



# Credit Unions Act 1979

## 1979 CHAPTER 34

An Act to enable certain societies in Great Britain to be registered under the Industrial and Provident Societies Act 1965 as credit unions; to make further provision with respect to societies so registered; to make provision with respect to the taxation of societies so registered and of Northern Ireland credit unions; to enable reciprocal arrangements to be made in relation to Northern Ireland credit unions; to facilitate the amendment of the Industrial and Provident Societies Act (Northern Ireland) 1969; and for connected purposes. [4th April 1979]

### Modifications etc. (not altering text)

- C1** Act extended by [Trustee Savings Banks Act 1985](#) (c. 58, SIF 110), s. 3, [Sch. 1 Pt. III para. 11\(2\)\(c\)](#) (3)  
Act: power to transfer functions conferred (25.2.2001) by [2000 c. 8, ss. 338\(1\)\(f\), 339](#); S.I. 2001/516, art. 2(a), [Sch. Pt. I](#)
- C2** Act: power to amend conferred (17.2.2009 for specified purposes, 21.2.2009 in so far as not already in force) by [Banking Act 2009](#) (c. 1), [ss. 159, 263\(1\)](#) (with s. 247); S.I. 2009/296, arts. 2, 3, [Sch. para. 3](#)
- C3** Act: power to amend conferred (24.1.2013) by [Financial Services Act 2012](#) (c. 21), [ss. 50\(2\)\(f\), 122\(3\)](#) (with [Sch. 20](#)); S.I. 2013/113, art. 2(1)(a), [Sch. Pt. 1](#)

### *Registration as a credit union*

#### **1** [<sup>F1</sup> **Registration.**]

- (1) [<sup>F2</sup> A society may be registered under the Co-operative and Community Benefit Societies Act 2014 (“the 2014 Act”) as a credit union if— ]
- (a) it is shown to the satisfaction of the [<sup>F3</sup>FCA] that the conditions specified in subsection (2) below are fulfilled;
  - [<sup>F4</sup>(aa) the society has at least 21 members;]
  - (b) the rules of the society comply with section 4(1) below; [<sup>F5</sup>. . .
  - (c) the place which under those rules is to be the society’s registered office is situated in Great Britain;

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- [<sup>F6</sup>(d) the society has made an application [<sup>F7</sup> for permission under Part 4A ] of the Financial Services and Markets Act 2000 (in this Act referred to as “the 2000 Act”) to accept deposits; <sup>F8</sup> ... ]
  - [<sup>F9</sup>(e) the FCA is satisfied that, once registered under [<sup>F10</sup> the 2014 Act ], the society will satisfy, and continue to satisfy, the threshold conditions (within the meaning of section 55B(1) of the 2000 Act) for which the FCA is responsible in relation to the regulated activity of accepting deposits; and
    - (f) the PRA is satisfied that, once registered under [<sup>F11</sup> the 2014 Act ], the society will satisfy, and continue to satisfy, the threshold conditions (within the meaning of section 55B(1) of the 2000 Act) for which the PRA is responsible in relation to the regulated activity of accepting deposits. ]
- and a society which is so registered by virtue of this section <sup>F12</sup>... is in this Act referred to as, a “credit union”.

[<sup>F13</sup>(1ZA) See section 4 of the 2014 Act for the prohibition on registering a society with withdrawable share capital with the object of carrying on the business of banking.]

[<sup>F14</sup>(1A) The PRA must notify the FCA if it is satisfied as mentioned in paragraph (f) of subsection (1).

- (1B) The FCA must not [<sup>F15</sup> register a society under the 2014 Act as a credit union ] unless—
  - (a) if the FCA is the appropriate regulator (within the meaning of section 55A of the 2000 Act), it proposes to give that society permission under Part 4A of the 2000 Act to accept deposits;
  - (b) if the PRA is the appropriate regulator (within the meaning of section 55A of the 2000 Act), the PRA proposes to give that society permission under Part 4A of the 2000 Act to accept deposits.

(1C) The PRA must notify the FCA if it proposes to give that society permission under Part 4A of the 2000 Act to accept deposits.

(1D) If the FCA [<sup>F16</sup> registers a society as a credit union ], the appropriate regulator (within the meaning of section 55A of the 2000 Act) must determine any outstanding application of that credit union for permission under Part 4A of the 2000 Act to accept deposits as soon as reasonably possible thereafter. ]

- (2) The conditions referred to in subsection (1)(a) above are—
  - (a) that the objects of the society are those, and only those, of a credit union; and
  - [<sup>F17</sup>(b) that the requirements of section 1A (common bonds appropriate to a credit union) and, where applicable, section 1B (further requirements where common bond relates to locality) are met.]

[<sup>F18</sup>(2A) The objects of a credit union are—

- (a) each of the mandatory objects specified in subsection (3), or
- (b) each of those mandatory objects together with the optional object specified in subsection (3ZZA).]

(3) The [<sup>F19</sup>mandatory] objects of a credit union are—

- (a) the promotion of thrift among the members of the society by the accumulation of their savings;
- (b) the creation of sources of credit for the benefit of the members of the society at a fair and reasonable rate of interest;
- (c) the use and control of the members’ savings for their mutual benefit; and

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(d) the training and education of the members in the wise use of money and in the management of their financial affairs.

[<sup>F20</sup>(3ZZA) The optional object of a credit union is to carry on one or more of the financial activities specified in section 1ZA(1) for the benefit of the members of the society.]

[<sup>F21</sup>(3ZA) In [<sup>F22</sup>subsections (3) and (3ZZA)] above references to members do not include corporate members. ]

<sup>F23</sup>(3A) .....

<sup>F23</sup>(3B) .....

<sup>F23</sup>(4) .....

<sup>F23</sup>(5) .....

<sup>F23</sup>(6) .....

#### Textual Amendments

- F1** S. 1 heading substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(6)** (with Sch. 5)
- F2** Words in s. 1(1) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(a)** (with Sch. 5)
- F3** Word in s. 1(1)(a) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(a)** (with Sch. 12)
- F4** S. 1(1)(aa) inserted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(b)** (with Sch. 5)
- F5** Word in s. 1(1)(b) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(2)(a)(ii)**
- F6** S. 1(1)(d)(e) inserted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(2)(a)(iii)**
- F7** Words in s. 1(1)(d) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(b)** (with Sch. 12)
- F8** Word in s. 1(1)(d) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(c)** (with Sch. 12)
- F9** S. 1(1)(e)(f) substituted (1.4.2013) for s. 1(1)(e) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(2)(d)** (with Sch. 12)
- F10** Words in s. 1(1)(e) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(c)** (with Sch. 5)
- F11** Words in s. 1(1)(f) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(d)** (with Sch. 5)
- F12** Words in s. 1(1) omitted (1.8.2014) by virtue of Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(2)(e)** (with Sch. 5)
- F13** S. 1(1ZA) inserted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(3)** (with Sch. 5)
- F14** S. 1(1A)-(1D) substituted (1.4.2013) for s. 1(1A)(1B) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 2(3)** (with Sch. 12)
- F15** Words in s. 1(1B) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(4)** (with Sch. 5)
- F16** Words in s. 1(1D) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 2(5)** (with Sch. 5)
- F17** S. 1(2)(b) substituted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **12(2)** (with arts. 24, 25, 26)
- F18** S. 1(2A) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(2)**; S.I. 2023/779, reg. 4(eee)

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- F19** Word in s. 1(3) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(3)**; S.I. 2023/779, reg. 4(eee)
- F20** S. 1(3ZZA) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(4)**; S.I. 2023/779, reg. 4(eee)
- F21** S. 1(3ZA) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **12(3)** (with arts. 24, 25, 26)
- F22** Words in s. 1(3ZA) substituted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 2(5)**; S.I. 2023/779, reg. 4(eee)
- F23** S. 1(3A)-(6) omitted (8.1.2012) by virtue of The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **12(4)** (with arts. 24, 25, 26)

### [<sup>F24</sup>1ZA Specified financial activities

- (1) The financial activities specified for the purposes of the optional object of a credit union (see section 1(3ZZA)) are—
  - (a) entering into conditional sale agreements, as the seller;
  - (b) entering into hire purchase agreements, as the person from whom goods are bailed or (in Scotland) hired;
  - (c) insurance distribution activities.
- (2) The Treasury may by regulations specify requirements or restrictions in relation to the carrying on by a credit union of a financial activity specified in subsection (1).

#### Textual Amendments

- F24** Ss. 1ZA, 1ZB inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 3**; S.I. 2023/779, reg. 4(eee)

### 1ZB Power to specify further financial activities

- (1) The Treasury may by regulations—
  - (a) amend section 1ZA so as to specify further financial activities for the purposes of the optional object of a credit union;
  - (b) make such amendments of this Act, or any other enactment, as appear to them to be appropriate in consequence of any provision made under paragraph (a).
- (2) Amendments made by regulations under subsection (1) may, in particular, provide that a credit union may carry on a financial activity specified in the regulations if the credit union has the optional object specified in section 1(3ZZA).
- (3) Regulations under section 1ZA(2) made in relation to a financial activity specified in regulations under subsection (1) may, in particular, make provision about fees or other charges payable in respect of the activity or activities that are ancillary to the activity.
- (4) Before making regulations under this section, the Treasury must consult such persons as appear to them to be appropriate.
- (5) A statutory instrument containing (whether alone or with other provision) regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.]

### Textual Amendments

**F24** Ss. 1ZA, 1ZB inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), [Sch. 14 para. 3](#); [S.I. 2023/779](#), reg. 4(eee)

### [<sup>F25</sup>1A. Common bonds appropriate to a credit union

- (1) Under the rules of the society admission to membership must be restricted to persons who fall within one or more common bonds appropriate to a credit union (whether or not any other qualifications for admission to membership are required under the rules).
- (2) The common bonds appropriate to a credit union are—
  - (a) following a particular occupation;
  - (b) being employed by a particular employer;
  - (c) residing or being employed in a particular locality;
  - (d) being a member of a bona fide organisation or being otherwise associated with other members of the society for a purpose other than that of forming a society to be registered as a credit union;
  - (e) any other common bond for the time being approved by the [<sup>F26</sup>FCA].
- (3) If the rules of a credit union so provide, a person who is a member of the same household as, and is a relative of, another person who is a member of the credit union and falls directly within a common bond is treated as also falling within that common bond.
- (4) For the purposes of this section, a body corporate or a person applying for membership in his capacity as a partner in a partnership or an officer or member of the governing body of an unincorporated association—
  - (a) falls within the common bond specified in paragraph (a) of subsection (2) if the principal business of the body corporate, partnership or unincorporated association—
    - (i) requires it to employ or otherwise engage persons who follow that occupation, or
    - (ii) relates to that occupation in some other way;
  - (b) falls within the common bond specified in paragraph (b) of that subsection if the body corporate, partnership or unincorporated association—
    - (i) employs the persons who qualify for membership under that common bond, or
    - (ii) provides services, or is otherwise related, to that employer;
  - (c) falls within the common bond specified in paragraph (c) of that subsection if the body corporate, partnership or unincorporated association has a place of business in, or other significant connection with, that locality; and
  - (d) falls within the common bond specified in paragraph (d) of that subsection if the body corporate, partnership or unincorporated association is a member of a bona fide organisation or otherwise associated with other members of the society for the purpose specified in that paragraph.
- (5) The [<sup>F27</sup>FCA] may accept as sufficient evidence that the requirement of this section is met a statutory declaration to that effect given by three members and the secretary of the society.

