of the debtor or a surety in any proceedings in any court to which the debtor and the creditor are parties, being proceedings to enforce the agreement or any related agreement; or
  - (c) at the instance of the debtor or a surety in any other proceedings in any court where the amount paid or payable under the agreement or any related agreement is relevant.
- (3) An order under this section may be made notwithstanding that its effect is to place on the creditor, or any associate or former associate of his, a burden in respect of an advantage enjoyed by another person.
- (4) An application under subsection (2)(a) may only be made—
- (a) in England and Wales, to the county court;
  - (b) in Scotland, to the sheriff court;
  - (c) in Northern Ireland, to the High Court (subject to subsection (6)).
- (5) In Scotland such an application may be made in the sheriff court for the district in which the debtor or surety resides or carries on business.
- (6) In Northern Ireland such an application may be made to the county court if the credit agreement is an agreement under which the creditor provides the debtor with—
- (a) fixed-sum credit not exceeding £15,000; or
  - (b) running-account credit on which the credit limit does not exceed £15,000.
- <sup>F5</sup>(7) .....
- (8) A party to any proceedings mentioned in subsection (2) shall be entitled, in accordance with rules of court, to have any person who might be the subject of an order under this section made a party to the proceedings.
- (9) If, in any such proceedings, the debtor or a surety alleges that the relationship between the creditor and the debtor is unfair to the debtor, it is for the creditor to prove to the contrary.]

#### Textual Amendments

- F4** Ss. 140B inserted (6.4.2007) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {20}, 71(2) (with Sch. 3 paras. 14, 16); [S.I. 2007/123](#), [art. 3\(2\)](#), [Sch. 2](#)
- F5** S. 140B(7) repealed (N.I.) (31.10.2016) by [Justice Act \(Northern Ireland\) 2015 \(c. 9\)](#), s. 106(2), [Sch. 1 para. 69\(1\)](#), [Sch. 9 Pt. 1](#) (with [Sch. 8 para. 1](#)); [S.R. 2016/387](#), [art. 2\(k\)\(m\)](#) (with [art. 3](#))

#### Modifications etc. (not altering text)

- C1** Ss. 140A-140C applied (20.4.2015 for specified purposes, 21.12.2015 for specified purposes, 21.3.2016 in so far as not already in force) by [The Mortgage Credit Directive Order 2015 \(S.I. 2015/910\)](#), arts. 1(5), [29\(12\)](#) (with [Pt. 4](#))

#### <sup>F6</sup>140C Interpretation of ss. 140A and 140B

- (1) In this section and in sections 140A and 140B ‘credit agreement’ means any agreement between an individual (the ‘debtor’) and any other person (the ‘creditor’) by which the creditor provides the debtor with credit of any amount.

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- (2) References in this section and in sections 140A and 140B to the creditor or to the debtor under a credit agreement include—
- (a) references to the person to whom his rights and duties under the agreement have passed by assignment or operation of law;
  - (b) where two or more persons are the creditor or the debtor, references to any one or more of those persons.
- (3) The definition of ‘court’ in section 189(1) does not apply for the purposes of sections 140A and 140B.
- (4) References in sections 140A and 140B to an agreement related to a credit agreement (the ‘main agreement’) are references to—
- (a) a credit agreement consolidated by the main agreement;
  - (b) a linked transaction in relation to the main agreement or to a credit agreement within paragraph (a);
  - (c) a security provided in relation to the main agreement, to a credit agreement within paragraph (a) or to a linked transaction within paragraph (b).
- (5) In the case of a credit agreement which is not a regulated consumer credit agreement, for the purposes of subsection (4) a transaction shall be treated as being a linked transaction in relation to that agreement if it would have been such a transaction had that agreement been a regulated consumer credit agreement.
- (6) For the purposes of this section and section 140B the definitions of ‘security’ and ‘surety’ in section 189(1) apply (with any appropriate changes) in relation to—
- (a) a credit agreement which is not a consumer credit agreement as if it were a consumer credit agreement; and
  - (b) a transaction which is a linked transaction by virtue of subsection (5).
- (7) For the purposes of this section a credit agreement (the ‘earlier agreement’) is consolidated by another credit agreement (the ‘later agreement’) if—
- (a) the later agreement is entered into by the debtor (in whole or in part) for purposes connected with debts owed by virtue of the earlier agreement; and
  - (b) at any time prior to the later agreement being entered into the parties to the earlier agreement included—
    - (i) the debtor under the later agreement; and
    - (ii) the creditor under the later agreement or an associate or a former associate of his.
- (8) Further, if the later agreement is itself consolidated by another credit agreement (whether by virtue of this subsection or subsection (7)), then the earlier agreement is consolidated by that other agreement as well.]]

#### Textual Amendments

**F6** S. 140C inserted (6.4.2007) by [Consumer Credit Act 2006 \(c. 14\)](#), ss. {21}, 71(2) (with Sch. 3 para. 16); [S.I. 2007/123](#), [art. 3\(2\)](#), Sch. 2

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**Modifications etc. (not altering text)**

- C1** Ss. 140A-140C applied (20.4.2015 for specified purposes, 21.12.2015 for specified purposes, 21.3.2016 in so far as not already in force) by [The Mortgage Credit Directive Order 2015 \(S.I. 2015/910\)](#), arts. 1(5), **29(12)** (with Pt. 4)

**F7 140D Advice and information**

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**Textual Amendments**

- F7** S. 140D omitted (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by virtue of [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), **20(40)**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 25(2A)(b)(ia) inserted by [2010 c. 28 Sch. 2 para. 36](#)