

2 December 2020

Bank of New Zealand  
Private Bag 39806  
Wellington Mail Centre  
Lower Hutt 5045

**Attention:** [REDACTED]

By email only: [REDACTED]

Dear [REDACTED]

**Credit Contracts and Consumer Finance Act 2003: Warning**

1. The Commerce Commission (Commission) has been investigating the Bank of New Zealand (BNZ) in relation to BNZ's self-report to the Commission of fifteen potential breaches of disclosure obligations under the Credit Contracts and Consumer Finance Act 2003 (CCCF Act).
2. The matters reported to the Commission related to certain home loans, personal loans, credit cards and overdrafts entered into or varied between 6 June 2015 and 24 February 2017, relating to 14,932 discrepancies and affecting 11,956 customers.
3. We have now completed our investigation in relation to the matters reported to us and are writing to confirm to you our findings.
4. In summary, the Commission considers that BNZ is likely to have breached its obligations under CCCF Act as follows:
  - 4.1 Section 9C of the CCCF Act, by failing to exercise the care, diligence, and skill of a responsible lender:
    - 4.1.1 before entering into an agreement to provide credit; or
    - 4.1.2 in subsequent dealings with the borrower in relation to the agreement.
  - 4.2 Section 17 of the CCCF Act, by:
    - 4.2.1 failing to provide initial disclosure to borrowers before entering into the credit contract (and instead providing initial disclosure after the contract has started); and

4.2.2 failing to include some of the applicable key information listed in Schedule 1.

4.3 Section 22 of the CCCF Act, by:

4.3.1 (in certain situations) failing to provide variation disclosure to borrowers at all;

4.3.2 (where disclosure of the change was made, in certain situations) failing to provide variation disclosure before the change took effect; and

4.3.3 (where disclosure of the change was made, whether or not notice was given before the change took effect) failing to include all of the particulars of the change.

5. Having considered the factors set out in our Enforcement Response Guidelines<sup>1</sup> we have decided to conclude this investigation by issuing BNZ with a warning for the disclosure failures.

### **The Commission's role**

6. The Commission is responsible for enforcing and promoting compliance with a number of laws that promote competition in New Zealand, including the CCCF Act. The Act is designed to protect consumers when they are borrowing money and enable them to make informed choices about using credit.

### **Credit Contract and Consumer Finance Act 2003**

#### *Application of the CCCF Act*

7. The CCCF Act protects consumers when they borrow money or buy goods on credit. It sets out the rules that must be followed by creditors when they provide loans to consumers in New Zealand.

8. The loan agreements affected by the matters reported to us are consumer credit contracts under section 11 of the CCCF Act.

#### *Responsible lending*

9. Sections 9C(2)(a)(ii) and (iii) of the CCCF Act<sup>2</sup> require lenders to exercise the care, diligence and skill of a responsible lender before entering into an agreement and in all subsequent dealings with the borrower.

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<sup>1</sup> The Commerce Commission Enforcement Response Guidelines are available at [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0030/62589/Enforcement-Response-Guidelines-October-2013.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0030/62589/Enforcement-Response-Guidelines-October-2013.pdf)

<sup>2</sup> The full provisions are set out in Attachment A.

### *Initial disclosure*

10. Section 17 of the CCCF Act<sup>3</sup> requires the lender to disclose to the borrower all the information listed in Schedule 1 of the CCCF Act which applies to the contract before the contract is entered into.

### *Disclosure of changes following a variation of the contract*

11. Section 22 of the CCCF Act<sup>4</sup> requires the lender to ensure that the full particulars of the change are disclosed to borrowers before the change takes effect.
12. If the agreed change reduces the obligations that the debtor would otherwise have, section 22(4)(b) of the CCCF Act provides that the creditor may instead provide variation disclosure at the same time as they provide the next continuing disclosure statement after the change takes effect.
13. The Commission's view is that disclosure under section 22(4)(b) requires the change to be clearly outlined, including specifying the full particulars of the change independently from the content of the continuing disclosure statement, even where the two types of disclosure are made simultaneously. The Commission's view is that it is incorrect to interpret section 22(4)(b) to mean that variation disclosure can be made through delivery of the continuing disclosure statement<sup>5</sup> without any amendment to the continuing disclosure statement.