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#### Textual Amendments

- F25** Ss. 1A, 1B inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **13** (with arts. 24, 25, 26)
- F26** Word in s. 1A(2)(e) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 3** (with Sch. 12)
- F27** Word in s. 1A(5) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 3** (with Sch. 12)

### 1B. Further requirements where common bond relates to locality

- (1) The requirements of this section must be met where—
- (a) the rules of a society provide for one or more common bonds involving a connection with a locality, or
  - (b) the rules of a society provide for one or more common bonds of such other description as may be specified.
- (2) The requirements are—
- (a) that the conditions in subsection (3) are met, or
  - (b) that extraordinary circumstances exist justifying registration of the society as a credit union.
- (3) The conditions are—
- (a) that the number of potential members of the society does not exceed two million or such higher figure as may be specified; and
  - (b) that it is reasonably practicable for every potential member to participate in votes of the society, serve on the society's committee and have access to all the services offered by the society.
- (4) The [<sup>F28</sup>FCA] may accept as sufficient evidence that the conditions in subsection (3) are met a statutory declaration to that effect given by three members and the secretary of the society.
- (5) In this section “specified” means specified by order made by the Treasury.]

#### Textual Amendments

- F25** Ss. 1A, 1B inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **13** (with arts. 24, 25, 26)
- F28** Word in s. 1B(4) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 4** (with Sch. 12)

## 2 Supplementary and transitional provisions as to registration.

- [<sup>F29</sup>(1) The following provisions of the 2014 Act do not apply in relation to registration as a credit union—
- (a) section 2 (societies that may be registered);
  - (b) section 4(2) (taking of certain deposits not to be regarded as carrying on the business of banking);
  - (c) section 14 (content of a society's rules).



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- (2) Section 3(2) of the 2014 Act (registration) applies to registration as a credit union as if the reference to compliance with the requirements of that Act were, subject to subsection (1) of this section, to compliance with the provisions as to registration of that Act and this Act.]
- (3) A society whose objects are wholly or substantially [<sup>F30</sup>the mandatory objects] of a credit union within the meaning of section 1(3) above [<sup>F31</sup>(whether or not the society also has the optional object specified in section 1(3ZZA) above)] shall not be registered under [<sup>F32</sup>the 2014 Act] otherwise than as a credit union and, except in the case of a registration made before the commencement of this Act, any such registration shall be void.
- (4) A society which at the commencement of this Act is registered under the 1965 Act but whose objects are wholly or substantially those of a credit union within the meaning of section 1(3) above shall take all reasonable steps to have its existing registration cancelled and become registered as a credit union.
- (5) Where in accordance with subsection (4) above a society's existing registration is cancelled on its registration as a credit union, the society shall, notwithstanding anything in section 16(7) or section 3 of the 1965 Act, be taken for all purposes to be the same body corporate before and after the change of registration.

<sup>F33</sup>(6) .....

#### Textual Amendments

- F29** S. 2(1)(2) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 3(2)** (with Sch. 5)
- F30** Words in s. 2(3) substituted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 4(a)**; S.I. 2023/779, reg. 4(eee)
- F31** Words in s. 2(3) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 4(b)**; S.I. 2023/779, reg. 4(eee)
- F32** Words in s. 2(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 3(3)** (with Sch. 5)
- F33** S. 2(6) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1)(2), Sch. 3 Pt. IV para. 266, **Sch. 4** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**

### 3 Use of name "credit union", etc.

- (1) The name of every society registered as a credit union shall contain the words "credit union" [<sup>F34</sup>or, if the rules of the society state that its registered office is to be in Wales, either those words or the words "undeb credyd"]].
- (2) Subject to subsection (3) below, a person shall not, unless registered as a credit union,
  - (a) use in reference to himself a name, title or descriptive expression containing the words "credit union" or [<sup>F35</sup>undeb credyd or] any cognate term or any derivative of those words; or
  - (b) represent himself as being a credit union;and any person who contravenes this subsection shall be guilty of an offence and liable on summary conviction to a fine not exceeding [<sup>F36</sup>level 4 on the standard scale].

[<sup>F37</sup>(3) Subsection (2) above does not apply to—

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- (a) the use, in reference to itself, of a name, title or descriptive expression by any body corporate which falls within subsection (3A) below;
- (b) the use by any person or unincorporated association with reference to himself (or itself) of a name which has been approved in writing by the [F38FCA]; or
- (c) the use by any officer or employee of—
  - (i) a credit union,
  - (ii) a body corporate which falls within subsection (3A) below, or
  - (iii) a person or association which has obtained approval under paragraph (b) above,
 of a title or descriptive expression indicating his office or post with that credit union, body, person or association.]

[F39(3A) A body corporate falls within this subsection if its head office is not in England, Wales or Scotland and it—

- (a) has [F40permission under Part 4A of the 2000 Act] to accept deposits;
- (b) is exempt from the prohibition imposed by section 19 of that Act in respect of accepting deposits;
- (c) has permission under that Act to accept deposits by virtue of qualifying for authorisation under Schedule 3 or 4 to that Act; or
- (d) is subject to legal provisions that are similar to the relevant provisions.

(3B) For the purposes of subsection (3A)(d) above, a body corporate is to be treated as being subject to legal provisions that are similar to the relevant provisions if it is subject to legal provisions which—

- (a) provide that the main activities carried on by the body are accepting deposits from, and lending money to, persons who are members or shareholders of the body;
- (b) require the body to obtain authorisation or approval before it commences business;
- (c) require the members and shareholders of the body to be linked by reference to some common characteristic or circumstance; and
- (d) provide that those from whom the body accepts deposits must be shareholders or members of the body (although the legal provisions may allow for some exceptions to this proposition).

(3C) In determining, for the purposes of subsection (3A)(d) above, whether a body corporate is subject to legal provisions that are similar to the relevant provisions, regard must be had as to whether the legal provisions to which it is subject require the body to obtain authorisation or approval before it commences business and whether those provisions—

- (a) impose limits on the objects which the body may or must have,
- (b) impose limits on the membership of the body,
- (c) impose restrictions on the kind of activities which the body may carry on,
- (d) impose limits or conditions on the body's ability to accept deposits,
- (e) impose limits on the value of the shares which any one shareholder may have in the body,
- (f) impose limits on the body's ability to lend money,

which are similar to those imposed by the relevant provisions.

(3D) In this section—



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- (a) “legal provisions” includes laws, regulations and administrative provisions;
  - (b) “relevant provisions” means—
    - (i) the provisions of this Act; and
    - (ii) any provision of or made under [<sup>F41</sup> the 2014 Act ] or the 2000 Act so far as it relates to credit unions.]
- (4) For the purposes of [<sup>F42</sup> section 10(3) and (4) of the 2014 Act ] (societies which may be permitted to have a name which does not contain the word “limited”) the objects of a credit union shall not be regarded as wholly charitable or benevolent.

#### Textual Amendments

- F34** Words in s. 3(1) added (21.12.1993) by 1993 c. 38, ss. 29(2), 36(1).
- F35** Words in s. 3(2) inserted (21.12.1993) by 1993 c. 38, ss. 29(3), 36(1).
- F36** Words substituted by virtue of (E.W.) Criminal Justice Act 1982 (c. 48, SIF 39:1), s. 46 and (S.) Criminal Procedure (Scotland) Act 1975 (c. 21, SIF 39:1), s. 289G
- F37** S. 3(3) substituted (13.2.2003) by Regulatory Reform (Credit Unions) Order 2003 (S.I. 2003/256), arts. 1, 4(2)
- F38** Word in s. 3(3)(b) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 6 para. 5(2) (with Sch. 12)
- F39** S. 3(3A)-(3D) inserted (13.2.2003) by Regulatory Reform (Credit Unions) Order 2003 (S.I. 2003/256), arts. 1, 4(3)
- F40** Words in s. 3(3A)(a) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), Sch. 6 para. 5(3) (with Sch. 12)
- F41** Words in s. 3(3D)(b)(ii) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, Sch. 4 para. 4(2) (with Sch. 5)
- F42** Words in s. 3(4) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, Sch. 4 para. 4(3) (with Sch. 5)

#### Commencement Information

- I1** S. 3(2)(3) in force at 1.9.2003 by S.I. 2003/306, art. 2

### *Rules and membership*

#### **4 Rules.**

- (1) The rules of a credit union shall be in such form as the [<sup>F43</sup>FCA] may determine and shall contain—
  - (a) provision with respect to the matters mentioned in Schedule 1 to this Act; and
  - (b) such additional provision as the [<sup>F43</sup>FCA] may determine.
- [<sup>F44</sup>(1A) The FCA must consult the PRA before determining any provision under subsection (1) (b) which relates to credit unions which are PRA -authorised persons. ]
- (2) The rules of a credit union may not be amended except by a resolution passed by not less than two-thirds of the members present at a general meeting called for the purpose after the giving of such notice as is by the rules required for such a resolution.
- [<sup>F45</sup>(3) In section 16(4) of the 2014 Act (registration of amendment of rules where not contrary to that Act) as it applies to credit unions, the reference to that Act is to be read as a reference to that Act and this Act.]

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

<sup>F46</sup>(4) .....

[<sup>F47</sup>(5) Section 21 and paragraph 5 of Schedule 3 of the 2014 Act (rules as to fund for purchase of government securities) do not apply to credit unions.]

**Textual Amendments**

**F43** Word in s. 4(1) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 6(2)** (with Sch. 12)

**F44** S. 4(1A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 6(3)** (with Sch. 12)

**F45** S. 4(3) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 5(2)** (with Sch. 5)

**F46** S. 4(4) repealed (3.7.2002) by [S.I. 2002/1555](#), art. 7(2)

**F47** S. 4(5) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 5(3)** (with Sch. 5)

**5 Membership and voting rights.**

<sup>F48</sup>(1) .....

(2) A person shall not be a member of a credit union unless he holds at least one fully paid-up share in that credit union, but the rules of the credit union shall not require a person to hold more than £5 in fully paid-up shares as a condition of membership.

<sup>F49</sup>(3) .....

<sup>F49</sup>(4) .....

<sup>F49</sup>(4A) .....

(5) A member of a credit union who [<sup>F50</sup>ceases to fall within a common bond and as a result would not qualify for admission to membership] shall be entitled, subject to subsection (6) below, to retain his membership unless the rules of the credit union provide otherwise; and<sup>F51</sup>... in this Act the expression “non-qualifying member”, in relation to a credit union, means a person who remains a member of the credit union by virtue of this sub-section.

<sup>F52</sup>(6) .....

(7) Non-qualifying members of a credit union shall be left out of account in determining for any purpose [<sup>F53</sup>whether the requirements of section 1B are met].

(8) A non-qualifying member of a credit union shall be entitled, except so far as the rules of the credit union may provide otherwise, to purchase shares and<sup>F54</sup>..., to receive loans.

