

A

# B I L L

TO

Amend the Consumer Credit Act 1974 to give the Director General of Fair Trading a duty to establish a Code of Practice for traders who offer consumers the services of debt management and credit repair; and for connected purposes. A.D. 2001.

**B**E IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

5 1.—(1) The Consumer Credit Act 1974 is amended as follows.

(2) After section 156 (entry into agreements) there is inserted—

10 “Code of Practice for debt management and credit repair services. 156A.—(1) The Director shall prepare and publish a Code of Practice for traders who offer to consumers debt management and credit repair services and who charge for the provision of such services.

Code of Practice for debt management and credit repair services.

1974 c. 39.

(2) From time to time the Director may revise the Code of Practice, and shall then publish the Code of Practice as revised.

15 (3) In preparing or revising the Code of Practice the Director shall consult—

(a) traders in debt management and credit repair services; and

20 (b) persons or organisations appearing to the Director to be representative of consumers or potential consumers of such services.

(4) The Code of Practice shall make provision with respect to—

25 (a) the advertising and marketing of debt management and credit repair services;

(b) the publication by traders of the terms on which they offer such services;

- (c) the charges which may be made for such services;
- (d) standards of service which must be met by traders;
- (e) arrangements for the protection of customers' money;
- (f) arrangements to be made by traders for ensuring the competence of their staff; 5
- (g) procedures for the handling of complaints by consumers of such services; and
- (h) any other matter which the Director, having consulted consumers and other persons or organisations representative of people likely to be affected by the Code of Practice, considers desirable to protect consumer interests. 10

(5) Traders in debt management and credit repair services shall be under a duty to comply with the requirements of the Code of Practice issued under this section. 15

(6) In this section and section 156B, "debt management and credit repair services" means the services of—

- (a) debt counselling; or
- (b) credit repair, which shall comprise services which relate either to the information held by credit reference agencies, or to the creditworthiness of an individual as assessed by a lender in the light of credit reference agency data. 20

Enforcement.

156B.—(1) Where the Director has reason to believe that a trader in debt management and credit repair services is contravening, or is likely to contravene, any requirement of the Code of Practice issued under section 156A, he may make an order making such provision as he considers is necessary to secure compliance with that requirement. 25 30

(2) An order made by the Director under subsection (1) may include provision requiring a trader who is the subject of the order—

- (a) to do, or refrain from doing, such things as are specified in the order or are of a description so specified; and 35
- (b) in cases where a contravention has occurred—
  - (i) to make compensation payments to individual consumers;
  - (ii) to pay to the Director a monetary penalty, in respect of the contravention in question, of such amount as may be appropriate in all the circumstances of the case." 40

Expenses.

*2. There shall be paid out of money provided by Parliament any expenditure incurred by the Director General of Fair Trading in consequence of this Act. 45*

3. This Act may be cited as the Regulation of Debt Management and Credit Repair Services Act 2001. Short title.