9C Lender responsibility principles

(1) Every lender must comply with the lender responsibility principles.

(2) The lender responsibility principles are that every lender must, at all times,—

(a) exercise the care, diligence, and skill of a responsible lender—

(i) in any advertisement for providing credit or finance under an agreement or for providing credit-related insurance under a relevant insurance contract; and

(ii) before entering into an agreement to provide credit or finance or a relevant insurance contract and before taking a relevant guarantee; and

(iii) in all subsequent dealings with a borrower in relation to an agreement or a relevant insurance contract or a guarantor in relation to a relevant guarantee; and

(b) comply with all the lender responsibilities specified in subsections (3), (4), and (5).

(3) The lender responsibilities are that a lender must, in relation to an agreement with a borrower,—

(a) make reasonable inquiries, before entering into the agreement, and before making a material change referred to in subsection (8), so as to be satisfied that it is likely that—

(i) the credit or finance provided under the agreement will meet the borrower's requirements and objectives; and

(ii) the borrower will make the payments under the agreement without suffering substantial hardship; and

(b) assist the borrower to reach an informed decision as to whether or not to enter into the agreement and to be reasonably aware of the full implications of entering into the agreement, including by ensuring that—

(i) any advertising—

(A) complies with the advertising standards set out in the regulations; and

(B) is not, or is not likely to be, misleading, deceptive, or confusing to borrowers; and

(ii) the terms of the agreement are expressed in plain language in a clear, concise, and intelligible manner; and

(iii) any information provided by the lender to the borrower is not presented in a manner that is, or is likely to be, misleading, deceptive, or confusing; and

(iv) reasonable steps are taken to offer to the borrower information about the agreement in another language (**language A**) if—

(A) advertising that is wholly or significantly in language A is being, or within the preceding 6 months has been, distributed to the public or a section of the public; and

(B) the steps are necessary to ensure that the borrower can reach an informed decision (for example, if the borrower may not have a good understanding of the language in which the lender is otherwise providing information to the borrower under this Act); and

(c) assist the borrower to reach informed decisions in all subsequent dealings in relation to the agreement, including by ensuring that—

(i) any variation to the agreement is expressed in plain language in a clear, concise, and intelligible manner; and

(ii) any information provided by the lender to the borrower after the agreement has been entered into is not presented in a manner that is, or is likely to be, misleading, deceptive, or confusing; and

(d) treat the borrower and their property (or property in their possession) reasonably and in an ethical manner, including—

(i) when breaches of the agreement have occurred or may occur or when other problems arise:

(ii) when a debtor under a consumer credit contract suffers unforeseen hardship (*see* section 55):

(iii) during a repossession process (including by taking all reasonable steps to ensure that goods and property are not damaged during the process, that repossessed goods are adequately stored and protected, and that the right to enter premises is not exercised in an unreasonable manner); and

(e) ensure, in the case of an agreement to which Part 5 applies, that—

(i) the agreement is not oppressive:

(ii) the lender does not exercise a right or power conferred by the agreement in an oppressive manner:

(iii) the lender does not induce the borrower to enter into the agreement by oppressive means; and

(f) meet all the lender's legal obligations to the borrower, including under this Act, the Fair Trading Act 1986, the Consumer Guarantees Act 1993, the Financial Service Providers (Registration and Dispute Resolution) Act 2008, and the Financial Markets Conduct Act 2013, which include—

(i) obligations in relation to disclosure, credit fees, unforeseen hardship applications, and credit repossession under this Act; and

(ii) prohibitions on false or misleading representations and unfair contract terms; and

(iii) the guarantee that the service of providing credit and any other services will be carried out with reasonable care and skill under the Consumer Guarantees Act 1993.

(5) The lender responsibilities are also that a lender must, in relation to a relevant insurance contract,—

(a) make reasonable inquiries, before the contract is entered into, so as to be satisfied that it is likely that—

(i) the insurance provided under the contract will meet the borrower's requirements and objectives; and

(ii) the borrower will make the payments under the contract without suffering substantial hardship; and

(b) assist the borrower to reach an informed decision as to whether or not to enter into the contract and to be reasonably aware of the full implications of entering into the contract, including by ensuring that—

(i) any advertising is not, or is not likely to be, misleading, deceptive, or confusing to borrowers; and

(ii) any information provided by the lender to the borrower is not presented in a manner that is, or is likely to be, misleading, deceptive, or confusing.

(5A) In subsections (3)(a), (4)(a), and (5)(a), the requirement to make **reasonable inquiries** so as to be satisfied of a matter includes a requirement to comply with regulations made under section 138(1)(abd).