(9) Subject to any provision in the rules of a credit union as to voting by a chairman who has a casting vote, on every matter which is determined by a vote of members of a credit union every member shall be entitled to vote and shall have one vote only.

<sup>F49</sup>(10) .....

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

#### Textual Amendments

- F48** S. 5(1) omitted (8.1.2012) by virtue of [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **15(1)** (with arts. 25, 26)
- F49** S. 5(3)(4)(4A)(10) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(4)**
- F50** Words in s. 5(5) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **14(1)(a)** (with arts. 25, 26)
- F51** Words in s. 5(5) omitted (8.1.2012) by virtue of [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **16(a)** (with arts. 25, 26)
- F52** S. 5(6) omitted (8.1.2012) by virtue of [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **16(b)** (with arts. 25, 26)
- F53** Words in s. 5(7) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **14(1)(b)** (with arts. 25, 26)
- F54** Words in s. 5(8) repealed (1.9.1996) by S.I. 1996/1189, **art. 6(b)**

#### [<sup>F55</sup>5A. Corporate members

- (1) A credit union may admit bodies corporate as members if its rules so provide.
- (2) The number of corporate members of a credit union shall not at any time exceed ten per cent of the total number of members of the credit union or such higher percentage as may be specified.
- (3) The number of shares allotted to corporate members of a credit union shall not at any time exceed twenty-five per cent of the total shares allotted to all members of the credit union or such higher percentage as may be specified.
- (4) For the purpose of subsection (3) above, the total shares allotted to all members of the credit union shall be that found in the most recent year-end balance sheet submitted to the [<sup>F56</sup>appropriate authority].
- (5) In this section—
  - (a) “specified” means specified by order made by the Treasury;
  - (b) “shares” means shares other than deferred shares.
- (6) In this Act “corporate member”, in relation to a credit union, means—
  - (a) a body corporate which is a member of the credit union;
  - (b) an individual who is a member of the credit union in his capacity as a partner in a partnership; or
  - (c) an individual who is a member of the credit union in his capacity as an officer or member of the governing body of an unincorporated association.]

#### Textual Amendments

- F55** S. 5A inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **15(2)** (with arts. 25, 26)
- F56** Words in s. 5A(4) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013](#) (S.I. 2013/496), art. 1(1), **Sch. 6 para. 7** (with Sch. 12)

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*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

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## 6 Minimum and maximum number of members.

(1) The minimum number of members of a credit union shall be twenty-one <sup>F57</sup>....

[<sup>F58</sup>(1A) Accordingly, references in the following provisions to 3 members are to be read as 21 members—

- (a) section 3(1)(a)(i) of the 2014 Act as it applies to an application for registration as a credit union;
- (b) section 5(3)(b) of that Act as it applies to the cancellation of a credit union's registration;
- (c) section 115(2) as it applies to the conversion of a company into a credit union.]

<sup>F59</sup>(2) .....

<sup>F59</sup>(3) .....

<sup>F59</sup>(4) .....

<sup>F59</sup>(5) .....

<sup>F59</sup>(6) .....

### Textual Amendments

**F57** Words in s. 6(1) omitted (1.8.2014) by virtue of [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 6\(2\)](#) (with Sch. 5)

**F58** S. 6(1A) inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 6\(3\)](#) (with Sch. 5)

**F59** S. 6(2)-(6) repealed (2.7.2002) by [2000 c. 8](#), ss. 338(4), 432(3), [Sch. 18 Pt. V para. 21](#), [Sch. 22](#); [S.I. 2001/3538](#), [art. 2\(5\)](#)

### *Operation of credit union*

## 7 Shares.

(1) All shares in a credit union shall be of £1 denomination and may, subject to the rules of the credit union, be subscribed for either in full or by periodical or other subscriptions but no share shall be allotted to a member until it has been fully paid in cash.

(2) Shares in a credit union [<sup>F60</sup>, other than deferred shares,] shall not be transferable and a credit union shall not issue to a member a certificate denoting ownership of a share.

(3) Nothing in subsection (2) above shall affect the operation of [<sup>F61</sup> section 39(2) of the 2014 Act ] (transfer in pursuance of nomination on death of nominator).

(4) Subject to subsection (5) [<sup>F62</sup>and section 11(1C)] below, shares in a credit union [<sup>F63</sup>, other than deferred shares,] shall be withdrawable but a credit union shall not issue shares except on terms enabling it to require not less than sixty days' notice of withdrawal.

[<sup>F64</sup>(5) [<sup>F65</sup>Subsection (5A) applies] where a credit union has,]

[<sup>F66</sup>(a)] made a loan to a member which is treated by virtue of section 11A(2) below as a secured loan [<sup>F67</sup>, or

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

- (b) entered into an agreement mentioned in section 11E(1) with a member, which is treated by virtue of section 11F(2) as a secured agreement.]

[<sup>F68</sup>(5A)] The member shall not be permitted to withdraw shares where his paid-up shareholding, excluding any deferred shares, in the credit union is, or following the withdrawal would be, less than his total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise.

[<sup>F69</sup>(6) If deferred shares are subscribed for in full, the credit union shall transfer a sum equal to the amount paid on those shares to its reserves.]

#### Textual Amendments

- F60** Words in s. 7(2) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **17(1)(a)** (with arts. 25, 26)
- F61** Words in s. 7(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 7** (with Sch. 5)
- F62** Words in s. 7(4) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **18(1)(a)** (with arts. 25, 26)
- F63** Words in s. 7(4) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **17(1)(b)** (with arts. 25, 26)
- F64** S. 7(5) substituted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **18(1)(b)** (with arts. 25, 26, 27)
- F65** Words in s. 7(5) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 5(a)**; S.I. 2023/779, reg. 4(eee)
- F66** Words in s. 7(5) renumbered as s. 7(5)(a) (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 5(b)**; S.I. 2023/779, reg. 4(eee)
- F67** S. 7(5)(b) and word inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 5(c)**; S.I. 2023/779, reg. 4(eee)
- F68** Words in s. 7(5) renumbered as s. 7(5A) (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 5(d)**; S.I. 2023/779, reg. 4(eee)
- F69** S. 7(6) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **17(1)(c)** (with arts. 25, 26)

#### [<sup>F70</sup>7A. Power to issue interest-bearing shares

- (1) A credit union may issue interest-bearing shares if—
- its rules so provide;
  - its most recent year end balance sheet shows that it holds reserves of at least £50,000 or five per cent of its total assets, whichever is greater;
  - its auditors have made a report under [<sup>F71</sup>section 87 of the 2014 Act ] on that balance sheet;
  - it has submitted that balance sheet to the [<sup>F72</sup>appropriate authority]; and
  - it has submitted to the [<sup>F72</sup>appropriate authority] a report by its auditors (post-dating the balance sheet referred to in paragraph (b) above), stating that in their opinion the credit union satisfies such conditions as are specified by the [<sup>F72</sup>appropriate authority] for the purpose.
- (2) A credit union which issues interest-bearing shares must submit to the [<sup>F72</sup>appropriate authority] an annual report by the auditors appointed to audit its accounts and balance sheet fulfilling the requirements of paragraph (e) of subsection (1) above by the date specified by the [<sup>F72</sup>appropriate authority] for the purpose.

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*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

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- (3) A credit union shall convert any interest-bearing shares in issue into shares which are not interest-bearing if—
- (a) its rules no longer provide for the issue of interest-bearing shares;
  - (b) neither its most recent year end balance sheet nor the balance sheet immediately preceding it—
    - (i) shows that the credit union holds reserves of at least £50,000 or five per cent of its total assets, whichever is greater; or
    - (ii) has been submitted to the [<sup>F72</sup>appropriate authority] by the date specified; or
  - (c) for two consecutive years it has not complied with subsection (2) above.
- (4) The Treasury may by order provide for subsections (1)(b) and (3)(b)(i) above to have effect as if the references to £50,000 and five per cent were references to such other sum or percentage as they think appropriate.
- (5) In this section “year end balance sheet” has the same meaning as in [<sup>F73</sup>section 82 of the 2014 Act ].
- (6) In this Act “interest-bearing share” means a share issued on terms which entitle the holder to interest but not to a dividend.]

#### Textual Amendments

- F70** S. 7A inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **19(1)** (with arts. 25, 26)
- F71** Words in s. 7A(1)(c) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 8(2)** (with Sch. 5)
- F72** Words in s. 7A substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 8** (with Sch. 12)
- F73** Words in s. 7A(5) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 8(3)** (with Sch. 5)

## 8 General prohibition on deposit-taking.

- (1) Subject to sections 9 and 10 below, a credit union shall not accept a deposit from any person except by way of subscription for its shares.

<sup>F74</sup>(2) .....

<sup>F74</sup>(4) .....

<sup>F74</sup>(5) .....

#### Textual Amendments

- F74** S. 8(2)(4)(5) omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), arts. **1(1)**, 2(5)

## 9 Deposits by persons too young to be members.

- (1) A credit union may take deposits <sup>F75</sup> . . . from a person who is under the age at which, by virtue of [<sup>F76</sup>any provision of the credit union’s rules], he may become a member of the credit union <sup>F75</sup> . . .

<sup>F77</sup>(2) . . . . .

<sup>F77</sup>(3) . . . . .

<sup>F77</sup>(4) . . . . .

<sup>F77</sup>(5) . . . . .

### Textual Amendments

**F75** Words in s. 9(1) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(6)(a)**

**F76** Words in s. 9 substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **8(2)** (with arts. 25, 26)

**F77** S. 9(2)-(5) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(6)(b)**

## [<sup>F78</sup>9A Power to charge for ancillary services

- (1) A credit union which provides an ancillary service to a member or any other person from whom the credit union has accepted a deposit may charge [<sup>F79</sup>such fee as it considers appropriate for] providing that service.

- (2) In this section, “ancillary service” means any service which is ancillary to [<sup>F80</sup>an activity mentioned in subsection (3)], and includes—

- (a) the making or receiving of payments, made by way of standing order, direct debit or any other means, as agent for a member or any other person from whom the credit union has accepted a deposit;
- (b) issuing and administering means of payment (for example, chequebooks and debit cards);
- (c) money transmission services;
- (d) giving advice on the services specified by paragraphs (a) to (c) above.]

- [<sup>F81</sup>(3) The activities mentioned in this subsection are—

- (a) accepting a deposit;
- (b) making a loan;
- (c) entering into a conditional sale agreement, as the seller;
- (d) entering into a hire purchase agreement, as the person from whom goods are bailed or (in Scotland) hired.]

### Textual Amendments

**F78** S. 9A inserted (13.2.2003) by [Regulatory Reform \(Credit Unions\) Order 2003 \(S.I. 2003/256\)](#), arts. 1, 5

**F79** Words in s. 9A(1) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **20** (with arts. 25, 26, 28)

**F80** Words in s. 9A(2) substituted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), [Sch. 14 para. 6\(2\)](#); S.I. 2023/779, reg. 4(eee)



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**F81** S. 9A(3) inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), [Sch. 14 para. 6\(3\)](#); S.I. 2023/779, reg. 4(eee)

**10 Power to borrow money.**

- (1) A credit union may borrow money <sup>F82</sup> . . . .
- <sup>F83</sup> (2) . . . . .
- <sup>F83</sup> (3) . . . . .
- <sup>F83</sup> (4) . . . . .
- <sup>F83</sup> (5) . . . . .
- <sup>F83</sup> (6) . . . . .

