

# CONSUMER CREDIT ACT 2006

---

## EXPLANATORY NOTES

### SCHEDULES

#### *Schedule 1: The consumer credit appeals tribunal*

107. *Schedule 1* inserts a new Schedule A1 into the 1974 Act. The new Schedule A1 relates to the establishment and running of the Consumer Credit Appeals Tribunal established by section 55. *Part 2* empowers the Lord Chancellor to appoint the President, Deputy President, the panel of Chairmen and other members of the Tribunal, to determine the terms of their appointment, remuneration and allowances and to make provision for the appointment and remuneration of staff. *Part 3* makes provision about how the Tribunal is to be constituted for the purpose of hearing an appeal and makes provision for the appointment of experts. *Part 4* deals with the Tribunal's powers and procedures. *Paragraph 8* empowers the Lord Chancellor to direct the times and places at which the Tribunal may sit. *Paragraphs 9 to 11* make provision for the conduct of hearings, the rules of evidence and the rules of procedure to be employed by the Tribunal. *Paragraphs 12 to 16* make provision for the manner in which the Tribunal may dispose of appeals, make decisions and award costs and also for the enforcement of its costs orders.

#### *Schedule 2: The consumer credit jurisdiction*

108. *Schedule 2* sets out a new Part 3A to be inserted into Schedule 17 of FSMA and relates to the consumer credit jurisdiction of the Ombudsman. This requires FOS to make procedural rules for the operation of the consumer credit jurisdiction of the scheme. For example, it provides for rules to be made which allow an Ombudsman to dismiss a complaint without consideration of its merits, for example where he deems the complaint to be frivolous or vexatious, and for the early stages of the handling of a complaint, for example a conciliation stage, to be handled by a member of FOS's staff other than an Ombudsman.
109. The new Part 3A also sets out the procedural matters to be followed by the FOS for the making of rules in respect of the consumer credit jurisdiction. These include, for example, the means of recognising a verified version of the consumer credit rules and the obligation on FOS to consult before making any rules. The new Part 3A also deals with the fees payable to the Ombudsman and the way in which money awards made by the Ombudsman will be enforced.

#### *Schedule 3: Transitional provision and savings*

110. *Schedule 3* sets out a number of transitional provisions which will apply following the commencement of specified sections. Some of these provisions are set out below in more detail.
111. As at the date of the commencement of section 86F, any term in a regulated agreement existing at that date which enables the creditor or owner to impose compound interest on a default sum will have the effect that he will only be able to recover simple interest in that regard.

*These notes refer to the Consumer Credit Act 2006  
(c.14) which received Royal Assent on 30 March 2006*

112. Sections 140A to 140C will apply to all new agreements made after the commencement date and will apply to any agreements already made which continue in existence at a specified date after commencement. The period between the commencement date and the specified date is called the “transitional period.” Sections 137 to 140 of the 1974 Act will continue to apply to agreements that have been completed (e.g. no party has any further obligations under the agreement because no further sums are payable) before the end of the transitional period. The transitional period will allow creditors to ensure that any agreements that will continue beyond the end of the transitional period comply with the amended 1974 Act.