### **The investigation**

14. BNZ met with the Commission on 7 September 2018 to discuss a number of potential disclosure breaches relevant to a number of credit products. BNZ provided further detail by email on 3 October 2018.
15. BNZ has cooperated with the Commission throughout the investigation. BNZ complied with four voluntary requests for information from the Commission and met with the Commission twice.

### *Breaches investigated*

16. In summary, BNZ identified the following potential disclosure breaches and provided information and documents to the Commission which show:
  - 16.1 BNZ failed to provide initial disclosure to borrowers before they entered into the credit contract. Borrowers verbally accepted the conditions of a Personal Arranged Overdraft, but the initial disclosure was sent approximately a day after the contract was entered into (OP0060/OP0070/OP0080);

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<sup>3</sup> The full provisions are set out in Attachment A.

<sup>4</sup> The full provisions are set out in Attachment A.

<sup>5</sup> This includes the Home Loan Summary documents in their previous version which did not bring the change to the attention of the borrower.

- 16.2 BNZ provided initial disclosure that did not include some the relevant key information as listed in Schedule 1 of the CCCF Act:
- 16.2.1 for personal loans (OP0040); and
  - 16.2.2 for home loans and credit cards, where disclosure was sent prior to 6 June 2015, but the contract was entered after that date (HL0290/HL0300, and OP0030);
- 16.3 BNZ failed to provide any variation disclosure in accordance with section 22 of the CCCF Act, where a borrower changed repayment frequency and/or repayment dates (HLV0280);
- 16.4 BNZ failed to provide variation disclosure to borrowers under section 22 before the change takes effect in the following circumstances:
- 16.4.1 where a borrower reduced payments on a Tailored Home Loan, BNZ provided variation disclosure up to 7 months after the change took effect<sup>6</sup> (HLV0410);
  - 16.4.2 where a borrower fixed the interest rate on their Home Loan BNZ did not provide disclosure until 3 days after change took effect (HLV0160);
  - 16.4.3 where a borrower broke a fixed interest rate on their Home Loan and moved to a variable rate, or moved from one variable rate to another, BNZ did not provide disclosure until 3 days after change took effect (HLV0210); and
  - 16.4.4 where a Home Loan interest only period ends early, BNZ did not provide disclosure until 3 days after the change took effect (HLV0240).
- 16.5 BNZ failed to provide full particulars of the change as part of its variation disclosure under section 22 of the CCCF Act, where a borrower took a repayment holiday on a Home Loan, the new repayment amount and maturity date was not disclosed (HLV0340).
17. BNZ also notified the Commission of five other scenarios where it accepts that it had breached its responsible lending obligations under sections 9C(2)(b)(ii) and (iii) of the CCCF Act, as applicable. The Commission considers that these scenarios could be interpreted to be also likely breaching BNZ's initial or variation disclosure breaches<sup>7</sup>. These include:

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<sup>6</sup> The Commission does not accept BNZ's position that the continuing disclosure document provided for HLV0410 is effective corrective variation disclosure.

<sup>7</sup> BNZ disagrees with this interpretation of the facts.

- 17.1 where a borrower was provided disclosure that required them to draw down their loan in one lump sum payment, but the borrower requested to draw down the loan progressively (HL0320 Scenario 1);
- 17.2 where a borrower's initial disclosure stated that there would be a period of interest only payments, but interest and principal payments were deducted (HL0320 Scenario 2);
- 17.3 where a borrower received incomplete or inaccurate variation disclosure that referred to the wrong clauses and contained incorrect information (HLV0380);
- 17.4 where borrowers received variation disclosure which provided incomplete payment information<sup>8</sup> after the borrower fixed their variable interest rate mid-cycle (HLV0310, HLV0320); and
- 17.5 where borrowers did not receive variation disclosure after they negotiated a discount (or a change to a discount) on their interest rate (HLV0100).

*Identification of the disclosure errors*

- 18. We understand that the potential disclosure breaches were identified in part as a result of a post-implementation review undertaken in late 2015 in respect of the new obligations under the CCCF Act. At the time, BNZ established a programme of work to consider the disclosure issues it had identified and determine whether these were instances of non-compliant disclosure. BNZ has explained that the disclosure errors occurred because of legacy systems not equipped to meet all aspects of the prescriptive disclosure requirements across all credit products offered by BNZ.

