

*These notes refer to the Energy Act 2011 (c.16)  
which received Royal Assent on 18 October 2011*

# ENERGY ACT 2011

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 1: Energy Efficiency**

##### *Chapter 1: Green Deal*

#### **Modifying consumer credit legislation**

##### *Section 29: Early repayment of Green Deal finance*

99. The Consumer Credit Act 1974 already allows creditors to receive limited compensation in the event of a customer choosing to repay a credit agreement early. This section amends the Consumer Credit Act 1974 so that Green Deal Providers are able to receive compensation up to what is allowed under the Consumer Credit Directive. *Subsection (1)* of the new section 95B of that Act sets out the circumstances in which enhanced compensation is available. The rate of interest under the credit agreement must be fixed; the agreement must be a green deal plan which lasts for a specified duration; and the debtor must be discharging all or part of his indebtedness during the fixed rate period. *Subsection (2)* states that this compensation can only be claimed if the early repayment amount is not paid from the proceeds of a contract of payment protection insurance, and if the agreement satisfies other conditions that may be set out in regulations. *Subsection (3)* states that the amount claimed as compensation must be fair, objectively justified, and calculated in accordance with provision made in regulations. The amount claimed must also not exceed what the debtor would have paid in interest had the agreement not been repaid early. *Subsection (4)* allows the creditor to choose whether they wish to claim compensation from a customer under the existing Consumer Credit Act provisions in section 95A or under this new section 95B in circumstances where both provisions apply.
100. *Subsections (3) and (4)* of section 29 make consequential amendments to the Consumer Credit Act 1974.