**Textual Amendments**

- F82** Words in s. 10(1) omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), [arts. 1\(1\)](#), 2(7)(a)
- F83** S. 10(2)-(6) omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), [arts. 1\(1\)](#), 2(7)(b)

**11 Loans.**

- [<sup>F84</sup>(1) [<sup>F85</sup>Subject as follows,] a credit union may make <sup>F86</sup>... a loan, upon such security (or without security) and terms as the rules of the credit union may provide [<sup>F87</sup>, to—
  - (a) a member, or
  - (b) another credit union (whether or not a member).]]
- [<sup>F88</sup>(1ZA) Where a loan is made under subsection (1)(b) to a credit union that is not a member of the lending credit union, the maximum period within which the loan must be repaid is six months.]
- [<sup>F89</sup>(1A) A credit union may only make a loan to a corporate member if—
  - (a) the credit union’s rules provide that it may make loans to corporate members, and
  - (b) making the loan would not result in the aggregate of the outstanding balances on loans made by the credit union to corporate members exceeding ten per cent of the aggregate of the outstanding balances on all loans made by the credit union to members, or such higher percentage as may be specified.]
- [<sup>F90</sup>(1B) Subsection (1) does not apply in relation to a member holding only deferred shares.]
- [<sup>F91</sup>(1C) Where a loan by a credit union is made to a member and is not a secured loan within the meaning of section 11A below, the terms of the loan must include provision as to whether, for the duration of the loan, the borrower is permitted to withdraw shares where his paid-up shareholding (excluding any deferred shares) in the credit union is, or following the withdrawal would be, less than his total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise.]
- <sup>F92</sup>(2) . . . . .
- <sup>F93</sup>(3) . . . . .

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<sup>F94</sup>(4) . . . . .

(5) A credit union may charge interest on loans made by it but such interest shall be at a rate not exceeding one per cent. per month, or such other rate as may from time to time be specified, on the amount of the loan outstanding and such interest shall be inclusive of all administrative and other expenses incurred in connection with the making of the loan.

<sup>F92</sup>(6) . . . . .

(7) In this section “specified” means specified by order made by the <sup>F95</sup> . . . Treasury.

[<sup>F96</sup>(8) An order under subsection (5) may make different provision in relation to—

- (a) loans made to a member;
- (b) loans made to a credit union that is not a member of the lending credit union.]

#### Textual Amendments

- F84** S. 11(1) substituted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(8)(a)**
- F85** Words in s. 11(1) inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **15(3)(a)** (with arts. 25, 26)
- F86** Words in s. 11(1) omitted (29.8.2023) by virtue of [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), **Sch. 14 para. 7(2)(a)**; S.I. 2023/779, reg. 4(eee)
- F87** S. 11(1)(a)(b) and words inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), **Sch. 14 para. 7(2)(b)**; S.I. 2023/779, reg. 4(eee)
- F88** S. 11(1ZA) inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), **Sch. 14 para. 7(3)** (with [Sch. 14 para. 15](#)); S.I. 2023/779, reg. 4(eee)
- F89** S. 11(1A) inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **15(3)(b)** (with arts. 25, 26)
- F90** S. 11(1B) inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **17(2)** (with arts. 25, 26)
- F91** S. 11(1C) inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **18(2)** (with arts. 25, 26)
- F92** S. 11(2)(6) repealed (2.7.2002) by 2000 c. 8, ss. 338(4), 432(3), [Sch. 18 Pt. V para. 22](#), **Sch. 22**; S.I. 2001/3538, **art. 2(5)**
- F93** S. 11(3) repealed (1.9.1996) by S.I. 1996/1189, **art. 6(a)**
- F94** S. 11(4) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(8)(b)**
- F95** Words in s. 11(7) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1)(2), [Sch. 3 Pt. IV para. 273](#), **Sch. 4** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**
- F96** S. 11(8) inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), **Sch. 14 para. 7(4)**; S.I. 2023/779, reg. 4(eee)

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

- C4** S. 11(7): Functions of the chief registrar transferred to the Treasury (1.12.2001) by S.I. 2001/2617, arts. 2(b), 4(1), **Sch. 1 Pt. I** (with art. 5); S.I. 2001/3538, **art. 2(1)**

### [<sup>F97</sup> 11A Loans to be treated as secured

(1) This section applies where—

- (a) a credit union makes a loan to a member of the credit union, and
- (b) at the time the loan is made, the member’s paid-up shareholding in the credit union[<sup>F98</sup>, excluding any deferred shares,] is equal to or greater than his

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total liability (including contingent liability) to the credit union, whether as borrower, guarantor or otherwise.

- (2) On the application of the member to the credit union, the loan shall be treated for the purposes of this Act as a secured loan.]

**Textual Amendments**

**F97** S. 11A inserted (1.9.1996) by [S.I. 1996/1189](#) arts. 1, 5

**F98** Words in s. 11A(1)(b) inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **17(3)** (with arts. 25, 26)

<sup>F99</sup>**11B** .....

**Textual Amendments**

**F99** S. 11B repealed (2.7.2002) by [2000 c. 8, ss. 338\(4\), 432\(3\), Sch. 18 Pt. V para. 23, Sch. 22](#); [S.I. 2001/3538, art. 2\(5\)](#)

<sup>F100</sup>**11C** .....

**Textual Amendments**

**F100** S. 11C repealed (2.7.2002) by [2000 c. 8, ss. 338\(4\), 432\(3\), Sch. 18 Pt. V para. 23, Sch. 22](#); [S.I. 2001/3538, art. 2\(5\)](#)

<sup>F101</sup>**11D** .....

**Textual Amendments**

**F101** S. 11D repealed (2.7.2002) by [2000 c. 8, ss. 338\(4\), 432\(3\), Sch. 18 Pt. V para. 23, Sch. 22](#); [S.I. 2001/3538, art. 2\(5\)](#)

[<sup>F102</sup>**11E Conditional sale and hire purchase agreements**

- (1) If the objects of a credit union include the optional object specified in section 1([3ZZA](#)) it may (subject to such terms, including as to security, as its rules may provide)—
- (a) enter into a conditional sale agreement, as the seller, with a member of the credit union, or
  - (b) enter into a hire purchase agreement, as the person from whom goods are bailed or (in Scotland) hired, with a member of the credit union.
- (2) A credit union may only enter into an agreement mentioned in subsection (1) with a corporate member if—
- (a) the credit union's rules provide that it may do so, and

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- (b) entering into the agreement would not result in the aggregate of the outstanding balances under all such agreements made by the credit union with corporate members exceeding 10% of the aggregate of the outstanding balances under all such agreements made by the credit union with members, or such higher percentage as may be specified in regulations made by the Treasury.
- (3) Subsection (4) applies where—
  - (a) an agreement mentioned in subsection (1) is entered into by a credit union with a member, and
  - (b) the agreement is not a secured agreement within the meaning of section 11F.
- (4) The terms of the agreement must include provision as to whether, for the duration of the agreement, the member is permitted to withdraw shares where the member's paid-up shareholding in the credit union is, or following the withdrawal would be, less than the member's total liability (including contingent liability) to the credit union.
- (5) Any interest charged under an agreement mentioned in subsection (1)—
  - (a) must not exceed the rate specified in subsection (7), and
  - (b) must be inclusive of all administrative and other expenses incurred in connection with the making of the agreement.
- (6) The rate specified in this subsection is 3% per month on the sum outstanding under the agreement.
- (7) The Treasury may by regulations amend subsection (7) to substitute a different rate for the rate that is for the time being specified.

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**Textual Amendments**

**F102** Ss. 11E, 11F inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\), s. 86\(3\), Sch. 14 para. 8; S.I. 2023/779, reg. 4\(eee\)](#)

**11F Agreements to be treated as secured**

- (1) This section applies where—
  - (a) a credit union enters into an agreement mentioned in section 11E(1) with a member of the credit union, and
  - (b) at the time the agreement is entered into, the member's paid-up shareholding in the credit union is equal to or greater than the member's total liability (including contingent liability) to the credit union.
- (2) On the application of the member to the credit union, the agreement is to be treated for the purposes of this Act as a secured agreement.]

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**Textual Amendments**

**F102** Ss. 11E, 11F inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\), s. 86\(3\), Sch. 14 para. 8; S.I. 2023/779, reg. 4\(eee\)](#)

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

**[<sup>F103</sup>11G Insurance distribution activities**

If the objects of a credit union include the optional object specified in section 1(3ZZA), it may (subject to such terms as the rules of the credit union may provide)—

- (a) carry on an insurance distribution activity which constitutes or involves the provision of a service to a member, and
- (b) charge such fee as it considers appropriate for providing the service.]

**Textual Amendments**

**F103** S. 11G inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), [Sch. 14 para. 9](#); S.I. 2023/779, reg. 4(eee)

**12 Power to hold land for limited purposes.**

- (1) A credit union may hold, purchase or take on lease in its own name any land for the purpose of conducting its business thereon but, subject to subsection (3) below, for no other purpose, and may sell, exchange, mortgage or lease any such land, and erect, alter or pull down buildings on it.
- (2) In the application of subsection (1) above to Scotland—
  - (a) for the word “exchange” there shall be substituted the word “ excamb” ”, and
  - (b) for the word “mortgage” there shall be substituted the words “ grant a heritable security over” ”.
- (3) A credit union shall have power to hold any interest in land so far as is necessary for the purpose of
  - [<sup>F104</sup>(a)] making loans making loans to its members on the security of an interest in land and of enforcing any such security [<sup>F105</sup>, or
  - (b) entering into agreements mentioned in section 11E(1) with members on the security of an interest in land and of enforcing any such security.]

<sup>F106</sup>(4) .....

<sup>F106</sup>(5) .....

- (6) No person shall be bound to inquire as to the authority for any dealing with land by a credit union; and the receipt of a credit union shall be a discharge for all moneys arising from or in connection with any dealing with land by it.

**Textual Amendments**

**F104** Words in s. 12(3) renumbered as s. 12(3)(a) (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), [Sch. 14 para. 10\(a\)](#); S.I. 2023/779, reg. 4(eee)

**F105** S. 12(3)(b) and word inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(3), [Sch. 14 para. 10\(b\)](#); S.I. 2023/779, reg. 4(eee)

**F106** S. 12(4)(5) repealed (2.7.2002) by [2000 c. 8](#), ss. 338(4), 432(3), [Sch. 18 Pt. V para. 24](#), [Sch. 22](#); S.I. 2001/3538, [art. 2\(5\)](#)

<sup>F107</sup>13 .....

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

**Textual Amendments**

**F107** S. 13 omitted (2.7.2002) by virtue of S.I. 2002/1501, arts. 1(1), 2(9)

**14 Computation and application of profits.**

**F108**(1) .....

**F109**(2) .....

**F109**(3) .....

[**F110**(4) The dividend payable on any shares of a credit union shall—

- (a) on its dissolution, not exceed a rate of 8 per cent per annum or such other rate as may be specified by order made by the Treasury; and
- (b) at any other time, not exceed that rate except to the extent that the rules of the credit union provide otherwise.]

