

Group Briefing

November 2018

Credit Reporting: *Scope Extended*

Ireland Client Service Law Firm of the Year 2018
Chambers Europe Awards

Ireland Law Firm of the Year 2018
International Financial Law Review (IFLR)
Europe Awards

**Advised on Equity Deal of the Year 2018 –
Allied Irish Banks IPO**
International Financial Law Review (IFLR)
Europe Awards

Ireland Law Firm of the Year 2018
Who's Who Legal

Ireland Law Firm of the Year 2017
Chambers Europe Awards

Best Firm in Ireland 2018, 2017 & 2016
Europe Women in Business Law Awards

**Best National Firm for Women in Business Law
2018, 2017 & 2016**
Europe Women in Business Law Awards

**Best National Firm Mentoring Programme 2018,
2017 & 2016**
Europe Women in Business Law Awards

**Best National Firm for Minority Women
Lawyers 2018**
Europe Women in Business Law Awards

This document contains a general summary of developments and is not a complete or definitive statement of the law. Specific legal advice should be obtained where appropriate.

The Credit Reporting Act 2013 has been amended to bring hire purchase agreements and similar credit agreements, together with personal contract plans (PCPs), within the scope of the credit reporting regime.

The Markets in Financial Instruments Act 2018 was signed into law on 29 October 2018 and came into effect on that date. While the main purpose of the Bill was to introduce criminal sanctions for breaches of the Irish MiFID II Regulations, the Act also amended the definition of “credit” in the Credit Reporting Act. Rather than excluding credit provided “for facilitating the purchase of goods or services from the person by whom the credit is provided” (which appeared to unintentionally exclude hire purchase agreements and similar agreements from the credit reporting regime), that exclusion will now be limited to “trade credit”. “Trade credit” is credit where:

- » the party providing the credit, and the party to whom the credit is provided, are each acting for **business purposes**;
- » the party providing the credit is **not** a regulated financial services provider (RFSP);
- » the credit is **repayable within 6 months**; and
- » the **purpose** is to enable the party

to whom the credit is provided to **purchase goods or services** from the party providing the credit.

The other exclusions from the scope of “credit” (inter-bank credit, inter-group credit, interest-free credit, employer-employee credit (where the employer does not otherwise provide credit), continuing credit in connection with the provision of utilities or other services, and credit provided to governments and international organisations) have not been amended.

IMPACT

In light of the above, short-term business-to-business credit where the ownership of goods or services is passing, and the creditor is not an RFSP, will remain outside the scope of the credit reporting regime.

However, creditors under hire purchase agreements, PCPs, and similar credit arrangements will generally now come within scope and should begin to assess their obligations under the credit reporting regime.

REPORTING

To date, the reporting obligations have been phased in, with Phase 1 focusing on consumer credit, and Phase 2 focusing on business credit. The Central Bank is yet to confirm timelines for reporting newly-in-scope credit, and we will issue a further update as soon as that information is available.

In the meantime, please contact any member of our team with your queries on the credit reporting regime.

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