

## THE CREDIT CONTRACTS AND CONSUMER FINANCE ACT

# DISCLOSURE AND OTHER REQUIREMENTS – CONSUMER LEASES

### DISCLOSURE REQUIREMENTS

Any lessor who enters into a consumer lease must disclose specific information to the lessee if it is applicable to the lease. There are three situations in which disclosure will be required:

- at the start of the lease (initial disclosure);
- if the lessor and the lessee agree to change the terms of the lease (variation disclosure); and
- if the lessee requests it (request disclosure).

The Credit Contracts and Consumer Finance Act (CCCF Act) sets out the information that must be provided, and how and when it must be provided.

### INITIAL DISCLOSURE

Initial disclosure must be provided to the lessee before the lease is made. The lessee must also be given a copy of all other terms of the lease either **before** or within **five working days** of when the lease is made. The law of contracts governs when a contract is 'made'.

Schedule 2 of the CCCF Act sets out the key information that must be provided to the lessee for initial disclosure.

Initial disclosure must include:

- **Lessor's full name and address**
- **Nature of the lease**  
The fact that the lease is a consumer lease under the CCCF Act.
- **Term of the lease**
- **The cash price**  
The cash price of the goods being leased .
- **Option to purchase goods**  
Whether the lessee has an option to buy the goods, and if so, how much the lessee must pay to do so (or the method of calculating that amount).
- **Payments required**  
The amount, timing and number of payments to be made under the lease.
- **Amount paid at commencement**  
Any amount that is to be paid at the start of the lease or before the lessee takes the goods (such as a deposit).
- **Total amount payable**  
The total amount payable under the lease (if ascertainable).
- **Conditions of termination**  
A statement of how the lessee may terminate the lease including how any amount payable on termination is calculated.
- **Services financed under lease**  
Particulars of any services that in substance are financed by the lease.
- **Default fees or charges**  
Any default fees, charges or enforcement costs that may be payable.
- **Other items**  
Any other information or warnings prescribed by the regulations to be information concerning a consumer lease.

Initial disclosure must be provided to the lessee before the lease is made.

## VARIATION DISCLOSURE

If the parties agree to change the terms of a consumer lease the lessor must disclose full particulars of the change before it takes effect, unless the change reduces the lessee's obligations under the transaction, in which case variation disclosure is not required.

## REQUEST DISCLOSURE

A lessee may request written disclosure of:

- the amount, timing and number of payments to be made under the lease;
- full particulars of any changes made to the lease since its start; and
- a copy of any disclosure statement that was provided or should have been provided before the request was made.

Request disclosure must be provided within **15 working days** of receiving the request or, if a reasonable fee for disclosure is charged by the lessor, **15 working days** from receiving that fee. If a lessor does not intend to provide the information until the lessee pays the fee they should let them know this in writing as soon as the request is received.

Request disclosure does not have to be provided if information has already been given to the debtor or guarantor in the previous three months or if the request is received more than a year after the contract has ended.

## FAILURE TO MAKE DISCLOSURE

Debtors are entitled to recover statutory damages for a breach of these disclosure provisions and failure to make adequate disclosure to a lessee under a consumer lease is also an offence under the Act.

In addition, if a lessor fails to make initial or variation disclosure, they will be unable to enforce the lease nor will they have any right to recover the leased property or any security interest until disclosure has been made.

## TERMINATION PAYMENTS

If a consumer lease is terminated before the end of its term the lessor may charge the lessee the lesser of:

- an amount not exceeding a reasonable estimate of the loss relating to the termination; or
- an amount worked out according to a method set out in the Act's regulations (if any).

## CREDIT-RELATED INSURANCE, EXTENDED WARRANTIES AND REPAYMENT WAIVERS

As with a consumer credit contract, a lessor may not require a lessee to unreasonably take out credit-related insurance, an extended warranty or a repayment waiver. If a lease does include provision for any of these services every party must be given a copy of the terms within **15 working days** of when cover is arranged.

For more detailed information, see the separate factsheet, *Credit-related Insurance, Extended Warranties and Repayment Waivers*, available to download at [www.comcom.govt.nz/consumer-credit](http://www.comcom.govt.nz/consumer-credit)

## DEFINITIONS

**CONSUMER LEASE** A contract for the hire of goods by a natural person for personal use for 12 months or more, or with an option to purchase the goods being leased and where the lessor carries on the business of leasing goods. The lease of some household goods are specifically defined as consumer credit contracts and are not therefore consumer leases. For a more detailed definition, see the separate factsheet, *Transactions covered by the Credit Contracts and Consumer Finance Act*, available to download at [www.comcom.govt.nz/consumer-credit](http://www.comcom.govt.nz/consumer-credit)

**LESSOR** Someone (a person or a business) who hires out goods for others' use.

**LESSEE** Someone who hires goods. In the case of a consumer lease, a private individual who is hiring the goods for personal use.

To check for updates to this fact sheet visit:  
[www.comcom.govt.nz/consumer-credit](http://www.comcom.govt.nz/consumer-credit)

This fact sheet is part of a series looking at the Credit Contracts and Consumer Finance Act. Other fact sheets can be downloaded from [www.comcom.govt.nz/consumer-credit](http://www.comcom.govt.nz/consumer-credit)

### CONTACT

Contact the Commerce Commission with information about possible breaches of the Credit Contracts and Consumer Finance Act.

#### TELEPHONE

Our Contact Centre during office hours on 0800 943 600

#### WRITE

To us at Contact Centre, PO Box 2351, Wellington 6140

#### EMAIL

Us at [contact@comcom.govt.nz](mailto:contact@comcom.govt.nz)

This fact sheet is a guideline only, and reflects the Commission's view. The publication is not intended to be definitive, and should not be used instead of legal advice. It is traders' responsibility to remain up to date with legislation.

Only the courts can make an authoritative ruling on breaches of the Credit Contracts and Consumer Finance Act.