

*Extraordinary*



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## CONTENTS

### INDEX TO LEGISLATIVE INSTRUMENTS

<i>Bill No.</i>		<i>Long Title</i>	<i>Page</i>
HB. 15.12.228	A	Bill for an Act to Amend the Hire-Purchase Act, LFN, 2004.	C 2847 - 2858
HB. 15.12.229	A	Bill for an Act to Amend the Criminal Justice (Release from Custody) Act Cap. C40 LFN, 2004 and for Related Matters .....	C 2859 - 2861
HB. 15.12.230	A	Bill for an Act to Amend the Code of Conduct Bureau and Tribunal Act Cap. C15 LFN, 2004 .....	C 2863 - 2865
HB. 15.12.231	A	Bill for an Act to Harmonise the functions of National Orientation Agency and National Institute for Cultural Orientation and for Related Matters .....	C 2867 - 2870
HB. 15.12.232	A	Bill for an Act to Amend the Corrupt Practices and Other Related Offences Act LFN, 2004 .....	C 2871 - 2874
HB. 15.12.233	A	Bill for an Act to Amend the Prevention of Crime Act LFN, 2004	C 2875 - 2878
HB. 15.12.234	A	Bill for an Act to Amend the Water Resources Act LFN, 2004 .....	C 2879 - 2879
HB. 15.12.235	A	Bill for an Act to Amend the River Basing Development Authorities Act LFN, 2004 and for Related Matters .....	C 2881 - 2884
HB. 15.12.236	A	Bill for an Act to Amend the Student's Union Activities (Control and Regulation) Act Cap. S14 LFN, 2004 .....	C 2885 - 2888
HB. 15.12.237	A	Bill for an Act to Amend the National Agricultural Development Authority Act Cap. N4 LFN, 2004 .....	C 2889 - 2891
HB. 15.12.238	A	Bill for an Act to Amend Bees (Import Control and Management) Act Cap B6 LFN, 2004 .....	C 2893 - 2895
HB. 15.12.239	A	Bill for an Act to Amend the Agricultural Credit Guarantee Scheme Fund Act Cap. A11 LFN, 2004 .....	C 2897 - 2900
HB. 15.12.240	A	Bill for an Act to Repeal the National Fertilizer Board Act Cap. N39 LFN 2004.....	C 2901 - 2903
HB. 15.12.241	A	Bill for an Act to Amend the Agricultural and Rural Management Training Institute Act Cap. A10 LFN, 2004 .....	C 2905 - 2907

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# A BILL

## FOR

AN ACT TO AMEND THE HIRE-PURCHASE ACT, CAP. H4, LAWS OF THE  
FEDERATION OF NIGERIA, 2004

*Sponsored by Hon. Uzoma Nkem Abonta*

[ ] Commencement

BE IT ENACTED by the National Assembly of the Federal  
Republic of Nigeria:

1           **1.** The Hire-Purchase Act, Cap. H4, Laws of the Federation of  
2 Nigeria, 2004 (hereinafter referred to as “the Principal Act”) is hereby  
3 amended as set out in this Act.

4 Amendment of Section 1. Transactions regulated by this Act.

Amendment of  
Section 1:  
Transactions  
regulated by this  
Act

5           **2.** Section 1 of the Principal Act is amended by deleting the  
6 existing section 1 and substituting therefor, the following new section 1; that  
7 is:

8           “1. Transactions regulated by this Act;  
9 Subject to the provisions of section 19 of this Act, the provisions of this Act  
10 (other than the provisions relating to the control of advertisements) shall  
11 apply in relation to all hire-purchase agreements and credit-sale agreements  
12 in respect of goods and motor vehicles, irrespective of the hire-purchase  
13 price or the total purchase price, being agreements made after the  
14 commencement of this Act; and the expressions “hire-purchase agreement”  
15 in the following provisions of this Act shall be construed accordingly.”

