Summary of ch\_11.pdf

Chapter 11: Cancellation - Summary

# Overview

This chapter outlines the cancellation rights for consumers in distance contracts related to credit agreements and credit-related services. It establishes a 14-day cancellation period for eligible contracts and details the procedures, obligations, and effects of exercising cancellation rights, including specific provisions for peer-to-peer (P2P) lending agreements.

# Key Points and Main Findings

## General Cancellation Rights (Section 11.1)

* 14-day cancellation period for distance contracts without penalty or reason required
* Applies to:  
    
  Credit agreements  
  Agreements for credit broking, debt counselling, debt adjusting, credit information services, or credit references
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## Exclusions from Cancellation Rights

* Credit agreements secured by legal mortgage on land
* Agreements where Section 66A of the CCA applies (right to withdraw)
* Agreements exceeding £60,260 (unless residential renovation agreements)
* Restricted-use credit agreements for land purchase
* Bridging loans for land purchase
* Agreements already cancelled under other consumer protection regulations

## Cancellation Period Timeline

* Begins either:  
    
  Day the distance contract is made, OR  
  Day consumer receives contractual terms and conditions (if later)
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* Day consumer receives contractual terms and conditions (if later)
* Consumer must notify before expiry using provided instructions
* Notification in durable medium dispatched before deadline meets requirement
* Day the distance contract is made, OR
* Day consumer receives contractual terms and conditions (if later)

## Financial Obligations Upon Cancellation

* Consumer obligations:  
    
  Pay only for services actually provided, proportionate to contract coverage  
  Return any property/sums received within 30 days
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* Firm obligations:  
    
  Return all consumer payments within 30 days (except permitted charges)  
  Cannot charge penalties or commence service without consumer request
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## P2P Agreement Provisions (Section 11.2)

* Borrower rights:  
    
  14-day withdrawal period from agreement date  
  No reason required for withdrawal  
  Oral or written notice acceptable
* 14-day withdrawal period from agreement date
* No reason required for withdrawal
* Oral or written notice acceptable
* Upon withdrawal:  
    
  Borrower must repay credit plus accrued interest  
  No compensation, fees, or charges (except non-returnable public administrative fees)  
  Repayment due within 30 days of withdrawal notice
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* No compensation, fees, or charges (except non-returnable public administrative fees)
* Repayment due within 30 days of withdrawal notice
* 14-day withdrawal period from agreement date
* No reason required for withdrawal
* Oral or written notice acceptable
* Borrower must repay credit plus accrued interest
* No compensation, fees, or charges (except non-returnable public administrative fees)
* Repayment due within 30 days of withdrawal notice

# Important Details and Conclusions

* Disclosure Requirements: Firms must inform consumers about cancellation rights in a durable medium before or immediately after contract binding
* Record Keeping: Firms must maintain adequate records of cancellation exercises for at least 3 years
* Voluntary Extensions: Firms may offer longer cancellation periods but must ensure terms are at least as favorable as regulatory requirements
* P2P Specifics: Does not apply to P2P agreements exceeding £60,260 (except residential renovation agreements)
* Electronic Communications: For P2P agreements, electronic withdrawal notices are considered received at time of sending
* Set-off Rights: Sums owed upon cancellation are simple contract debts that may be set off against each other

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