*Steps BNZ has taken to address the disclosure errors*

- 19. BNZ has advised that in its view it has provided late variation disclosure, or corrective disclosure for all breaches listed above. In some situations, BNZ considers that corrective disclosure has been effectively delivered through delivery of an unamended regular continuing disclosure statements<sup>9</sup>.
- 20. BNZ has advised the Commission that it has a number of projects and programmes underway focused on ongoing measures for improving its delivery of disclosure statements, including a compliance uplift programme, a product simplification project, and a communications repository project.

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<sup>8</sup> The variation disclosure statement accurately stated the next payment due but did not include information about the amounts of payments due thereafter, where the amounts of those payments were different to the amount due at the next payment due date.

<sup>9</sup> Including monthly continuing disclosure statements and Home Loan Summary documents.

21. In about December 2018, BNZ refunded the costs of borrowing (interest and fees) for the period in which it considers that it was non-compliant<sup>10</sup> of \$3,847,133 to borrowers affected by the likely breaches referenced in paragraphs 16.1 to 16.5 above.
22. In September 2020, BNZ refunded \$350<sup>11</sup> to each borrower affected ,by a likely breach identified in paragraphs 17.1 to 17.5 to reflect that it fell short of its responsible lending obligations. This amounts to a total refund of \$1,088,194 includes 2,517<sup>12</sup> payments to 2,323 affected borrowers.

### **The Commission's view**

#### Responsible lending

23. The Commission's view is that BNZ's likely breached its obligations under section 9C(2)(b)(ii) and (iii) of the CCCF Act by failing to exercise the care, diligence and skill of a responsible lender in relation to borrowers affected by the scenarios listed in paragraphs 16.1 to 16.5.
24. We consider that it is likely breached its obligations because BNZ should have acted with more diligence, care and skill by providing borrowers with accurate and complete information about their agreements. The Commission considers that the scenarios also risk breaching BNZ's initial disclosure or variation disclosure obligations.

#### Initial Disclosure

##### *Failure to provide complete and timely initial disclosure to borrowers*

25. The Commission's view is that BNZ likely breached section 17 of the CCCF Act by failing to provide timely initial disclosure to borrowers in relation to overdrafts OP0060/OP0070/OP0080 entered into between 7 June 2015 to 31 October 2016.
26. Section 17 of the CCCF Act requires every lender to ensure that disclosure of as much of the key information set out in Schedule 1 as is applicable to the contract is made before the contract is entered into. Initial disclosure is important as helps borrowers understand what the loan will cost them and what their and the lender's obligations are under the loan.

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<sup>10</sup> BNZ has assessed the period of non-compliance as the date disclosure should have been sent and the date the borrower received what BNZ considers to be corrective disclosure.

<sup>11</sup> For HL0320 Scenario 2, BNZ has offered to refund \$350 plus use of money adjustment for the affected borrowers, which amounts to \$207,244 in total. These payments will be completed by 31 October 2020.

<sup>12</sup> Some borrowers were affected by more than one scenario and will be receiving more than one payment of \$350.

27. We consider that it is likely that BNZ has breached its obligations because BNZ sent initial disclosure one day after the contract was entered into. We consider this is a likely breach of section 17 of the CCCF Act.
28. The Commission also considers that BNZ likely breached section 17 of the CCCF Act in relation to its products HL0290/HL0300<sup>13</sup>, OP0030<sup>14</sup>, and OP0040<sup>15</sup>, HL0320 Scenario 1<sup>16</sup> and HL0320 Scenario 2<sup>17</sup> as borrowers of those products received initial disclosure that did not contain some of the relevant key information as set out in Schedule 1 of the CCCF Act.

#### Variation disclosure

29. The Commission is of the view that BNZ has likely breached section 22 of the CCCF Act as it failed to provide timely or complete variation disclosure in terms of the following:
  - 29.1 section 22(1) requires every lender to ensure that disclosure of the full particulars of the change is made to every borrower if the parties to the contract agree to a change in the contract.
  - 29.2 section 22(2) requires variation disclosure to be made before the change takes effect.

