



AN BILLE FOST-CHEANNAIGH, 1946.  
HIRE-PURCHASE BILL, 1946.



EXPLANATORY MEMORANDUM.

1. The purpose of the Bill is to protect the interests of persons who acquire goods under hire-purchase agreements and credit-sale agreements. Its scope is limited by section 2 to agreements in which the hire-purchase price, or total purchase price in the case of credit-sale agreements, does not exceed £100.

2. Section 3 of the Bill ensures that the hirer in each case will have a clear indication of the cost to him of the hire-purchase facilities. It provides that the hirer must receive a written statement of the cash price prior to the making of a hire-purchase agreement and the agreement itself, which must be in writing, must show, *inter alia*, the cash price and the hire-purchase price of the goods. The section also provides that every hire-purchase agreement will contain a notice indicating, for the hirer's information, the rights conferred on him by sections 5, 6 (a) and 12 of the Bill (see paragraphs (4) and (5) below). The form of notice is prescribed in the Schedule to the Bill.

3. Section 4 of the Bill applies, *mutatis mutandis*, to credit-sale agreements provisions similar to those applied by section 3 to hire-purchase agreements.

4. Under existing practice a hirer, who wishes to return the goods to the owner, may find that, under a "minimum payment" clause in the agreement, he has contracted to pay the greater part of the total hire-purchase price of the goods, whether he continues the hiring or not. Section 5 of the Bill seeks to remedy this position by enabling the hirer, if he has taken reasonable care of the goods, to determine a hire-purchase agreement and return the goods before the final payment is made by giving written notice and paying half of the total purchase price or the amount due at the time of termination, whichever is the greater. The payment of at least half the total hire-purchase price affords reasonable compensation to the owner of the goods; in addition section 19 provides that, in the computation of one half of the hire-purchase price, the owner is given full credit for any installation costs incurred. Section 6 (b) and (c) of the Bill precludes the parties from "contracting out" of the provisions of section 5 and any provision in an agreement which restricts the rights granted by the latter section is declared void.

5. A common feature of hire-purchase agreements is a clause giving the owner of the goods the right to enter the hirer's premises and seize the goods without further ado in the event of the hirer defaulting in payments. This position is remedied by section 6 (a) of the Bill, which renders void any provision of this nature in a hire-purchase agreement, and by section 12, which provides that, once one-third of the hire-purchase price has been paid, the owner cannot regain possession of the goods except by action in the courts.

6. At present, finance companies are at liberty to have clauses inserted in hire-purchase agreements or credit-sale agreements preventing the hirer or buyer from taking action against them in respect of a warranty given on their behalf by traders or dealers. This position, which deprives the recipients of the goods of any

remedy in the event of the goods not being in accordance with the warranty given, is remedied by section 6 (d) and (e) which makes clauses of this nature void.

7. Section 9 is designed to ensure that the goods supplied under hire-purchase agreements are of reasonable quality and that the hirers are not given inferior quality goods. The section secures that, in general, the warranties and conditions normally applicable to the sale of goods by virtue of the Sale of Goods Act, 1893, will apply to goods hired under a hire-purchase agreement.

8. Section 10 is intended to debar a trader with whom more than one hire-purchase agreement has been made by the same person from appropriating an undue proportion of payments to any one agreement which might leave payments under another agreement short of one-third of the hire-purchase price and so enable him, without reference to the courts, to recover possession of the goods to which the second agreement related. The section gives the hirer the right to decide against what agreement or agreements any payments he makes are to be set off.

9. Sections 13, 14 and 15 of the Bill deal with the powers of the courts with respect to hire-purchase agreements on which the hirer has defaulted in payment. The courts may (a) order the return of the goods to the owner, (b) order the return of the goods with a postponement to enable payment of the unpaid balance, or (c) order the return of part of the goods to the owner and transfer the title in the remainder to the hirer.

10. At present the District Courts, save in the Dublin Metropolitan Area, have no jurisdiction in regard to proceedings for the possession of goods although proceedings may be taken in these courts for the recovery of debts not exceeding £25. Section 20 of the Bill aims at reducing the costs of litigation by providing that actions for the recovery of goods may be taken in the District Courts where the hire-purchase price does not exceed £25.

*Roinn Tionnscáil agus Tráchtála.*  
*Aibreán, 1946.*

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