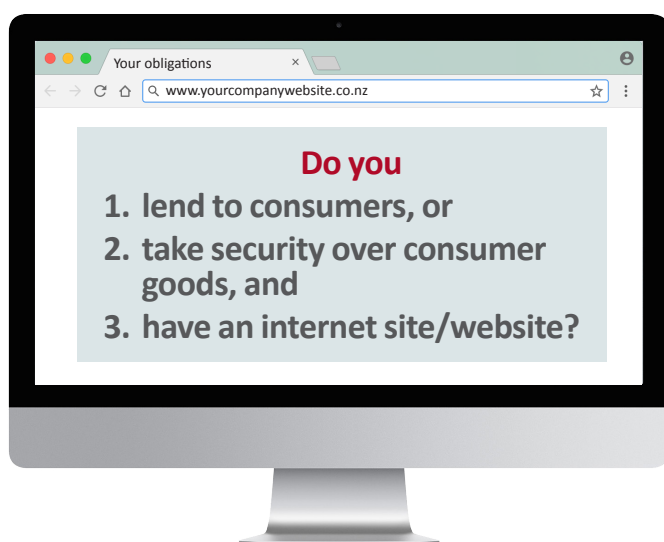


The Credit Contracts and Consumer Finance Act

Displaying terms and costs prominently and clearly



Lenders must prominently and clearly display standard form contract terms and costs of borrowing on their website. Every website will be different, and the law does not prescribe how you should meet the requirements for prominent and clear display. You must determine how best to meet the requirements in your circumstances.



If so you must prominently and clearly display a copy of your standard form contract terms and costs of borrowing on your website. Referred to in this fact sheet as 'terms and costs'.

This information is important as it helps borrowers understand the terms of the contract and the cost of borrowing so they can compare different credit products. Failing to comply with these requirements breaches the Credit Contracts and Consumer Finance Act 2003.



What information must I display?

If you use standard form contract terms for consumer credit contracts or credit contracts secured over consumer goods, these terms must be prominently and clearly displayed on your website.

You must also prominently and clearly display information about the costs of borrowing you charge on each class of consumer credit contracts or credit contracts secured over consumer goods.

If your website provides different viewing formats, such as for different types of mobile devices, you should make sure your terms and costs are displayed prominently and clearly in all viewing formats.

What are standard form contract terms?

Standard form contract terms are some usual or commonly used loan terms that lenders offer for a type of loan, rather than drafting entirely new terms for each loan.

If you offer loans on pre-prepared terms and do not draft entirely new terms for each loan, those terms are likely to be standard form contract terms subject to the display requirements.

- You might use a set of terms without amendment for every loan in a class of loans. A printed set of standard terms and conditions that are not open to negotiation will likely be standard form contract terms which must be published.

- You might use a set of standard terms as a starting point for negotiating loans with individual borrowers and some terms may be amended for each final loan agreement. The standard terms are likely to be standard form contract terms which must be published, even though some of the terms are amended to meet the needs for individual borrowers.
- You might have a set of terms that you always include in a loan agreement even when the majority of other terms in the loan agreement are negotiated and drafted to meet the needs of individual borrowers. The set of non-negotiable terms are likely to be standard form contract terms which must be published.

What matters is that you commonly use the terms, even if from time to time you agree to change the terms, or mix standard terms up with newly created terms.

You can find more information about what standard form contract terms are and your obligations in our [Publication of standard form contract terms and cost of borrowing](#) fact sheet.

What are 'costs of borrowing'?

Costs of borrowing include any:

- Credit fees
- Default fees
- Interest charges (including annual rates of interest and default interest).

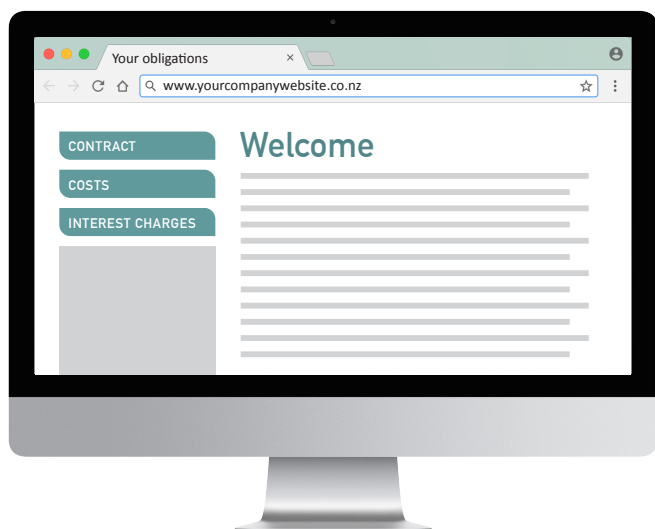


What does 'prominently and clearly' mean?

