

# The Credit Contracts and Consumer Finance Act



This fact sheet provides an overview of the Credit Contracts and Consumer Finance Act. It explains what the Act covers, who it applies to and the Commerce Commission's role.

The Credit Contracts and Consumer Finance Act (CCCF Act) helps protect consumers when they're borrowing money. It helps ensure consumers can make informed choices, know what they're agreeing to, and can keep track of their debts.

The CCCF Act covers a range of transactions where money is loaned for personal use, including consumer credit contracts, consumer leases and buy-back transactions.

A **consumer credit contract** is a contract where a borrower is given credit for personal use, such as through a mortgage, credit card, arranged overdraft, personal or cash loan, or pawnbroking pledge.

A **consumer lease** is a lease contract where someone is leasing goods for personal use and either has an option to purchase the leased goods, or the term of the lease is over one year.

A **buy-back transaction** is where a homeowner transfers their home (or an interest in their home) to a transferee, who typically pays their debts or gives them money. The former homeowner (the occupier), has the right to continue living in the home and to buy it back at some time in the future.

The CCCF Act covers all other credit transactions, including business transactions, by protecting borrowers from oppressive behaviour by lenders.

## Who does the CCCF Act apply to?

The CCCF Act applies to people or businesses who:

- provide credit
- lease out goods
- operate or promote buy-back schemes.

There are serious penalties for breaching the CCCF Act. Anyone involved in providing any kind of credit, leasing out goods or operating or promoting buy-back schemes should make sure they know what they need to do to comply with the law.

Likewise, consumers have rights under the CCCF Act they should be aware of. This includes people who:

- borrow money (debtors or borrowers)
- lease goods (lessees)
- transfer their property into a buy-back scheme (occupiers)
- agrees to pay back a borrower's debts if the borrower doesn't (guarantors).

In some cases, lenders have an obligation to make consumers aware of their rights, such as their right to cancel a contract. It is important consumers know their rights and how to enforce them.

### The CCCF Act basics

#### Lenders:

- must disclose key information about a contract and this must be clear and accurate
- can't impose oppressive requirements on borrowers
- can't enforce contracts in an oppressive way
- must disclose any fees and make sure they are reasonable.

#### Borrowers:

- can cancel their contract in the first few days after receiving disclosure
- have the right to repay what they owe on their contract early
- can ask lenders to change their contract if they are suffering unexpected hardship.

## What is the Commerce Commission's role?

The Commerce Commission is responsible for enforcing a number of competition and consumer laws including the CCCF Act, Fair Trading Act and Commerce Act. This basically means our role is to make sure lenders comply with these laws.

Anyone who believes a lender has breached the CCCF Act can contact us on 0800 94 3600 or visit our website [www.comcom.govt.nz](http://www.comcom.govt.nz)

While we don't act for individuals in any disputes with their lenders, we use the information we receive when deciding what to investigate and where to focus our attention.

When we receive a complaint, we look at it to see if we think the CCCF Act has been breached. We then decide what to do based on our enforcement criteria, which you can read at [www.comcom.govt.nz](http://www.comcom.govt.nz). Enforcement response options include sending a compliance advice or warning letter to the lender, entering into a settlement with them or taking them to court.

Because we don't investigate every complaint, and we aren't a dispute resolution service, it is important that borrowers also take their own action to address any concerns they have about a lender's behaviour. You can read more about taking your own action in our fact sheet *What happens if a lender breaches the CCCF Act?* at [www.comcom.govt.nz](http://www.comcom.govt.nz)

### Lenders and borrowers

The CCCF Act uses a number of different terms to describe lenders and borrowers, depending on the transaction:

- consumer credit contracts – creditors and debtors
- consumer leases – lessors and lessees
- buy-back transactions – transferees and occupiers.

In these fact sheets we use the terms **lender** and **borrower** to talk generally about credit transactions, but use the specific terms for consumer leases and buy-back transactions where it makes things clearer.



This fact sheet provides guidance only. It is not intended to be definitive and should not be used in place of legal advice. You are responsible for staying up to date with legislative changes.

You can subscribe for information updates at [www.comcom.govt.nz/subscribe](http://www.comcom.govt.nz/subscribe)

Contact us with information about possible breaches of the laws we enforce:

**Phone:** 0800 943 600 **Write:** Contact Centre, PO Box 2351, Wellington 6140 **Email:** [contact@comcom.govt.nz](mailto:contact@comcom.govt.nz)