**F109**(5) .....

**F109**(6) .....

**F108**(7) .....

**Textual Amendments**

**F108** S. 14(1)(7) omitted (2.7.2002) by virtue of S.I. 2002/1501, arts. 1(1), 2(10)

**F109** S. 14(2)(3)(5)(6) repealed (2.7.2002) by 2000 c. 8, ss. 338(4), 432(3), Sch. 18 Pt. V para. 25, Sch. 22; S.I. 2001/3538, art. 2(5)

**F110** S. 14(4) substituted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), 21 (with arts. 25, 26)

*Insurance and other arrangements*

**F111 15 Insurance against fraud or other dishonesty.**

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**Textual Amendments**

**F111** S. 15 omitted (2.7.2002) by virtue of S.I. 2002/1501, arts. 1(1), 2(11)

**16 Guarantee funds.**

- (1) Subject to the provisions of this section, a credit union, or any two or more credit unions, may enter into arrangements with a person carrying on the business of insurance for the purpose of making funds available to meet losses incurred by members of a credit union which is a party to the arrangements; and any two or more credit unions may enter into any other kind of arrangements for that purpose.

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*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

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- (2) Subject to subsection (3) below, a credit union shall have power to make contributions under arrangements made in accordance with subsection (1) above, and such arrangements may in particular provide for the vesting of a fund in trustees appointed under the arrangements.
- (3) Arrangements under subsection (1) above shall not come into force and no contribution shall be made thereunder by a credit union, until they have been approved by the [<sup>F112</sup>appropriate authority]; and the [<sup>F112</sup>appropriate authority] shall not approve any such arrangements unless they provide that any variation of their terms shall also require [<sup>F113</sup>its] approval.

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**Textual Amendments**

**F112** Words in s. 16(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 9** (with Sch. 12)

**F113** Word in s. 16(3) substituted (1.12.2001) by [S.I. 2001/2617](#), arts. 2(b), 13(1), **Sch. 3 Pt. IV para. 280(b)** (with art. 13(3)); [S.I. 2001/3538](#), **art. 2(1)**

*Powers of [<sup>F114</sup>FCA and PRA]*

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**Textual Amendments**

**F114** Words in s. 17 cross-heading substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 10** (with Sch. 12)

**[<sup>F115</sup>17 Power to require information.**

- (1) The FCA or PRA may by notice in writing require a credit union or an officer or former officer of a credit union—
- (a) to produce to it such books, accounts and other documents relating to the credit union's business, and
  - (b) to provide it with such other information relating to that business,
- as it considers necessary for the exercise of its functions under this Act.
- (2) The notice must be served on the credit union or other person.
- (3) The notice may contain a requirement that any information provided in accordance with the notice is to be verified by a statutory declaration.
- (4) A credit union or other person who fails to comply with a notice under this section commits an offence.
- (5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

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**Textual Amendments**

**F115** Ss. 17, 17A substituted (6.4.2014) for s. 17 by [The Co-operative and Community Benefit Societies and Credit Unions \(Investigations\) Regulations 2014 \(S.I. 2014/574\)](#), regs. 1(1), **5** (with reg. 8)



*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

### 17A. Section 17: recovery of FCA 's and PRA 's costs

- (1) This section applies where the FCA or PRA has exercised its powers under section 17 in relation to a credit union.
- (2) The FCA or PRA may, if it considers it just to do so, direct that the expenses incurred by it in exercising the powers (or any part of those expenses) are to be met—
  - (a) out of the credit union's funds, or
  - (b) by the credit union's officers or former officers (or any of them).
- (3) Any sum which the credit union or other person is required by a direction to pay is a debt due from the credit union or person to the FCA or PRA . ]

#### Textual Amendments

**F115** Ss. 17, 17A substituted (6.4.2014) for s. 17 by [The Co-operative and Community Benefit Societies and Credit Unions \(Investigations\) Regulations 2014 \(S.I. 2014/574\)](#), regs. 1(1), **5** (with reg. 8)

### 18 Power to appoint inspector and call meeting.

- (1) Without prejudice to [F116 section 106 of the 2014 Act ] (appointment of inspector or calling of special meeting upon application of members of registered society), where the [F117 FCA or the PRA] is of the opinion that [F118, for reasons connected with the exercise of its functions under this Act or [F119 the 2014 Act ],]an investigation should be held into the affairs of a credit union or that the affairs of the credit union call for consideration by a meeting of the members, [F120; it may] appoint an inspector to investigate and report on the affairs of the credit union or may call a special meeting of the credit union, or may (either on the same or on different occasions) both appoint such an inspector and call such a meeting.
- (2) All expenses of and incidental to an investigation or meeting held pursuant to subsection (1) above shall be defrayed out of the funds of the credit union, or by the members or officers or former members or officers of the credit union in such proportions as the [F117 FCA or the PRA] shall direct.
- (3) [F121 Section 107 of the 2014 Act ] (power to prescribe time and place of meeting, procedure, power to require evidence to be given, etc.) shall apply in relation to an inspector appointed or meeting called in accordance with this section.
- [F122(4) The FCA and the PRA must each notify the other before appointing an inspector or calling a meeting under subsection (1) in relation to a society which is a PRA - authorised person. ]

#### Textual Amendments

**F116** Words in s. 18(1) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 9(2)(a)** (with Sch. 5)

**F117** Words in s. 18(1)(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 12(2)** (with Sch. 12)

**F118** Words in s. 18(1) inserted (2.7.2002) by [S.I. 2002/1501](#), **arts. 1(1), 2(13)**

**F119** Words in s. 18(1) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 9(2)(b)** (with Sch. 5)

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*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

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- F120** Words in s. 18(1) substituted (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1), **Sch. 3 Pt. IV para. 283** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**
- F121** Words in s. 18(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 9(3)** (with Sch. 5)
- F122** S. 18(4) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 12(3)** (with Sch. 12)

**F123** **19** .....

#### Textual Amendments

- F123** S. 19 omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(14)** (with art. 6(1))

## **20 Cancellation or suspension of registration and petition for winding up.**

- [<sup>F124</sup>(1) Section 5 of the 2014 Act (grounds for cancellation of registration) applies in relation to a credit union as if it were modified as specified in subsections (1ZA) to (1ZD).
- (1ZA) Subsection (1) applies as if for “any of conditions A to E” there were substituted “any of conditions A to F” .
- (1ZB) Subsection (4)(b) (condition C) applies as if after “this Act” there were inserted “or the Credit Unions Act 1979” .
- (1ZC) The section applies as if for subsection (5) (condition D) there were substituted—
- “(5) Condition D is that it appears to the FCA that the credit union's rules provide for one or more common bonds involving a connection with a locality and the requirements of section 1B of the Credit Unions Act 1979 are no longer met.”
- (1ZD) The section applies as if after subsection (6) there were inserted—
- “(7) Condition F is that the credit union's permission under Part 4A of the Financial Services and Markets Act 2000 has been cancelled or the credit union has received a warning notice under section 55Z of that Act.”]
- [<sup>F125</sup>(1B) The FCA must not cancel the registration of a credit union [<sup>F126</sup> by virtue of condition F in section 5 of the 2014 Act ] unless the appropriate regulator (within the meaning of section 55A of the 2000 Act) has cancelled the credit union's permission under Part 4A of the 2000 Act and there is no possibility (or no further possibility) of that determination of the appropriate regulator being reversed or varied. ]
- [<sup>F127</sup>(1C) Section 7 of the 2014 Act (cancellation of registration: additional procedure in certain cases) applies in relation to credit unions as if references to condition D included condition F.
- (1D) Section 9 of the 2014 Act (appeals) applies in relation to credit unions as if the reference to condition D included condition F (accordingly, no appeal may be made against a decision to cancel a credit union's registration on the ground that condition F is met).]

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

[<sup>F128</sup>(1E) If the credit union is a PRA -authorised person, the FCA must consult the PRA before cancelling the registration of the credit union [<sup>F129</sup> by virtue of condition F in section 5 of the 2014 Act ]. ]

(2) A petition for the winding up of a credit union may be presented to the court by the [<sup>F130</sup>FCA or the PRA] if it appears to [<sup>F131</sup>the [<sup>F130</sup>FCA or the PRA]] that—

(a) the credit union is unable to pay sums due and payable to its members, or is able to pay such sums only by obtaining further subscriptions for shares or by defaulting in its obligations to creditors; or

(b) there has been, in relation to that credit union, a failure to comply with any provision of, or of any direction given under, this Act or [<sup>F132</sup> the 2014 Act ]; or

[<sup>F133</sup>(c) the rules of a credit union provide for one or more common bonds involving a connection with a locality and the requirements of section 1B are no longer met;]

or in any other case where it appears to [<sup>F131</sup>the [<sup>F130</sup>FCA or the PRA]] that the winding up of the credit union is in the public interest or is just and equitable having regard to the interests of all the members of the credit union.

[<sup>F134</sup>(3) The FCA and the PRA must each consult the other before presenting a petition under subsection (2). ]

#### Textual Amendments

- F124** S. 20(1)(1ZD) substituted (1.8.2014) for s. 20(1)-(1A) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 10\(2\)](#) (with Sch. 5)
- F125** S. 20(1A)(1B) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 6 para. 13\(2\)](#) (with Sch. 12)
- F126** Words in s. 20(1B) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 10\(3\)](#) (with Sch. 5)
- F127** S. 20(1C)(1D) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 10\(4\)](#) (with Sch. 5)
- F128** S. 20(1E) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 6 para. 13\(4\)](#) (with Sch. 12)
- F129** Words in s. 20(1E) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 10\(5\)](#) (with Sch. 5)
- F130** Words in s. 20(2) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 6 para. 13\(5\)](#) (with Sch. 12)
- F131** Words in s. 20(2) substituted (1.12.2001) by [S.I. 2001/2617, arts. 2\(b\), 13\(1\), Sch. 3 Pt. IV para. 285](#) (with [art. 13\(3\)](#)); [S.I. 2001/3538, art. 2\(1\)](#)
- F132** Words in s. 20(2)(b) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 10\(6\)](#) (with Sch. 5)
- F133** S. 20(2)(c) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\), arts. 1\(1\)\(b\), 14\(2\)\(b\)](#) (with arts. 25, 26)
- F134** S. 20(3) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 6 para. 13\(6\)](#) (with Sch. 12)

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

*Amalgamations, transfers of engagements and conversions*

**21 Amalgamations and transfers of engagements.**

- (1) In their application to credit unions, [F135 sections 109 to 111 of the 2014 Act ] (amalgamations of registered societies and transfers of engagements between them) shall have effect subject to the provisions of subsections (2) and (3) of this section.
- (2) A credit union shall not amalgamate with or transfer its engagements to or accept a transfer of engagements from any registered society which is not a credit union.
- (3) [F136 In relation to a credit union which is not a PRA-authorized person, the FCA] shall not register a special resolution under [F137 section 109 or 110 of the 2014 Act ] if in [F138 its] opinion—
- (a) the proposed amalgamation or transfer of engagements would result in a contravention of any provision of this Act or [F139 the 2014 Act ] [F140 or any requirement imposed by or under the 2000 Act]; or
- [F141 (b) section 1B (further requirements where common bond relates to locality) would apply to the proposed amalgamated credit union or, as the case may be, the credit union proposing to accept the transfer of engagements and the requirements of that section would not be met.]
- [F142 (3A) In relation to a credit union which is a PRA -authorized person—
- (a) the FCA shall not register a special resolution under [F143 section 109 or 110 of the 2014 Act ] if the PRA informs the FCA that it is of the opinion that that paragraph (a) or (b) of subsection (3) applies, and
- (b) the PRA must consult the FCA before determining its opinion. ]
- (4) In this Act the expression “non-qualifying member”, in relation to an amalgamated credit union or a credit union which has accepted a transfer of engagements, includes a person who [F144 does not fall within a common bond and as a result does not qualify for admission to membership] of that credit union but became a member of it by virtue of the amalgamation or transfer of engagements, having been immediately before the amalgamation or transfer a non-qualifying member of one of the amalgamating credit unions or, as the case may be, the credit union from which the transfer of engagements was made.