16           **3.** Section 2 (2) (a) of the Principal Act is amending by deleting the  
17 existing section 2 (2) (a) and substituting therefor, the following new section  
18 2 (2) (a), that is:

Amendment of  
Section 2 (2) (a):  
Requirements  
relating to Hire-  
purchase and  
Credit-Sale  
Agreements

19           “2 (2) (a) a note or memorandum of the agreement is made and  
20 signed by or on behalf of all the parties to the agreement; and”

Amendment of  
Section 5 (d):  
Power of Minister  
to regulate terms  
of hire-purchase  
and credit-sale  
transactions

1                   4. Section 5 (d) of the Principal Act is amended by substituting the  
2 word “twenty” for the word “one,” that is:  
3                   “5 (d) for prescribing penalties for offences against the regulations  
4 not exceeding a fine of twenty thousand Naira in respect of any particular  
5 offence.”

Amendment of  
Section 6 (1):  
Duty of Parties  
to furnish  
information

6                   5. Section 6 of the Principal Act is amended by:  
7                   (i) Substituting the words “two thousand Naira” for the words  
8 “twenty Kobo” in subsection (1);  
9 That is:  
10                  “6 (1) At any time before the final payment has been made under a  
11 hire-purchase agreement or credit-sale agreement, any person entitled to  
12 enforce the agreement against the hirer or buyer shall, within fourteen days  
13 from the date on which he receives a request in writing from the hirer or buyer  
14 and the hirer or buyer has tendered to him the sum of two thousand Naira for  
15 expenses, supply to the hirer or buyer a copy of any memorandum or note of  
16 agreement, together with a statement signed by the said person or his agent  
17 showing”;  
18                  (ii) Substituting the words “ten thousand” for the word “twenty in  
19 subsection (2), that is:  
20                  “6 (2) In the event of a failure without reasonable cause to comply  
21 with subsection (1) of this section, then while the default continues:  
22                  (a) No person shall be entitled to enforce the agreement against the  
23 hirer or buyer or to enforce any contract of guarantee relating to the agreement  
24 to enforce any right to recover the goods from the hirer; and  
25                  (b) No security given by the hirer or buyer in respect of money  
26 payable under the agreement or given by a guarantor in respect of money  
27 payable under a contract of guarantee relating to the agreement shall be  
28 enforceable against the hirer or buyer or the guarantor,  
29 and if the default continues for a period of one month, the defaulter shall be  
30 guilty of an offence and liable on summary conviction to a fine of an amount

1 not exceeding ten thousand Naira.”

2 (iii) Substituting the words “ten thousand” for the word “twenty”  
3 and the words “fifty thousand” for the words “one hundred” in subsection  
4 (4), that is:

5 “6 (4) If a hirer fails without reasonable cause to give the said  
6 information within fourteen days from the date of receipt of a request under  
7 subsection (3) of this section, he shall be guilty of an offence and liable on  
8 summary conviction to a fine not exceeding ten thousand Naira; and if any  
9 information given by or on behalf of a hirer in pursuance of a request under  
10 that subsection is to his knowledge false in a material particular, the hirer  
11 shall be guilty of an offence and liable on summary conviction to a fine not  
12 exceeding fifty thousand Naira.”

13 6. The principal Act is amended by inserting immediately after the  
14 existing section 7 the following new sections 7A and 7B, that is:

Insertion of new  
sections 7A and 7B  
assignments of  
rights under hire-  
purchase agreement.  
Operation of law

15 “7A. Assignments of rights under hire-purchase agreement:

16 (1) The right, title and interest of a hirer under a hire-purchase  
17 agreement may be assigned with the consent of the owner, or if his consent is  
18 unreasonably withheld, without his consent.

19 (2) Except as otherwise provided in this section, no payment or  
20 other consideration shall be required by an owner for his consent to such an  
21 assignment as is mentioned in subsection (1) and where an owner requires  
22 any such payment or other consideration for this consent, that consent shall  
23 be deemed to be unreasonably withheld.

24 (3) Where, at the request of the hirer under a hire-purchase  
25 agreement, the owner fails or refuses to give his consent to an assignment by  
26 the hirer or his right, title and interest under the agreement, the hirer may  
27 apply to the High Court for an order for the consent, and where such an order  
28 is made that consent shall be deemed to be unreasonably withheld.