#### *Failure to provide accurate variation disclosure*

30. The Commission considers that BNZ likely breached section 22 of the CCCF Act as it sent variation disclosure that did not include the full particulars of the change. Specifically, where a borrower took a repayment holiday on a Home Loan, the new repayment amount and maturity date was not disclosed (HLV0340).
31. The Commission considers that BNZ also risks breaching section 22 of the CCCF Act where it sent inaccurate variation disclosure where a customer changed to a “Total Money Home Loan” product (HLV0380), where the disclosure referred to non-existing clauses, and included wrong information.
32. The Commission also considers that BNZ likely breached section 22 of the CCCF Act where borrowers made a change to their home loan product mid-cycle which

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<sup>13</sup> Received home loan documentation for contracts entered into prior to 6 June 2015, but entered into a home loan after 6 June 2015.

<sup>14</sup> Received a credit card prior to 6 June 2015, but activated it after 6 June 2015

<sup>15</sup> Received personal loan documentation which did not include all the key information listed in Schedule 1 of the CCCFA.

<sup>16</sup> Received initial disclosure which required borrowers to draw down a loan in one lump sum, when the borrower likely intended to draw it down progressively.

<sup>17</sup> Received initial disclosure that indicated there would be an interest only period, when BNZ deducted interest and principal payments.

resulted in variation disclosure being given including incorrect repayment amounts (HLV310, HLV0320).

*Failure to provide variation disclosure*

33. The Commission's position is that variation disclosure requires all information relevant to the agreed variation to the loan<sup>18</sup>. We consider that section 22 of the CCCF Act requires full particulars of the change to be disclosed, including disclosure of any consequential changes to the Schedule 1 information previously disclosed.
34. The Commission's position is that without any amendment, "Home Loan Summaries" and continuing disclosure statements do not include the full particulars of the change, nor do they bring the change to the borrower's attention. As such, it does not agree that the delivery of the Home Loan Summary constitutes effective variation or corrective variation disclosure.
35. The Commission considers that BNZ likely breached section 22 of the CCCF Act by not providing any variation disclosure to borrowers when the borrower changed the repayment frequency or repayment date on their home loan (HLV0280), and where a borrower negotiated a discount (or an increase to an existing discount) on their home loan interest rate (HLV0100).

*Providing late variation disclosure*

36. The Commission considers that BNZ likely breached section 22 of the CCCF Act by providing variation disclosure to borrowers after the change took effect in the following circumstances:
  - 36.1 where a borrower fixed their interest rate on a home loan (HLV0160);
  - 36.2 where a borrower broke a fixed interest rate and moved to a variable interest rate (HLV0210);
  - 36.3 where a borrower's Home Loan interest only period ended early (HLV0240); and
  - 36.4 where a borrower reduced their payments on a tailored home loan (HLV0410).
37. The Commission has reached this conclusion as in the scenarios listed in 36.1 to 36.3 the variation disclosure was sent three days after the change took effect and for the scenario listed in 36.4 variation disclosure was sent up to 7 months after the change took effect.

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<sup>18</sup> Please see the Commission's letter to NZBA dated 15 January 2019.



### **Warning**

38. The Commission has given careful consideration to the appropriate enforcement response. Having considered the particular circumstances, the Commission has decided to issue BNZ with a warning.
39. The Commission has taken the following factors into account:
  - 39.1 BNZ's decision to refund costs of borrowing<sup>19</sup> to borrowers affected by ten of the disclosure breaches;
  - 39.2 BNZ's offer to make a payment of \$350 to each of the borrowers that were likely affected by its responsible lending breaches;
  - 39.3 BNZ's pro-active conduct in self-reporting the issue and subsequent co-operation with the Commission's investigation; and
  - 39.4 BNZ's advised actions and process changes following discovery of the disclosure failures.
40. We will not be taking further action against BNZ at this time in relation to this conduct, but this does not prevent third parties from doing so. We will take this warning into account if BNZ was to engage in similar conduct in the future. We may also draw this warning to the attention of a court in any subsequent proceedings

### **This letter is published**

41. This letter is public information and will be published on our website. We may also make public comment about our investigations and conclusions, including issuing a media release or making comment to media.