**Textual Amendments**

- F135** Words in s. 21(1) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 11\(2\)](#) (with Sch. 5)
- F136** Words in s. 21(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 6 para. 14\(2\)](#) (with Sch. 12)
- F137** Words in s. 21(3) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 11\(3\)\(a\)](#) (with Sch. 5)
- F138** Word in s. 21(3) substituted (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1), [Sch. 3 Pt. IV para. 286](#) (with art. 13(3)); S.I. 2001/3538, [art. 2\(1\)](#)
- F139** Words in s. 21(3)(a) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 11\(3\)\(b\)](#) (with Sch. 5)
- F140** Words in s. 21(3)(a) inserted (2.7.2002) by S.I. 2002/1501, [arts. 1\(1\), 2\(16\)](#)
- F141** S. 21(3)(b) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\), arts. 1\(1\)\(b\), 14\(3\)\(a\)](#) (with arts. 25, 26)

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*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

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- F142** S. 21(3A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 14(3)** (with Sch. 12)
- F143** Words in s. 21(3A)(a) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 11(4)** (with Sch. 5)
- F144** Words in s. 21(4) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **14(3)(b)** (with arts. 25, 26)

## 22 No conversion of credit union into company, etc.

[<sup>F145</sup> Sections 112 to 114 of the 2014 Act ] (conversion of registered society into company or amalgamation with, or transfer of engagements from registered society to, company) shall not apply to credit unions.

### Textual Amendments

- F145** Words in s. 22 substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 12** (with Sch. 5)

## 23 Conversion of company into credit union.

<sup>F146</sup>(1) .....

<sup>F147</sup>(2) .....

(3) A company shall not be registered as a credit union in accordance with [<sup>F148</sup> section 115 of the 2014 Act (conversion of company into a registered society) ] unless the [<sup>F149</sup>FCA] is satisfied—

(a) that either there are no outstanding deposits by members with the company or that, in the case of every such outstanding deposit, the member concerned has consented in writing to the deposit being converted into an equivalent amount of shares in the credit union immediately upon the company being registered as a credit union; [<sup>F150</sup>and]

(b) that in no case does the nominal value of the company's shares held by any member, together with the amount of any deposit of his which is to be converted as mentioned in paragraph (a) above, exceed the maximum shareholding for the time being permitted by section 5(3) above [<sup>F151</sup>any applicable rules <sup>F152</sup>...] in the case of a member of a credit union; <sup>F153</sup> . . .

<sup>F154</sup>(c) .....

[<sup>F155</sup>(4) In subsection (3), “applicable rules” are—

(a) if the credit union is a PRA -authorised person, rules made by the PRA or the FCA under the 2000 Act; and

(b) if the credit union is not a PRA -authorised person, rules made by the FCA under the 2000 Act. ]

[<sup>F156</sup>(5) Section 116 of the 2014 Act (member's shareholding in company exceeds maximum permitted amount) does not apply in relation to the conversion of a company into a credit union.]

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

### Textual Amendments

- F146** S. 23(1) omitted (1.8.2014) by virtue of [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, [Sch. 4 para. 13\(2\)](#) (with Sch. 5)
- F147** S. 23(2) omitted (1.8.2014) by virtue of [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, [Sch. 4 para. 13\(2\)](#) (with Sch. 5)
- F148** Words in s. 23(3) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, [Sch. 4 para. 13\(3\)](#) (with Sch. 5)
- F149** Word in s. 23(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013](#) (S.I. 2013/496), art. 1(1), [Sch. 6 para. 15\(2\)\(a\)](#) (with Sch. 12)
- F150** Word in s. 23(3)(a) inserted (2.7.2002) by S.I. 2002/1501, [arts. 1\(1\)](#), 2(17)(a)
- F151** Words in s. 23(3)(b) substituted (2.7.2002) by S.I. 2002/1501, [arts. 1\(1\)](#), 2(17)(b)
- F152** Words in s. 23(3)(b) omitted (1.4.2013) by virtue of [The Financial Services Act 2012 \(Mutual Societies\) Order 2013](#) (S.I. 2013/496), art. 1(1), [Sch. 6 para. 15\(2\)\(b\)](#) (with Sch. 12)
- F153** Word in s. 23(3)(b) omitted (2.7.2002) by virtue of S.I. 2002/1501, [arts. 1\(1\)](#), 2(17)(c)
- F154** S. 23(3)(c) omitted (2.7.2002) by virtue of S.I. 2002/1501, [arts. 1\(1\)](#), 2(17)(d)
- F155** S. 23(4) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013](#) (S.I. 2013/496), art. 1(1), [Sch. 6 para. 15\(3\)](#) (with Sch. 12)
- F156** S. 23(5) inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, [Sch. 4 para. 13\(4\)](#) (with Sch. 5)

### *General and miscellaneous*

#### [<sup>F157</sup>23A Power to make provision corresponding to provision applying to building societies

- (1) The Treasury may by regulations amend this Act so as to make provision for credit unions corresponding to any enactment applying to building societies.
- (2) The power conferred by subsection (1) may not be exercised so as to modify any of the following provisions of this Act—
  - (a) sections 1 and 2 (registration as a credit union);
  - (b) section 3 (use of name “credit union”);
  - (c) section 8 (general prohibition on deposit-taking), but without prejudice to the power to add exceptions to those in sections 9 and 10 and to modify those sections;
  - (d) section 21 (amalgamations and transfers of engagements);
  - (e) section 22 (no conversion of credit union into company, etc. );
  - (f) section 23 (conversion of company into credit union).
- (3) Regulations under subsection (1) may—
  - (a) confer power to make orders, regulations and other subordinate legislation;
  - (b) create criminal offences, but only—
    - (i) in circumstances corresponding to an offence under the enactments relating to building societies, and
    - (ii) subject to a maximum penalty no greater than is provided for in respect of the corresponding offence;
  - (c) provide for the charging of fees, but not any charge in the nature of taxation.

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(4) The Treasury may by regulations make such amendments of enactments as appear to them to be appropriate in consequence of any provision made under subsection (1).

This includes power to make consequential amendments of the provisions listed in subsection (2).

<sup>F158</sup>(5) .....

(6) Before making regulations under this section the Treasury must consult such persons as appear to them to be appropriate.

(7) No regulations under this section are to be made unless a draft has been laid before and approved by a resolution of each House of Parliament.]

**Textual Amendments**

**F157** S. 23A inserted (1.12.2013) by [Co-operative and Community Benefit Societies and Credit Unions Act 2010](#) (c. 7), **ss. 5(1), 8(2)** (with s. 4(6)); S.I. 2013/2936, art. 2

**F158** S. 23A(5) omitted (29.8.2023) by virtue of [Financial Services and Markets Act 2023](#) (c. 29), s. 86(3), **Sch. 14 para. 11**; S.I. 2023/779, reg. 4(eee)

<sup>F159</sup>**24 Modifications of requirements as to audit of accounts.**

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**Textual Amendments**

**F159** S. 24 omitted (8.1.2012) by virtue of [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **10(3)** (with arts. 25, 26)

**25** ..... <sup>F160</sup>

**Textual Amendments**

**F160** S. 25 repealed by [Income and Corporation Taxes Act 1988](#) (c. 1, SIF 63:1), s. 844(4), **Sch. 31**

**26 Prohibition on subsidiaries.**

A credit union shall not have any subsidiary within the meaning of [<sup>F161</sup> Part 7 of the 2014 Act ].

**Textual Amendments**

**F161** Words in s. 26 substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, **Sch. 4 para. 14** (with Sch. 5)

<sup>F162</sup>**27** .....



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#### Textual Amendments

**F162** S. 27 omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(19)**

### 28 Provisions as to offences.

[<sup>F163</sup>(1) In Part 10 of the 2014 Act (offences) as it applies to credit unions, references to that Act include this Act.]

[<sup>F164</sup>(2) .....

- (3) Without prejudice to the operation of subsection (1) above in relation to offences under [<sup>F165</sup> the 2014 Act ] committed by or in relation to a credit union, [<sup>F166</sup> section 132(4) of that Act ] (extension of time limit for summary prosecutions in certain cases) shall not apply to proceedings for an offence under this Act.
- (4) Where under [<sup>F167</sup> section 128 of the 2014 Act ] (offences by registered societies to be also offences by officers, etc.) as it applies by virtue of subsection (1) above an individual is convicted on indictment of an offence under this Act, he shall be liable not only to a fine but, in the alternative or in addition, to imprisonment for a term not exceeding two years.
- (5) Where an offence under this Act which has been committed by a body corporate other than a registered society is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or similar officer of the body corporate, or any person who was purporting to act in any such capacity, he as well as the body corporate shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly.
- (6) In any proceedings for an offence under this Act it shall be a defence for the person charged to prove that he took all reasonable precautions and exercised all due diligence to avoid the commission of such an offence by himself or any person under his control.

#### Textual Amendments

**F163** S. 28(1) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 15(2)** (with Sch. 5)

**F164** S. 28(2) repealed (2.7.2002) by 2000 c. 8, ss. 338(4), 432(3), Sch. 18 Pt. V para. 25, **Sch. 22**; S.I. 2001/3538, **art. 2(5)**

**F165** Words in s. 28(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 15(3)(a)** (with Sch. 5)

**F166** Words in s. 28(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 15(3)(b)** (with Sch. 5)

**F167** Words in s. 28(4) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 15(4)** (with Sch. 5)

### [<sup>F168</sup>29 Orders and regulations.

- (1) Any power to make an order or regulations conferred on the Treasury by any provision of this Act shall be exercisable by statutory instrument.

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- (2) <sup>F169</sup> Except as provided by <sup>F170</sup>sections 1ZB(5) and] 23A(7),<sup>F171</sup>and<sup>F172</sup>subject to subsection (3),] a statutory instrument made under this Act shall be subject to annulment in pursuance of a resolution of either House of Parliament.]
- <sup>F173</sup>(3) A statutory instrument containing an order under section 5A or section 11(1A) of this Act may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.]