29 (4) As a condition of granting consent to an assignment of the right,  
30 title and interest of the hirer under a hire-purchase agreement, the owner

1 may stipulate that all defaults under the agreement shall be made good and may  
2 require the hirer and assignee:

3 (a) to execute and deliver to the owner an assignment in a form  
4 approved by the owner whereby without prejudicing or affecting the  
5 continuing liability of owner to be personally liable to pay the instalments  
6 remaining unpaid and to perform and observe all other stipulations and  
7 conditions of the hire-purchase agreement during the residue of the term  
8 thereof and whereby the assignee indemnifies the hirer in respect of those  
9 liabilities; and

10 (b) to pay the reasonable costs (if any) incurred by the owner in  
11 stamping or registering the assignment agreement or counterparts.

12 (5) The refusal on the part of the owner to give consent to an  
13 assignment as is mentioned in subsection (1) on the ground that he requires  
14 other or additional guarantors to guarantee the assignee's obligation shall be  
15 deemed unreasonable:

16 (a) where the same guarantors who have guaranteed the hirer's  
17 obligation under the hire-purchase agreement have agreed to guarantee the  
18 assignee's obligation under the agreement; or

19 (b) where the assignee has furnished the same number of guarantor as  
20 was furnished by the hirer to guarantee his obligation under the hire-purchase  
21 agreement as guarantors for his obligation under the agreement.

22 7B. Operation of Law;

23 The right, title and interest of a hirer under a hire-purchase agreement shall be  
24 capable of passing by operation of law to the personal representative of the  
25 hirer and if the hirer is a company the liquidator may exercise the same right  
26 under the agreement as the company but nothing in this section shall relieve  
27 any personal representative or liquidator from compliance with the provision  
28 of the agreement.”

Amendment and  
transfer of section  
9 (4) (a) and (b).  
The relevant  
proportion

29 7. Section 9(4) is amended by:

30 (i) substituting the words “two-thirds” for the words “one-half” in

1 paragraph (a); and substituting the words “four-fifths” for the words “three-  
2 fifths” in paragraph (b), that is:

3 “(4) In this section and elsewhere in the Act, “the relevant  
4 proportion” where the reference is to the relevant proportion of hire-  
5 purchase price of any goods or to the relevant proportion of a part (however  
6 described) of that price, means:

7 (a) in the case of goods other than motor vehicles, two-thirds; and

8 (b) in the case of motor vehicles, four-fifths.”; and

9 (ii) deleting the words “In this section and elsewhere in this Act” in  
10 the amended section 9 (4) (a) and (b); and transferring the remaining  
11 provisions thereof to section 20, on interpretation of words used in the Act.

12 Amendment of section 9 (5)

Amendment of  
Section 9 (5)

13 8. Section 9 (5) of the Principal Act is amended by inserting the  
14 words, “having instituted an action,” immediately after the words “the  
15 owner may;” and substituting the words “the action” for the words “any  
16 action,” that is:

17 “9 (5) In the application of the provisions of this section to motor-  
18 vehicles, where three or more instalments of the hire-purchase price of a  
19 motor-vehicle under the agreement are due and unpaid, the owner may,  
20 having instituted an action, remove the motor vehicle to any premises under  
21 his control for the purpose of protecting it from damage or depreciation and  
22 retain it there pending the determination of the action, and the owner shall be  
23 liable to the hirer for any damage or loss which may be caused by the  
24 removal.”

25 9. The Principal Act is amended by inserting immediately after the  
26 existing section 9, the following new section 9A (1) and (2), that is:

Insertion of new  
9A(1) and (2):  
Owner to retain  
possession of goods  
repossessed for  
thirty days

27 “9A. Owner to retain possession of goods repossessed for thirty  
28 days.

29 (1) Where an owner has taken possession of any goods under  
30 section 9 he shall not, without the written consent of the hirer, sell or dispose

1 of the goods or part with possession thereof until after expiration of thirty days:

2 Provided that the hirer shall bear any reasonable cost of the repossession.

3 (2) An owner who sells or disposes of any goods in contravention of  
4 subsection (1) of this section, shall be guilty of an offence punishable with a  
5 fine of fifty thousand Naira.”