The law does not prescribe how you should display terms and costs to meet the requirements for prominent and clear display. This will vary from website to website. It may assist you to work through the questions below to assess for yourself whether you have displayed terms and costs prominently and clearly:

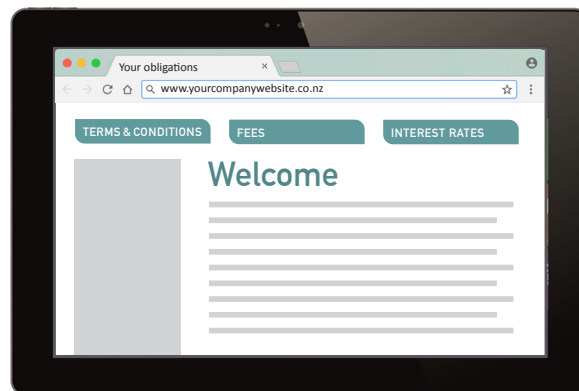
How easy is it to find the terms and costs on the home page or landing page?

Terms and costs should be easily identified from the home page, landing or product page. For example, by using well signposted links on the top third of the page. Borrowers should not have to click or scroll through several pages to find the terms and costs.



Are the headings on pages and links clear and easy to understand?

Headings and links to pages should be in plain language and words should accurately describe the terms and costs (eg, Terms and Conditions, Fees and Interest rates). Do not hide the terms and costs under FAQs or labels that may not be easily recognised or understood by borrowers, such as "regulatory" or "miscellaneous".



How easy is it to see and read the terms and costs?

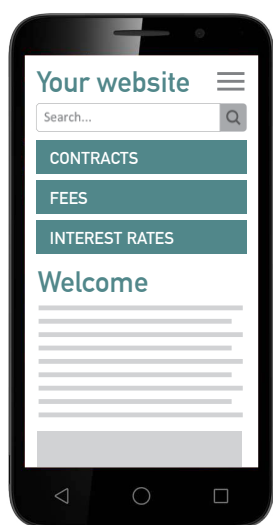
Terms and costs should be in a font size and colour that is easy to see and read. Do not put headings and links in very small font or in a colour that blends in to the background of the website. Make sure that surrounding features, such as pictures, pop-ups or other moving features, do not obscure or distract from the terms and costs. Consider whether more white space would make things easier to see and read.

Are the terms and costs in one place and in the right place?

Regulations state that costs of borrowing information relevant to each type of contract must be accessible from one place so that consumers can readily ascertain the total costs of borrowing. For example, do not put your interest rate on one page and your fees on another without prominent links between them.

If you have to display terms and costs for more than one type of contract:

- put the terms and costs for each type of contract all together on one page and describe what type of contract it relates to. For example, on your Terms and Conditions page you could provide links to “*Terms and Conditions for home loans*” and “*Terms and conditions for personal loans*”; or
- put the terms and costs on the product page (ie, put your personal loan standard terms and conditions on the webpage that relates to personal loans. Put your home loan terms and conditions on the webpage that relates to home loans); or
- put the terms and costs on both pages to make it even easier to find. Do keep both pages updated if you make changes. Clearly label the terms and costs with the loans to which they relate.



Where lending to consumers is not your primary business

If lending to consumers is not your primary business, for example a retail store that has a credit card, you still must display the terms and costs prominently and clearly. Consider having a specific page about credit or finance that is clearly labelled on your website’s main menu. This page should include the information about terms and costs, and you should assess for yourself whether you have fulfilled the requirement to display terms and costs clearly and prominently.

Where can I get more help?

Read about your obligations as a lender on our website at www.comcom.govt.nz.

Ultimately, compliance with consumer credit laws is your responsibility as a lender. You should get independent legal advice if you are not sure how to comply.

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

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

