

THE CREDIT CONTRACTS AND CONSUMER FINANCE ACT RULES RELATING TO PAYMENTS – CONSUMER CREDIT CONTRACTS

Before the Consumer Credit Contracts and Consumer Finance Act, there was no statutory requirement to credit payments to an account on the date they were received. Now creditors must credit any payment a debtor makes under a consumer credit contract as soon as possible after it has been received.

One exception is where a consumer credit contract specifies a schedule of payments, and expressly allows a creditor to credit any payment in accordance with the schedule. Then, regardless of when payments are actually received they may be credited as set out in the schedule.

A credit or debit to an account has effect on the date that is 'assigned' to it and that may be different from the date it has been processed. This recognises that, although a payment may be accepted, it may not be processed for some days.

A creditor may adjust debits and credits to properly reflect the legal obligations of both parties. An example would be where a payment is received just prior to Christmas, the creditor has closed early for holidays and the payment is not processed until mid-January. The credit is taken to have been made on an 'assigned' date in such a case, being the date on which the payment was received. Accounting for payments as if they were credited on the day they were received, rather than the date they were processed, ensures interest and other fees are charged appropriately.

For more information on prepayments, including a debtor's right to fully prepay a consumer credit contract, see the separate factsheet *Consumer Rights under a Consumer Credit Contract – Prepayment* available to download at www.comcom.govt.nz/consumer-credit

LENDERS AND BORROWERS

The CCCF Act uses a number of different terms to describe lenders and borrowers, depending on the nature of the transaction.

- Consumer credit contracts – creditors and debtors.
- Consumer leases – lessors and lessees.
- Buy back transactions – transferees and occupiers.

For the purposes of these fact sheets the terms creditor and debtor are used when referring generally to credit transactions, but the specific terms are used where relevant.

A creditor may adjust debits and credits to properly reflect the legal obligations of both parties.

To check for updates to this fact sheet visit:

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

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

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.