Amendment of  
Section 10 (1):  
Powers of court  
in actions to  
recover goods

6 Amendment of section 10 (1). Powers of court in actions to recover goods.

7 10. Section 10 (1) of the Principal Act is amended by substituting the  
8 words “sections 9 and 9A of this Act apply” for the words “section 9 of this Act  
9 applies,” that is:

10 “10 (1) Where, in any case to which sections 9 and 9A of this Act  
11 apply, an owner commences an action to enforce a right to recover possession  
12 of goods from a hirer after the relevant proportion of the hire-purchase price  
13 has been paid or tendered as aforesaid, the owner shall not take any step to  
14 enforce payment of any sum due under the hire-purchase agreement or under  
15 any contract of guarantee relating to the agreement, except by claiming the sum  
16 in action”.

17 [1970 No.23]

Amendment of  
Section 11

18 11. Section 11 of the Principal Act is amended by inserting the words  
19 “9A” immediately after the words “sections 9” in the sectional heading and the  
20 provision of the section, that is:

21 “11. Application of sections 9, 9A and 10 of this Act to successive  
22 hire-purchase agreements between same parties. Where goods have been let  
23 under a hire-purchase agreement and at any time after the relevant proportion  
24 of the hire-purchase price has been paid or tendered, the owner makes a further  
25 hire-purchase agreement with the hirer comprising those goods, the provisions  
26 of sections 9, 9A and 10 of this Act shall have effect as respects that further  
27 agreement from its commencement.”

Amendment of  
Section 16 (7) (a):  
Information to be  
included in  
advertisements

28 12. Section 16 (7) (a) of the Principal Act is amended by inserting the  
29 words “or any other electronic means” immediately after the words “television  
30 broadcast;” and inserting the words “or electronic means” immediately after

1 the words “or other sounds,” that is –

2 “16 (7) In the case of any advertisement contained in a  
3 cinematograph film, television broadcast or any other electronic means:

4 (a) for the purposes of sections 15 of this Act and for the purpose of  
5 determining under this section whether the advertisement contains details of  
6 payments in respect of any goods, anything included in any spoken words or  
7 other sounds or electronic means by which the advertisement is  
8 accompanied shall be taken to form part of the advertisement;”

9 13. Section 17 (1) of the Principal Act is amended in paragraph (a)  
10 by substituting the words “fifty thousand” for the words “one hundred;” and  
11 in paragraph (b) by substituting the words “two hundred thousand” for the  
12 words “four hundred,” that is:

Amendment of  
Section 17 (1) (a)  
and (b): Penalties

13 “17 (1) Subject to the provisions of this section, any person who  
14 displays or issues an advertisement in contravention of the provisions of  
15 section 16 of this Act, or causes an advertisement to be displayed or issued in  
16 contravention of those provisions, shall be guilty of an offence and liable on  
17 summary conviction:

18 (a) if it is his first conviction of an offence under this section, to a  
19 fine not exceeding fifty thousand Naira;

20 (b) in any other case, to a fine not exceeding two hundred thousand  
21 Naira.”

22 14. The Principal Act is amended by inserting immediately after  
23 the existing section 17, the following new sections 17A, 17B, 17C and 17D,  
24 that is-

Insertion of new  
sections 17A, 17B,  
17C and 17D.  
Insurance

25 INSURANCE

26 17. A Insurance of goods comprised in hire-purchase agreements:

27 (1) An owner shall cause to be insured in his name or in the name  
28 of the hirer:

29 (a) motor vehicles comprised in a hire-purchase agreement, for the  
30 first year only; and



1 (b) all other goods comprised in a hire-purchase agreement, for the  
2 duration of time that the goods remain under hire-purchase, against any risks  
3 that he thinks fit.

4 (2) Where the goods comprised in a hire-purchase agreement is a  
5 motor vehicle, it shall be the duty of the hirer to cause the said vehicle to be  
6 insured in respect of the second and all subsequent years that the motor vehicle  
7 remains under hire-purchase.

8 (3) An owner shall not require a hirer to insure any risks with any  
9 particular registered insurer.

10 (4) An owner who fails to comply with subsection (1) and a hirer who  
11 fails to comply with subsection (2) shall be guilty of an offence under this Act  
12 and liable on conviction to imprisonment for a term of two years or a fine not  
13 exceeding two hundred thousand Naira.