**Textual Amendments**

**F168** S. 29 substituted (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1), **Sch. 3 Pt. IV para. 287** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**

**F169** Words in s. 29(2) inserted (1.12.2013) by Co-operative and Community Benefit Societies and Credit Unions Act 2010 (c. 7), **ss. 5(2), 8(2)** (with s. 4(6)); S.I. 2013/2936, art. 2

**F170** Words in s. 29(2) substituted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 12**; S.I. 2023/779, reg. 4(eee)

**F171** Word in s. 29(2) inserted (1.12.2013 being the date that 2010 c. 7, s. 5(2) comes into force, see S.I. 2013/2936 art. 2) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(a), **15(4)(a)** (with arts. 25, 26)

**F172** Words in s. 29(2) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **15(4)(b)** (with arts. 25, 26)

**F173** S. 29(3) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **15(4)(c)** (with arts. 25, 26)

<sup>F174</sup>30 .....

**Textual Amendments**

**F174** S. 30 repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1)(2), **Sch. 3 Pt. IV para. 288, Sch. 4** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**

**31 Interpretation, etc.**

- (1) In this Act—
  - <sup>F175</sup> “ the 2014 Act ” means the Co-operative and Community Benefit Societies Act 2014;]
  - <sup>F176</sup> . . .
  - <sup>F177</sup> “body corporate” includes a partnership regarded as a legal person under the law of the country or territory in which it was established;]
  - “charitable”, in the application of this Act to Scotland, shall be construed in the same way as in the Income Tax Acts;
  - <sup>F178</sup> “ civil partner ” includes former civil partner <sup>F179</sup> and reputed civil partner ];
  - <sup>F180</sup> “conditional sale agreement” means an agreement for the sale of goods under which—
    - (a) the purchase price or part of it is payable by instalments, and
    - (b) the property in the goods is to remain with the seller (notwithstanding that the buyer is to be in possession of the goods) until such conditions

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as to the payment of instalments or otherwise as may be specified in the agreement are fulfilled;]

[<sup>F181</sup>“corporate member”, in relation to a credit union, has the meaning assigned to it by section 5A above;]

“credit union”, except in the expression “Northern Ireland credit union”, means a society registered under [<sup>F182</sup> the 2014 Act ] by virtue of section 1 above;

[<sup>F180</sup>“enactment” includes—

- (a) an enactment contained in subordinate legislation within the meaning of the Interpretation Act 1978;
- (b) an enactment contained in, or in an instrument made under, an Act of the Scottish Parliament;
- (c) an enactment contained in, or in an instrument made under, Northern Ireland legislation within the meaning of the Interpretation Act 1978;
- (d) an enactment contained in, or in an instrument made under, a Measure or Act of the National Assembly for Wales;]

[<sup>F180</sup>“hire purchase agreement” means an agreement—

- (a) which is not a conditional sale agreement,
- (b) under which goods are bailed or (in Scotland) hired to a person (“P”) in return for periodical payments by P, and
- (c) the property in the goods will pass to P if the terms of the agreement are complied with and one or more of the following occurs—
  - (i) the exercise by P of an option to purchase the goods;
  - (ii) the doing by any party to the agreement of any other act specified in the agreement;
  - (iii) the happening of any event specified in the agreement;]

[<sup>F183</sup>“interest-bearing share” has the meaning assigned to it by section 7A(6) above;]

“the 1965 Act” means the Industrial and Provident Societies Act 1965;

“non-qualifying member”, in relation to a credit union, has the meaning assigned to it by sections 5(5) and 21(4) above;

<sup>F184</sup>  
...

[<sup>F185</sup>“partnership” means a partnership not regarded as a legal person under the law of the country or territory in which it was established;]

“relative”, in relation to any person, means any of the following—

- (a) his spouse [<sup>F186</sup> or civil partner ];
- (b) any lineal ancestor, lineal descendant, brother, sister, aunt, uncle, nephew, niece or first cousin of his or his spouse [<sup>F186</sup> or civil partner]; and
- (c) the spouse [<sup>F186</sup> or civil partner ] of any relative within paragraph (b) above;

and for the purpose of deducing any such relationship an illegitimate child or step-child shall be treated as [<sup>F187</sup> the legitimate child of the relationship in question ];

“spouse” includes former spouse and reputed spouse; and

<sup>F188</sup>  
...

[<sup>F189</sup>(1A) In this Act, references to a deposit or accepting deposits must be read with—

- (a) section 22 of the 2000 Act;

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- (b) any relevant order under that section; and
- (c) Schedule 2 to that Act.]

[<sup>F190</sup>(1B) In this Act, “insurance distribution activity” means any of the following activities—

- (a) dealing in rights under a contract of insurance as agent;
- (b) arranging deals in rights under a contract of insurance;
- (c) assisting in the administration and performance of a contract of insurance;
- (d) advising on buying or selling rights under a contract of insurance;
- (e) agreeing to do any of the activities specified in paragraphs (a) to (d).

(1C) Subsection (1B) must be read with—

- (a) section 22 of the 2000 Act;
- (b) any relevant order under that section; and
- (c) Schedule 2 to that Act.]

(2) [<sup>F191</sup> Sections 141, 143 to 146, 148 and 149 of the 2014 Act] (supplementary provisions as to recovery of costs, fees, regulations, documents <sup>F192</sup> . . . and general interpretation provisions) shall apply for the purposes of this Act as they apply for the purposes of that Act.

(3) In its application to credit unions [<sup>F193</sup> the 2014 Act ] shall have effect subject to the provisions of this Act and with the omission of the following provisions (which are replaced by, or are inconsistent with, provisions of this Act), that is to say [<sup>F194</sup> sections 22, 24, 26, 27, 32, 33 and 34 and paragraph 6 of Schedule 3.]

[<sup>F195</sup>(4) [<sup>F196</sup> The following provisions of the 2014 Act ]<sup>F197</sup>... do not apply to credit unions][<sup>F198</sup>—

- (a) section 67(1) (society with withdrawable share capital not to carry on the business of banking);
- <sup>F199</sup>(b) . . . . .
- (c) section 81 (duty to display latest balance sheet);
- <sup>F200</sup>(d) . . . . .
- (e) section 90 (duty to provide copy of annual return).]

### Textual Amendments

- F175** Words in s. 31(1) inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, **Sch. 4 para. 16(2)(a)** (with Sch. 5)
- F176** Definition of “authorised bank” in s. 31(1) omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), **arts. 1(1), 2(20)(a)(i)**
- F177** Words in s. 31(1) inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **15(5)(a)** (with arts. 25, 26)
- F178** Words in s. 31(1) inserted (5.12.2005) by [Civil Partnership Act 2004](#) (c. 33), s. 263(10)(b), **Sch. 27 para. 61(2)**; [S.I. 2005/3175](#), art. 2(2)
- F179** Words in s. 31(1) inserted (5.12.2005) by [Civil Partnership Act 2004 \(Overseas Relationships and Consequential, etc. Amendments\) Order 2005](#) (S.I. 2005/3129), art. 1, **Sch. 4 para. 4**
- F180** Words in s. 31(1) inserted (29.8.2023) by [Financial Services and Markets Act 2023](#) (c. 29), s. 86(3), **Sch. 14 para. 13(2)**; [S.I. 2023/779](#), reg. 4(eee)
- F181** Words in s. 31(1) inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011](#) (S.I. 2011/2687), arts. 1(1)(b), **15(5)(b)** (with arts. 25, 26)
- F182** Words in s. 31(1) inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014](#) (c. 14), s. 154, **Sch. 4 para. 16(2)(b)** (with Sch. 5)

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- F183** Words in s. 31(1) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **19(2)** (with arts. 25, 26)
- F184** Words in s. 31(1) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 16** (with Sch. 12)
- F185** Words in s. 31(1) inserted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **15(5)(c)** (with arts. 25, 26)
- F186** Words in s. 31(1) inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), s. 263(10)(b), **Sch. 27 para. 61(3)(a)**; S.I. 2005/3175, art. 2(2)
- F187** Words in s. 31(1) substituted (5.12.2005) by Civil Partnership Act 2004 (c. 33), s. 263(10)(b), **Sch. 27 para. 61(3)(b)**; S.I. 2005/3175, art. 2(2)
- F188** Definition of “statutory maximum” in s. 31(1) repealed (5.11.1993) by 1993 c. 50, s. 1(1), **Sch. 1 Pt. XIV**.
- F189** S. 31(1A) substituted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(20)(b)**
- F190** S. 31(1B)(1C) inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 13(3)**; S.I. 2023/779, reg. 4(eee)
- F191** Words in s. 31(2) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 16(3)** (with Sch. 5)
- F192** Words in s. 31(2) repealed (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1)(2), Sch. 3 Pt. IV para. 289(b), **Sch. 4** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**
- F193** Words in s. 31(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 16(4)(a)** (with Sch. 5)
- F194** Words in s. 31(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 16(4)(b)** (with Sch. 5)
- F195** S. 31(4) inserted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(20)(c)**
- F196** Words in s. 31(4) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 16(5)(a)** (with Sch. 5)
- F197** Words in s. 31(4) omitted (29.8.2023) by virtue of Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 13(4)(a)**; S.I. 2023/779, reg. 4(eee)
- F198** S. 31(4)(a)-(e) inserted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 16(5)(b)** (with Sch. 5)
- F199** S. 31(4)(b) omitted (29.8.2023) by virtue of Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 13(4)(b)** (with Sch. 14 para. 16); S.I. 2023/779, reg. 4(eee)
- F200** S. 31(4)(d) omitted (29.8.2023) by virtue of Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 13(4)(c)**; S.I. 2023/779, reg. 4(eee)

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

- C5** S. 31(1) extended (1.1.1993) by S.I. 1992/3218, reg. 82(1), **Sch. 10 Pt. 1 para. 9**

- [<sup>F201</sup>**31(A).**] In this Act, references to deferred shares are to a class of shares where—
- (a) the rights and obligations of the credit union and the member in respect of those shares are set out in a single document, or in a series of documents (“the issue documents”);
  - (b) each of the issue documents is provided to every applicant for the shares;
  - (c) one of the issue documents contains a prominent statement to the effect that the shares are deferred shares for the purposes of this Act;
  - (d) each of the issue documents contains a prominent statement stating whether the shares are, or are not, an investment covered by the Financial Services Compensation Scheme (see section 213 of the Financial Services and Markets Act 2000);
  - (e) any document evidencing title to the shares contains the statements required by paragraphs (c) and (d) above;

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- (f) one of the issue documents contains a term which prohibits the repayment of any principal to the shareholder except in Case A or Case B.
- (2) Case A is the winding up or dissolution of the credit union in circumstances where all sums due from the credit union to creditors claiming in the winding up or dissolution are paid in full.
- (3) Case B is where—
- (a) the credit union applies to the [<sup>F202</sup>appropriate authority] for consent to repay principal to the shareholder,
  - (b) the credit union so applies otherwise than in consequence of a provision in any of the issue documents which requires it to apply, grants it any benefit for applying or imposes a sanction against failure to apply, and
  - (c) the [<sup>F202</sup>appropriate authority] grants consent.
- (4) “Creditors” in subsection (2) above includes members holding shares, other than deferred shares, in the credit union, as regards the principal of those shares and any interest or dividend due on them.
- (5) On any modification of the definition of “deferred shares” in the Building Societies Act 1986 or an instrument made under that Act, the Treasury may, by order, modify the meaning of deferred shares in this section so as to assimilate it to the modified definition.]

