

C: Know The Law - Buying On Credit

Buying goods on credit gives you some additional protection where the goods are faulty or where a service is unsatisfactory, providing they cost more than £100.00. This will apply even if it was only the deposit that was paid on credit.

Section 75 of the Consumer Credit Act 1974

makes the credit card company or finance company equally liable for any claim you may have against the seller arising where goods are faulty or have been misrepresented, or for poor workmanship and inadequate services, etc.



Section 56 of the Consumer Credit Act 1974

also makes the credit card company or the finance company liable for any representations made during negotiations between you and the supplier, that took place prior to the contract being made, which later turn out to be untrue.

Your Rights to Copies of Agreements

When you sign a credit agreement you should receive a copy of that agreement to take with you. You should also receive by post a second copy with the finance company's signature if the agreement was not signed on their behalf at the same time you signed. Once all parties have signed, the agreement is legally binding.

There are two circumstances where, after signing a credit agreement, you may be able to cancel, see the 'Know the Law – Cancellation Rights'.

Withholding Payments

Beware of stopping any payments due under a credit agreement. You will be breaking the terms of the agreement and may be sued for any arrears. This may make it difficult to obtain credit in the future. You should seek advice before stopping payments from The Trading Standards Advice Line.

HIRE PURCHASE AND CONDITIONAL SALE AGREEMENTS

When buying goods on a hire purchase or conditional sale agreement the goods belong to the finance company until you have made the final payment. There are additional rules that apply in these circumstances that you need to be aware of.

**This type of agreement is most commonly used for the
purchase of motor vehicles.**

- If you fall behind with the repayments the car may be repossessed. Once you have paid over a third of the total amount due, the finance company must have your express permission to repossess the car or else obtain a court order.
- If the finance company repossess the vehicle, you may be liable for the outstanding balance on the agreement less the proceeds from the sale of the vehicle at auction.

- You may terminate the agreement once you have paid half of the total amount, plus any arrears, provided you return the goods in a reasonable condition.
- The finance company, as the owner of the goods, is responsible for their condition under the **Supply of Goods (Implied Terms) Act 1973 as amended**. Any claim that the goods are not of satisfactory quality, not as described, or not fit for their purpose, would be against the finance company. The supplier would be liable to the finance company. See Know the Law – Your Rights when Buying Goods.

**For further advice on any of these issues contact
Trading Standards on 01925 442678.**

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