14 (5) A hirer shall, not less than fourteen days before the date of expiry  
15 of a policy of insurance in respect of a motor vehicle, inform the owner that he  
16 has renewed the said policy or that he has caused a fresh policy of insurance to  
17 be issued.

18 (6) Where the hirer has failed to renew the policy of insurance or to  
19 cause a fresh policy to be issued, the owner shall be at liberty to cause the motor  
20 vehicle to be insured and any costs thereby incurred shall be borne by the hirer.

21 (7) All amounts payable in respect of insurance, excluding such  
22 amounts payable in respect of the insurance of motor vehicles for the second  
23 and subsequent years, shall form part of the hire-purchase price.

24 (8) Where in respect of the insurance of goods comprised in a hire-  
25 purchase agreement, the insurer allows any commission or rebate including a  
26 no-claim rebate or any other rebate of similar nature (as distinct from  
27 legitimate agency commission) to an owner who is also a bona fide agent of an  
28 insurer and who arranges the insurance on behalf of the hirer, the hirer under  
29 the hire-purchase agreement is entitled to the benefit of the commission and the  
30 rebate and any person who knowingly pays or allows any such commission or

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1 rebate to an owner and any owner who receives such commission or rebate  
2 shall be guilty of an offence under this Act and liable on conviction to  
3 imprisonment for a term of one year or a fine not exceeding one hundred  
4 thousand Naira.

5 17 B Powers of court in relation to insurance contracts associated  
6 with hire-purchase agreements:

7 (1) In any proceedings taken in any court in respect of any difference  
8 or dispute arising out of a contract of insurance if it appears to the court that a  
9 failure by the insured or the hirer under the hire-purchase agreement concerned  
10 to observe or perform a term or condition of the contract of insurance may be  
11 reasonably excused on the ground that the insurer was not prejudiced by the  
12 failure, the court may, unless an order excusing the failure has already been  
13 made under subsection (2), order that the failure be excused.

14 (2) Where a difference or dispute has arisen out of a contract of  
15 insurance, the insured or the hirer under the hire-purchase agreement  
16 concerned or any guarantor in respect of that agreement may, unless an order  
17 excusing the failure concerned has already been made under subsection (1),  
18 apply to the court for an order that the failure to observe or perform a term or  
19 condition of the contract of insurance be excused; and if it appears to the court  
20 that the failure may reasonably be excused on the ground that the insurer was  
21 not prejudiced by the failure, the court may order that the failure be excused.

22 (3) Where an order of the nature referred to in subsections (1) and (2)  
23 has been made the rights and liabilities of all persons in respect of the contract  
24 of insurance concerned shall be determined as if the failure, the subject of the  
25 order, had not occurred.

26 17.C Contents of contracts of insurance:

27 (1) Every copy of a policy of insurance (not being a policy of third  
28 party insurance), and every statement, served upon a hirer pursuant to section 2  
29 shall:

30 (a) identify the goods or the part of the goods to be insured or are to be

---

1 insured; and

2 (b) contain a statement of the amount and period for which the goods  
3 are insured or are to be insured; and

4 (c) if the amount for which the goods are or are to be insured will vary  
5 during the period of the agreement, contain a statement showing the varying  
6 amounts.

7 (2) Subject to subsection (3) of this section, any provision in any  
8 agreement, policy of insurance or other document:

9 (a) requiring differences or disputes arising out of a contract of  
10 insurance to be referred to arbitration;

11 (b) providing that no action or suit shall be maintainable upon such a  
12 contract or against the insurer in respect of any claim under, or difference or  
13 dispute arising out of, such a contract unless the claim, difference, or dispute  
14 has been referred to arbitration or an award pursuant to arbitration proceeding  
15 has been first obtained;

16 (c) providing that arbitration or an award pursuant to arbitration  
17 proceedings is a condition precedent to any right of action or suit upon such a  
18 contract; or

19 (d) otherwise imposing by reference to arbitration or to an award  
20 made in arbitration proceedings any limitation on the right of person to bring or  
21 maintain any action or suit upon such a contract shall not bind the hirer.

22 (3) Nothing in subsection (2) shall prevent the parties to a contract of  
23 insurance from making an agreement, after a difference or dispute has arisen  
24 out of the contract of insurance, to submit the difference or dispute to  
25 arbitration.

