

Important news about the Equity instalment facility and the Consumer Credit Directive

As you are no doubt aware, the EU Consumer Credit Directive (CCD) came in to force in the United Kingdom on the 1st February 2011. The CCD introduces a number of changes to the consumer credit regulations that we currently follow when offering credit to our customers to pay their premiums. Key elements in the new CCD regime that affect Equity Red Star as a lender and you as a Credit Intermediary include;

- a duty on the lender to provide adequate explanations about the credit on offer to the consumer
- an obligation on the lender to check creditworthiness before offering or increasing credit
- a right for consumers to withdraw from a credit agreement within 14 days, without giving any reason
- pre-contractual information must be provided to the borrower in good time before they enter the credit agreement
- requirements on credit intermediaries to disclose fees and links to creditors (lenders)
- a right to make partial early repayments of credit

In addition, the CCD amends existing consumer credit law in a number of areas, including advertising, consumer information, and the calculation of the total charge for credit.

To learn more about the CCD, please click [here](#)

These new regulations, along with the OFT (Office of Fair Trading) guidelines on irresponsible lending are designed to improve consumer protection, promote responsible lending and harmonise the standards for credit products across the marketplace.

Equity Red Star have taken steps to meet our obligations under the new regulations and guidelines, which has resulted in some changes to the documentation that we will supply to the customer, as well as the information that you need to obtain from the customer in a brand new application form.

As of the **18th March 2011**, any existing stocks of Equity instalment Application forms should be destroyed and the new application forms used. To ensure that you always have access to the latest version of our credit application form, it will only be available from <http://www.equitygroup.co.uk/equityredstar/> in our Documentation section under 'Credit Application Form'. Unless you conduct business through **EDI** facilities with us that carry the new application details, this form must be completed and sent to us to consider applications for credit. Copies of the new **credit agreement** and **pre-contract information** will also be available for reference.

If you have any questions regarding the changes that have been made, please feel free to contact Andrew Jeffrey on 01206 777150 or by email to andrew.jeffrey@equitygroup.co.uk.

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