### **Penalties for breaching the CCCF Act**

42. Only a court can decide if there has actually been a breach of the CCCF Act and a court can impose penalties where it finds the law has been broken.
43. If a court finds that a creditor has breached section 9C of the CCCF Act in relation to conduct that happened prior to December 2019, the court can make a declaration that a lender has breached its responsible lending obligations.
44. If a court finds that a creditor has breached section 17 or 22 of the CCCF Act by failing to correctly disclose required information, it may make orders, including orders for:
  - 44.1 statutory damages between \$200 and \$6000 per loan, as per section 89 of the CCCF Act;

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<sup>19</sup> Note that the Commission does not agree with BNZ's assessment of the non-compliance period in all situations due to corrective disclosure being made through continuing disclosure in some circumstances.

- 44.2 costs of borrowing as per section 99(1A) of the CCCF Act;
- 44.3 an infringement offence with a fine up to \$30,000 for a body corporate under section 102A of the CCCF Act; and
- 44.4 an offence liable for conviction with a fine up to \$600,000 for a body corporate as per section 103 of the CCCF Act.

**Further information**

- 45. We have published a series of fact sheets and other resources to help businesses comply with the CCCF Act and the other legislation we enforce. These are available on our website at [www.comcom.govt.nz](http://www.comcom.govt.nz).
- 46. Thank you for your assistance with this investigation. Please contact [REDACTED] on [REDACTED] or by email at [REDACTED] if you have any questions in relation to this letter.

Yours sincerely

[REDACTED]

Manager  
Competition and Consumer Branch  
Auckland

## **Appendix A – Relevant sections of the CCCF Act**

### ***Lender responsibility principles***

#### **9C Lender responsibility principles**

- (1) Every lender must comply with the lender responsibility principles.
- (2) The lender responsibility principles are that every lender must, at all times,—
  - (a) exercise the care, diligence, and skill of a responsible lender—
    - (i) in any advertisement for providing credit or finance under an agreement or for providing credit-related insurance under a relevant insurance contract; and
    - (ii) before entering into an agreement to provide credit or finance or a relevant insurance contract and before taking a relevant guarantee; and
    - (iii) in all subsequent dealings with a borrower in relation to an agreement or a relevant insurance contract or a guarantor in relation to a relevant guarantee; and
  - (b) comply with all the lender responsibilities specified in subsections (3), (4), and (5).
- (3) The lender responsibilities are that a lender must, in relation to an agreement with a borrower,—
  - (a) make reasonable inquiries, before entering into the agreement, so as to be satisfied that it is likely that—
    - (i) the credit or finance provided under the agreement will meet the borrower's requirements and objectives; and
    - (ii) the borrower will make the payments under the agreement without suffering substantial hardship; and
  - (b) assist the borrower to reach an informed decision as to whether or not to enter into the agreement and to be reasonably aware of the full implications of entering into the agreement, including by ensuring that—
    - (i) any advertising—
      - (A) complies with the advertising standards set out in the regulations; and
      - (B) is not, or is not likely to be, misleading, deceptive, or confusing to borrowers; and
    - (ii) the terms of the agreement are expressed in plain language in a clear, concise, and intelligible manner; and
    - (iii) any information provided by the lender to the borrower is not presented in a manner that is, or is likely to be, misleading, deceptive, or confusing; and
  - (c) assist the borrower to reach informed decisions in all subsequent dealings in relation to the agreement, including by ensuring that—
    - (i) any variation to the agreement is expressed in plain language in a clear, concise, and intelligible manner; and
    - (ii) any information provided by the lender to the borrower after the agreement has been entered into is not presented in a manner that is, or is likely to be, misleading, deceptive, or confusing; and
  - (d) treat the borrower and their property (or property in their possession) reasonably and in an ethical manner, including—

