



Consumer Credit Act 1974

1974 CHAPTER 39

PART VII

DEFAULT AND TERMINATION

Termination of agreements

[^{F1}98A Termination etc of open-end consumer credit agreements

- (1) The debtor under a regulated open-end consumer credit agreement, other than an excluded agreement, may by notice terminate the agreement, free of charge, at any time, subject to any period of notice not exceeding one month provided for by the agreement.
- (2) Notice under subsection (1) need not be in writing unless the creditor so requires.
- (3) Where a regulated open-end consumer credit agreement, other than an excluded agreement, provides for termination of the agreement by the creditor—
 - (a) the termination must be by notice served on the debtor, and
 - (b) the termination may not take effect until after the end of the period of two months, or such longer period as the agreement may provide, beginning with the day after the day on which notice is served.
- (4) Where a regulated open-end consumer credit agreement, other than an excluded agreement, provides for termination or suspension by the creditor of the debtor's right to draw on credit—
 - (a) to terminate or suspend the right to draw on credit the creditor must serve a notice on the debtor before the termination or suspension or, if that is not practicable, immediately afterwards,
 - (b) the notice must give reasons for the termination or suspension, and
 - (c) the reasons must be objectively justified.
- (5) Subsection (4)(a) and (b) does not apply where giving the notice—
 - (a) is prohibited by [^{F2}[^{F3}an assimilated] obligation], or

Changes to legislation: Consumer Credit Act 1974, Section 98A is up to date with all changes known to be in force on or before 13 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

- (b) would, or would be likely to, prejudice—
 - (i) the prevention or detection of crime,
 - (ii) the apprehension or prosecution of offenders, or
 - (iii) the administration of justice.
- (6) An objectively justified reason under subsection (4)(c) may, for example, relate to—
 - (a) the unauthorised or fraudulent use of credit, or
 - (b) a significantly increased risk of the debtor being unable to fulfil his obligation to repay the credit.
- (7) Subsections (1) and (3) do not affect any right to terminate an agreement for breach of contract.
- (8) For the purposes of this section an agreement is an excluded agreement if it is—
 - (a) an authorised non-business overdraft agreement,
 - (b) an authorised business overdraft agreement,
 - (c) a debtor-creditor agreement arising where the holder of a current account overdraws on the account without a pre-arranged overdraft or exceeds a pre-arranged overdraft limit, or
 - (d) an agreement secured on land.]

Textual Amendments

- F1** S. 98A inserted (1.2.2011) by [The Consumer Credit \(EU Directive\) Regulations 2010 \(S.I. 2010/1010\)](#), [regs. 38, 99\(1\)](#) (with [regs. 100, 101](#))
- F2** Words in s. 98A(5)(a) substituted (31.1.2020) by [The Consumer Credit \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1038\)](#), [regs. 1\(2\), 2\(2\)](#); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in s. 98A(5)(a) substituted (1.1.2024) by [The Retained EU Law \(Revocation and Reform\) Act 2023 \(Consequential Amendment\) Regulations 2023 \(S.I. 2023/1424\)](#), [reg. 1\(2\)](#), [Sch. para. 9\(2\)\(a\)](#)

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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](#)