



New Consumer Credit Act

Consumers will enjoy greater protection as a result of the new Consumer Credit Bill which has been given Royal Assent.

The Consumer Credit Act 2006 is the biggest overhaul of consumer credit legislation since 1974.

The Act introduces major changes to the licensing of consumer credit businesses and new powers to drive rogues out of the market.

Under the new Act consumers will be entitled to:

- take their complaints about lenders to the Financial Ombudsman Service
- challenge unfair credit agreements in court, and
- receive more information about the state of their account to help identify potential problems before it is too late.

Lenders will benefit from:

- a more flexible licensing system with licences targeted at their particular area of business
- a new indefinite licence removing the need for renewal, and
- a reformed appeals system, where lenders can challenge decisions of the Office of Fair Trading (OFT).

The OFT, which regulates the consumer credit industry, will also be given more effective powers to tackle issues with lenders quickly, and in proportion to the scale of the actual problem.

Former Trade and Industry Secretary, Alan Johnson said: "This is a long awaited and hugely important piece of legislation. We have worked hard with industry and consumer groups to get this right.

"The Act will extend protection for consumers, improve regulation of businesses and help encourage a diverse credit market fit for the twenty-first century."