

The Credit Contracts and Consumer Finance Act

# Continuing disclosure under a consumer credit contract



This fact sheet explains what disclosure lenders must provide throughout a consumer credit contract, and when and how they must provide it.

Any lender in a consumer credit contract must give the borrower key information about their account regularly during the contract, except in specific circumstances. This is known as continuing disclosure.

A lender must also provide continuing disclosure to anyone who has agreed to pay back the debt if the borrower does not (the guarantor).

Bank loan, hire purchase and credit card statements are examples of continuing disclosure.

## When does a lender have to provide continuing disclosure?

For a consumer credit contract, a lender must provide continuing disclosure at least every 6 months.

However, if the contract is a revolving consumer credit contract, where the borrower may draw down money on more than one occasion, a lender must provide continuing disclosure at least every 45 working days.

## Exceptions to the continuing disclosure requirements

There are three situations where a lender does not have to provide continuing disclosure. These are where the borrower or guarantor:

- knows the amount of each advance at the start of the contract and must make repayments according to a schedule that cannot be changed and is set out in the contract
- does not have to pay any interest charges or fees under the contract (for example, in a “free credit” deal)
- has agreed to access the information on a website, and this information is kept up to date by the lender.

## Disclosure under a consumer credit contract

A lender must provide disclosure:

- at the start of the contract (**initial** disclosure)
- to the borrower and to anyone who is guaranteeing the borrower’s obligations under a contract (**guarantee** disclosure).

A lender may also have to provide disclosure to the borrower and any guarantor:

- during the term of the contract (**continuing** disclosure)
- any time the contract is altered (**variation** disclosure)
- if the borrower (or guarantor) asks for it (**request** disclosure).



You can read more about the different types of disclosure at [www.comcom.govt.nz](http://www.comcom.govt.nz)

In addition, there are four situations where a lender does not have to provide continuing disclosure to a borrower or guarantor over a particular period. These are where the borrower or guarantor:

- cannot be found
- has not made any withdrawals from or payments to the account during the period covered by the disclosure statement and the unpaid balance is nil or has been written off
- has breached the contract and the lender has started taking action to recover the debt
- has been declared bankrupt or has died (although continuing disclosure statements will still have to be provided if the Official Assignee or the executor or trustee of the borrower’s estate requests them).

If the lender has not provided a disclosure statement during a particular period for one of these reasons, they must include all the information that would have been disclosed for that period in the next disclosure statement.

## What information does a lender have to provide for continuing disclosure?

If it is relevant, a lender must include the following information in each continuing disclosure statement:

- the period covered by the statement
- the opening and closing unpaid balances
- the date, amount and description of each advance provided to the borrower during the statement period
- the date and amount of each interest charge, fee or other charge during the statement period
- the date and amount of each payment made by the borrower during the statement period
- when the next payment is due
- how much the next payment will be
- the annual interest rate or rates applying during the statement period (expressed as a percentage).

## How does a lender make continuing disclosure?

A lender must provide continuing disclosure in writing, either in a single document or in a series of related documents. The information must be clear and concise so that a reasonable person will see it. The overall effect must not be misleading or deceptive.

A lender must provide continuing disclosure by either:

- giving a disclosure statement to the borrower or guarantor in person



- posting a disclosure statement to the borrower's or guarantor's last known address
- or
- emailing or faxing a disclosure statement to the borrower or guarantor (as long as they have agreed to this).

### Need to know more about disclosure?

We have a series of fact sheets on disclosure available at [www.comcom.govt.nz](http://www.comcom.govt.nz), including:

- Initial disclosure under a consumer credit contract
- Variation disclosure under a consumer credit contract
- Guarantee disclosure under a consumer credit contract
- Request disclosure under a consumer credit contract

### 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.

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