26 17. D The provisions of this Part on insurance shall have effect  
27 notwithstanding anything to the contrary contained in any other written law.”

28 15. Section 18 of the Principal Act is amended:

29 (i) in subsection 1 (b) (i) and (ii) by substituting the words “one  
30 hundred thousand” for the words “one thousand;” and the words “fifty

Amendment of  
section 18 91) (b)  
and 94): Power of  
Minister to require  
information about  
hire-purchase  
business, etc.

1 thousand” for the words “two hundred,” thereof, that is:

2 “18 (1) (b) for prescribing penalties for offences against the  
3 regulations not exceeding:

4 (i) in the case of an offence involving the furnishing of false  
5 information, imprisonment for a term of two years or a fine of one hundred  
6 thousand Naira or both;

7 (ii) in any other case, a fine of fifty thousand Naira,”

8 (ii) in subsection (4) by substituting the words “fifty thousand” for  
9 the words “one hundred,” thereof, that is:

10 “18 (4) Any person who wilfully obstructs or delays any person in  
11 the exercise of his powers of entry, inspection or taking copies under  
12 subsection (2) of this section shall be guilty of an offence and liable on  
13 summary conviction to a fine not exceeding fifty thousand Naira.”

14 **16.** Section 20 of the Principal Act is amended by:

15 (i) Re-defining the words “hire-purchase” as follows:

16 “hire-purchase” means an agreement under which goods are let on hire and  
17 under which the hirer has an option to purchase them in accordance with the  
18 terms of the agreement and includes an agreement under which:

19 (1) the owner delivers possession on condition that the hirer pays  
20 the agreed amount in periodic instalments;

21 (2) the property in the goods is to pass to the hirer on the payment of  
22 the last of such instalments; and

23 (3) the hirer has a right to terminate the agreement at any time  
24 before the property so passes;”

25 (ii) re-defining the words “hire-purchase agreement” as follows:

26 “hire-purchase agreement” means an agreement of hire-purchase; and  
27 where by virtue of two or more agreements, none of which by itself  
28 constitutes a hire-purchase agreement, there is a hire of goods and either the  
29 hirer may buy the goods or the property therein will or may pass to the hirer,  
30 the agreements shall be treated for the purposes of this Act as a single

Amendment of  
Section 20:  
Interpretation, etc.

- 1 agreement made at the time when the last of the agreements was made;”
- 2 (iii) substituting the words “trade and investment or commerce” for
- 3 the word “commerce,” in the definition of “the Minister,” that is:
- 4 “the Minister” means the Minister of the Government of the Federation
- 5 responsible for trade and investment or commerce, and “the Ministry” shall be
- 6 construed accordingly;”
- 7 (iv) re-defining the words “the relevant proportion” as follows:
- 8 “the relevant proportion,” where the reference is to the relevant proportion of
- 9 the hire-purchase price of any goods or to the relevant proportion of a part
- 10 (however described) of that price, means:
- 11 (a) in the case of other goods other than motor vehicles, two-thirds;
- 12 and
- 13 (b) in the case of motor vehicles, four-fifths;”
- 14 **17. The Principal Act is amended by inserting immediately after the**
- 15 **existing section 21, a new section 21A as follows:**
- 16 **“21. Transitional provision;**
- 17 **At the commencement of this Act, all pre-existing hire-purchase agreements**
- 18 **and credit-sale agreements shall by virtue of this section, continue to have**
- 19 **effect as if they were made under this Act.”**
- 20 **18. Regulation 2 of the Hire-Purchase Regulations is amended by**
- 21 **substituting the words “investment or commerce” for the word “tourism” in the**
- 22 **definition of “Minister,” that is:**
- 23 **“Minister” means the Minister of the Government of the Federation**
- 24 **responsible for trade and investment or commerce.**
- 25 **19. This Bill may be cited as the Hire Purchase (Amendment) Bill,**
- 26 **2015.**

Insertion of new  
section 21A:  
Transitional  
provision

Amendment of  
Regulation 2:  
Interpretation

Citation

#### EXPLANATORY MEMORANDUM

This Bill seeks to amend the Hire-Purchase Act, Cap. H4, Laws of the Federation of Nigeria, 2004.