#### Textual Amendments

**F201** S. 31A inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **17(4)** (with arts. 25, 26)

**F202** Words in s. 31A(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\)](#), art. 1(1), **Sch. 6 para. 17** (with Sch. 12)

## 32 Northern Ireland.

- (1) The Treasury may make reciprocal arrangements with the Department of Commerce for Northern Ireland or such other authority as may be specified for the purposes of this subsection by any Measure of the Northern Ireland Assembly with a view to securing that, on or after the commencement of this Act,—
- (a) the law applicable in England and [<sup>F203</sup>Wales, or (as the case may be) Scotland, to [<sup>F204</sup>societies registered as credit unions under the 2014 Act]] may be applied, in such cases and subject to such modifications as may be provided in the arrangements, to Northern Ireland credit unions; and
  - (b) the law applicable in Northern Ireland to Northern Ireland credit unions may be applied, in such cases and subject to such modifications as may be provided in the arrangements, to [<sup>F205</sup>societies registered as credit unions under the 2014 Act] ;
- and [<sup>F206</sup>section 142 of the 2014 Act ] (which enables societies registered in Northern Ireland to be treated for certain purposes as if they were registered under that Act) shall not apply to Northern Ireland credit unions.
- (2) The Treasury may by regulations <sup>F207</sup>. . . make provision for giving effect to any arrangements made under subsection (1) above, and such regulations may in particular—

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- (a) confer rights and obligations (appropriate to credit unions) under this Act and [<sup>F208</sup> the 2014 Act ] on Northern Ireland credit unions in such circumstances as may be specified in the regulations;
  - (b) confer functions on [<sup>F209</sup> each of the FCA and the PRA] in relation to Northern Ireland credit unions; and
  - (c) make such modifications of this Act, [<sup>F208</sup> the 2014 Act ] and the <sup>M1</sup> Government of Ireland (Companies, Societies, etc.) Order 1922 as appear to the Treasury to be expedient to give effect to the arrangements.
- (3) In this section “Northern Ireland credit union” means a society registered as a credit union under the law of Northern Ireland.
- (4) An Order in Council made under paragraph 1(1)(b) of Schedule 1 to the <sup>M2</sup>Northern Ireland Act 1974 which contains a statement that its purposes correspond to those of this Act shall be subject to annulment in pursuance of a resolution of either House of Parliament instead of the Order, or a draft of the Order, being subject to the procedure set out in paragraph 1(4) or (5) of that Schedule.

#### Textual Amendments

- F203** Words in s. 32(1)(a) substituted (1.12.2001) by S.I. 2001/2617, arts. 2(b), 13(1), **Sch. 3 Pt. IV para. 290(a)** (with art. 13(3)); S.I. 2001/3538, **art. 2(1)**
- F204** Words in s. 32(1)(a) substituted (6.4.2018 immediately after 2016 c. 16 (N.I.), s. 8(2) comes into force) by **The Financial Services Act 2012 (Mutual Societies) Order 2018 (S.I. 2018/323)**, art. 1, **Sch. 4 para. 1** (with art. 3)
- F205** Words in s. 32(1)(b) substituted (6.4.2018 immediately after 2016 c. 16 (N.I.), s. 8(2) comes into force) by **The Financial Services Act 2012 (Mutual Societies) Order 2018 (S.I. 2018/323)**, art. 1, **Sch. 4 para. 1** (with art. 3)
- F206** Words in s. 32(1) substituted (1.8.2014) by **Co-operative and Community Benefit Societies Act 2014 (c. 14)**, s. 154, **Sch. 4 para. 17(2)** (with Sch. 5)
- F207** Words in s. 32(2) omitted (3.7.2002) by virtue of S.I. 2002/1555, **arts. 1, 7(4)**
- F208** Words in s. 32(2) substituted (1.8.2014) by **Co-operative and Community Benefit Societies Act 2014 (c. 14)**, s. 154, **Sch. 4 para. 17(3)** (with Sch. 5)
- F209** Words in s. 32(2) substituted (1.4.2013) by **The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496)**, art. 1(1), **Sch. 6 para. 18(3)** (with Sch. 12)

#### Marginal Citations

- M1** S.R. & O. 1922 No. 184
- M2** 1974 c. 28.

### 33 Short title, commencement and extent.

- (1) This Act may be cited as the Credit Unions Act 1979.
- (2) This section and section 32 above shall come into operation on the passing of this Act and the other provisions of this Act shall come into operation on such day as the Treasury may appoint by order made by statutory instrument; and different days may be so appointed for different provisions.
- (3) Any reference in this Act to the commencement of any provision of this Act shall be construed as a reference to the day appointed under this section for the coming into operation of that provision.



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- (4) With the exception of <sup>F210</sup> section 23A so far as it confers power to make consequential amendments of enactments extending to Northern Ireland, ] section 25 and section 32(4) above, this Act does not extend to Northern Ireland.

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**Textual Amendments**

**F210** Words in s. 33(4) inserted (1.12.2013) by [Co-operative and Community Benefit Societies and Credit Unions Act 2010 \(c. 7\), ss. 5\(3\), 8\(2\)](#) (with s. 4(6)); S.I. 2013/2936, art. 2

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

**C6** Power of appointment conferred by s. 33(2) partly exercised: [S.I. 1979/936](#) and 1980/481

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 1

Section 4(1).

#### MATTERS TO BE PROVIDED FOR IN RULES OF CREDIT UNION

- 1 The name of the society, which shall comply with section 3(1) above and with [<sup>F211</sup>section 10(1) and (2) of the 2014 Act ] (name not to be undesirable and to end with the word “limited”).

**Textual Amendments**

**F211** Words in [Sch. 1 para. 1](#) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 18\(2\)](#) (with [Sch. 5](#))

- 2 The objects of the society.
- 3 The place which is to be the registered office of the society to which all communications and notices to the society may be addressed.
- [<sup>F2124</sup>The qualifications for admission to membership of the society, including one or more common bonds appropriate to a credit union.

**Textual Amendments**

**F212** [Sch. 1 paras. 4, 4A](#) substituted (8.1.2012) for [Sch.1 para. 4](#) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\), arts. 1\(1\)\(b\), 14\(4\)](#) (with [arts. 25, 26](#))

- 4A. The terms of admission to membership of the society, including any special provision for the insurance of members in relation to their shares.]

**Textual Amendments**

**F212** [Sch. 1 paras. 4, 4A](#) substituted (8.1.2012) for [Sch.1 para. 4](#) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\), arts. 1\(1\)\(b\), 14\(4\)](#) (with [arts. 25, 26](#))

- 5 The mode of holding meetings, including provision as to the quorum necessary for the transaction of any description of business, and the mode of making, altering or rescinding rules.
- 6 The appointment and removal of a committee, by whatever name, and of managers or other officers and their respective powers and remuneration.
- 7 Determination ([<sup>F213</sup>subject to any applicable rules made by the [<sup>F214</sup>FCA or the PRA] under the 2000 Act]) of the maximum amount of the interest in the shares of the society which may be held by any member.

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

#### Textual Amendments

- F213** Words in Sch. 1 para. 7 substituted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(21)(a)**  
**F214** Words in Sch. 1 para. 7 substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 19** (with Sch. 12)

- 8 Provision for the mode of withdrawal of shares and for payment of the balance due thereon on withdrawing from the society.
- 9 The mode and circumstances in which loans to members [<sup>F215</sup>or other credit unions] are to be made and repaid, including any special provision for the insurance of members [<sup>F215</sup>or other credit unions] in relation to loans made to them.

#### Textual Amendments

- F215** Words in Sch. 1 para. 9 inserted (29.8.2023) by Financial Services and Markets Act 2023 (c. 29), s. 86(3), **Sch. 14 para. 14** (with Sch. 14 para. 15); S.I. 2023/779, reg. 4(eee)

- 10 Provision for the custody and use of the society's seal.
- [<sup>F216</sup>11 Provision for the audit of accounts in accordance with Part 7 of the 2014 Act.]

#### Textual Amendments

- F216** Sch. 1 para. 11 substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 18(3)** (with Sch. 5)

- 12 Provision for the withdrawal of members from the society and for the claims of the representatives of deceased members or the trustees of the property of bankrupt members, or, in Scotland, members whose estate has been sequestrated, and for the payment of nominees.
- [<sup>F217</sup>13 Provision for—
- (a) terminating the membership of corporate members in order to comply with the limit on the number of corporate members (see section 5A above); and
  - (b) the repayment of the shares held by a corporate member in any case where—
    - (i) the membership is terminated to comply with the limit on the number of corporate members, or
    - (ii) the shares must be repaid in order to comply with the limit on shares allotted to corporate members (see section 5A above).]

#### Textual Amendments

- F217** Sch. 1 para. 13 substituted (8.1.2012) by The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 (S.I. 2011/2687), arts. 1(1)(b), **15(6)** (with arts. 25, 26)

- [<sup>F218</sup>13A. If the issue of interest-bearing shares is permitted, provision for converting such shares into shares which are not interest-bearing to comply with subsection (3) of section 7A above.]

*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

**Textual Amendments**

**F218** Sch. 1 para. 13A inserted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\)](#), arts. 1(1)(b), **19(3)** (with arts. 25, 26)

- 14 Provision for the dissolution of the society, including provision requiring any assets remaining after the payment of debts, repayment of share capital and discharge of other liabilities—
- (a) to be transferred to another credit union; or
  - (b) if not so transferred, to be applied for charitable purposes.

F219 SCHEDULE 2

Section 19.

**Textual Amendments**

**F219** Sch. 2 omitted (2.7.2002) by virtue of [S.I. 2002/1501](#), arts. **1(1)**, 2(22) (with art. 6(1))

SCHEDULE 3.

F230

**Textual Amendments**

**F230** Sch. 3 repealed by [Banking Act 1987 \(c. 22, SIF 10\)](#), s. 108(2), **Sch. 7 Pt. I**

*Powers of chief registrar*

- 1 (1) The chief registrar may, by order made with the consent of the Treasury, designate as an authorised bank for the purposes of this Act any body corporate or partnership carrying on the business of banking.
- (2) An order under sub-paragraph (1) above may be varied or revoked by a subsequent order made by the chief registrar with the consent of the Treasury.
- (3) Any order made under this paragraph shall be published in the Gazette.

*Duration of powers*

- 2 (1) When it appears to the Treasury that, the relevant provisions of the <sup>M3</sup>Banking Act 1979 having come into operation, there are in existence such number of recognised banks (within the meaning of that Act) as to render no longer necessary the powers conferred by paragraph 1 above, the Treasury shall by order made by statutory instrument provide that those powers may no longer be exercised.

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*Changes to legislation: There are currently no known outstanding effects for the Credit Unions Act 1979. (See end of Document for details)*

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- (2) An institution which, immediately before the date on which the Treasury order referred to in sub-paragraph (1) above comes into effect, was an authorised bank for the purposes of this Act solely by virtue of an order of the chief registrar under this Schedule shall cease to be an authorised bank for those purposes on that date.

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**Marginal Citations**

**M3** 1979 c. 37.

**Changes to legislation:**

There are currently no known outstanding effects for the Credit Unions Act 1979.