- (i) when breaches of the agreement have occurred or may occur or when other problems arise:
- (ii) when a debtor under a consumer credit contract suffers unforeseen hardship (see [section 55](#)):
- (iii) during a repossession process (including by taking all reasonable steps to ensure that goods and property are not damaged during the process, that repossessed goods are adequately stored and protected, and that the right to enter premises is not exercised in an unreasonable manner); and
- (e) ensure, in the case of an agreement to which [Part 5](#) applies, that—
  - (i) the agreement is not oppressive:
  - (ii) the lender does not exercise a right or power conferred by the agreement in an oppressive manner:
  - (iii) the lender does not induce the borrower to enter into the agreement by oppressive means; and
- (f) meet all the lender's legal obligations to the borrower, including under this Act, the [Fair Trading Act 1986](#), the [Consumer Guarantees Act 1993](#), the [Financial Service Providers \(Registration and Dispute Resolution\) Act 2008](#), and the [Financial Advisers Act 2008](#), which include—
  - (i) obligations in relation to disclosure, credit fees, unforeseen hardship applications, and credit repossession under this Act; and
  - (ii) prohibitions on false or misleading representations and unfair contract terms under the [Fair Trading Act 1986](#); and
  - (iii) the guarantee that the service of providing credit and any other services will be carried out with reasonable care and skill under the [Consumer Guarantees Act 1993](#).

### ***Initial disclosure***

#### **17 Initial disclosure**

- (1) Every creditor under a consumer credit contract must ensure that disclosure of as much of the key information set out in [Schedule 1](#) as is applicable to the contract is made to every debtor under the contract before the contract is entered into.
- (2) Every creditor under a consumer credit contract must ensure that a copy of all of the terms of the contract not disclosed under subsection (1) (other than terms implied by law) is given or sent to every debtor under the contract before the contract is entered into.
  - (a) *[Repealed]*
  - (b) *[Repealed]*
- (3) For the purposes of subsection (2), the copy of the terms of the contract must be given or sent in the same manner that disclosure is made under [section 35](#).

### ***Variation disclosure***

#### **22 Disclosure of agreed changes**

- (1) Every creditor under a consumer credit contract must ensure that disclosure of the following information is made to every debtor under the contract if the parties to the contract agree to change the contract:
  - (a) full particulars of the change:

- (b) any other information prescribed by regulations to be information that must be disclosed under this section.
- (2) Disclosure under this section must be made before the change takes effect.
- (3) Despite subsection (2), disclosure may, instead of being made in accordance with that subsection, be made in accordance with subsection (4), but only if the change is one that—
  - (a) reduces the obligations that the debtor would otherwise have, unless the obligations are reduced following an application under [section 55](#); or
  - (b) extends the time for payment of any payment to be made under the contract, unless the time for payment is extended following an application under [section 55](#); or
  - (c) releases the whole or any part of a security interest relating to the contract; or
  - (d) increases any credit limit under the consumer credit contract.
- (4) The disclosure referred to in subsection (3) may be made, at the creditor's discretion, either—
  - (a) within 5 working days of the day on which the change takes effect; or
  - (b) if the creditor is required to make continuing disclosure under [section 18](#), at the same time as the creditor provides the debtor with the next continuing disclosure statement (as required under that section) after the change takes effect.

### **Schedule 1 Key information concerning consumer credit contract**

[s 17](#)

The following information is the key information concerning a consumer credit contract as is applicable:

#### *Full name and address of creditor*

- (a) the full name and full address of the creditor:
- (aa) the trading name of the creditor (if different from its full name specified under paragraph (a)):

#### *Initial unpaid balance*

- (b) the unpaid balance as at the date that is specified in the disclosure statement as the effective date of the statement, accounting for every payment made by the debtor on or before that date:
- (c) the amount and a description of each advance, charge, or payment accounted for in the unpaid balance disclosed under paragraph (b):

#### *Subsequent advance*

- (d) the amount, a description, and timing of each advance to be made after the effective date of the disclosure statement, if ascertainable:

#### *Total advances*

- (e) the total of all advances made or to be made in connection with the contract, if ascertainable:

#### *Credit limit*

- (f) the credit limit:

*Annual interest rate*

(g) the annual interest rate or rates under the contract (with the rate or rates being expressed in terms of a percentage):

(h) if there is more than 1 rate, how each rate applies:

(i) if an annual interest rate is fixed for the term or any part of the term of the contract, the period during which the annual interest rate is fixed:

(j) if an annual interest rate is determined by referring to a base rate, particulars that describe how the annual interest rate is determined, including—

(i) the name of the base rate or a description of it; and

(ii) the margin or margins (if any) above or below the base rate to be applied to determine the annual interest rate; and

(iii) where and when the base rate is published or, if it is not published, how the debtor may ascertain the rate; and

(iv) the current annual interest rate or rates:

*Method of charging interest*

(k) the method of calculating interest charges payable under the contract and the frequency with which interest charges are debited under the contract:

*Total interest charges*

(l) the total amount of interest charges payable under the contract, if ascertainable (but only if the contract would, on the assumptions prescribed by regulations, be paid out within 7 years of the date on which credit is first provided under the contract):

*Interest free period*

(m) if the contract involves an interest free period, the following particulars:

(i) the length of the interest free period:

(ii) when interest will begin to accrue:

*Credit fees and charges*

(n) a description of the credit fees and charges (other than interest charges) that are, or may become, payable under the contract (unless the fee or charge is disclosed under paragraph (c)), including—

(i) when each fee or charge is payable, if ascertainable; and

(ii) the amount of each fee or charge if ascertainable, but, if not, the method of calculation of the fee or charge:

*Payments required*

(o) if more than 1 payment is to be made—

(i) the amount of the payments or the method of calculating the amount; and

(ii) if ascertainable, the number of the payments; and

- (iii) if ascertainable, the total amount of the payments (but only if the contract would, on the assumptions prescribed by regulations, be paid out within 7 years of the date on which credit is first provided under the contract); and
- (iv) when the first payment is due, if ascertainable, and the frequency of payments:

*Full prepayment*

- (p) how the reasonable estimate of the creditor's loss on full prepayment is calculated and whether a statutory procedure prescribed in regulations is used:

*Security interest*

- (q) a description of any security interest that is or may be taken in connection with the contract, including a clear explanation of—
  - (i) the nature of the security interest; and
  - (ii) the property that is, or is proposed to be, subject to the security interest; and
  - (iii) the extent to which the debtor's obligations to the creditor are secured by the security interest, including whether, if the creditor's rights under the security were to be exercised, the debtor would, or may, remain indebted to the creditor (if there is a shortfall in the proceeds of the sale of the property that is subject to the security interest); and
  - (iv) what the consequences would be if the debtor were to give a security interest over the property referred to in subparagraph (ii) to a person other than the creditor and, as a result, the debtor were to be in breach of the contract, including whether the property that would be subject to the security interest would be liable to repossession:

*Disabling devices*

- (qa) whether a disabling device is to be attached to consumer goods that are subject to a security interest referred to in paragraph (q) and, if so, a clear description of—
  - (i) how the device functions; and
  - (ii) when the device might be activated; and
  - (iii) how, if the consumer goods are required in an emergency situation, the debtor may obtain the use of the goods:

*Default interest charges and default fees*

- (r) particulars that describe any default interest charges and default fees that may be payable under the contract including how and when default interest charges and default fees would become payable:

*Debtor's right to cancel*

- (s) a statement of the debtor's cancellation rights under [section 27](#):

*Debtor's right to apply for relief on grounds of unforeseen hardship*

- (sa) a statement of the debtor's right under [section 55](#), and advice as to how an application under that section may be made:

*Continuing disclosure statements*

(t) the frequency with which continuing disclosure statements will be provided (assuming that [section 21](#) does not apply):

*Consent to electronic communications*

(u) if the creditor consents to receive notices or other communications from the debtor in electronic form, whether by means of an electronic communication or otherwise, a statement to that effect:

*Dispute resolution*

(ua) the name and contact details of the dispute resolution scheme of which the creditor is a member (unless the [Financial Service Providers \(Registration and Dispute Resolution\) Act 2008](#) does not require the creditor to be a member of such a scheme):

*Registration under Financial Service Providers (Registration and Dispute Resolution) Act 2008*

(ub) the creditor's registration number under the register of financial service providers:

(uc) the name under which the creditor is registered on that register:

*Other items*

(v) any other information or warnings prescribed by the regulations to be information that is key information concerning a credit contract.