

HIRE-PURCHASE BILL, 2015
ARRANGEMENT OF CLAUSES

Clause:

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A BILL

FOR

AN ACT TO REPEAL HIRE-PURCHASE ACT OF 1968 AND ENACT HIRE-PURCHASE BILL, 2015 TO PROVIDE FOR REGULATION OF HIRE-PURCHASE AND CREDIT SALE TRANSACTIONS IN NIGERIA AND FOR RELATED MATTERS

Sponsored by Rt. Hon. Yakubu Dogora

[] Commencement

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

- 1 1. Subject to the provision of this Bill, the provision of this Bill
- 2 shall apply in relation to all hire-purchase agreements and credit sale
- 3 transactions irrespective of hire purchase price or total purchase price.
- 4 2. A hirer purchase or credit sale agreement shall contain:
- 5 (a) names and addresses of the parties;
- 6 (b) total cash price;
- 7 (c) procedure of inspection of goods before it passes to the hirer or
- 8 purchaser;
- 9 (d) rights of the hirer, purchaser, and owner of the goods;
- 10 (e) provision for guarantor;
- 11 (f) procedure for enforcement of the agreement;
- 12 (g) initial deposit, and amount of each installment;
- 13 (h) total installments;
- 14 (i) mode of determining the agreement;
- 15 (j) a statement of the true rate of interest;
- 16 (k) list of goods to which the agreement relates; and
- 17 (l) signatures of the parties and their witnesses.
- 18 3. A hirer purchase or credit sale agreement should avoid:
- 19 (a) an owner of goods or person acting on his behalf to enter any

1 premises for purpose of taking possession of goods which have been let under
2 this Bill, except as specifically provided under this Bill;

3 (b) exclusion or restriction of right of either party to terminate the
4 agreement or imposition of any liability in addition to the liability imposed by
5 this Bill on a hirer;

6 (c) a provision stating that a person acting on behalf of an owner or
7 seller in connection with formation or termination hire purchase or credit sale
8 agreement is treated as an agent of the hirer or buyer;

9 (d) a provision where an owner or seller is relieved from liability for
10 the acts or defaults of any person acting on his behalf in connection with
11 formation or termination of the agreement; and

12 (e) where a hirer or buyer is required to avail himself of the services,
13 as insurer or repairer or in other capacity whatsoever, of a person other than a
14 person selected by the hirer or buyer in the exercise of his unfettered discretion.

15 4.-(1) In every hirer purchase or credit sale agreement there shall be
16 an implied condition:

17 (a) on the part of the owner that he shall have right to sell the goods at
18 the time when the property is to pass; and

19 (b) that the goods shall be of merchantable quality except defects
20 which the owner could not be aware of.

21 (2) In every hirer purchase or credit sale agreement there shall be an
22 implied warranty:

23 (a) the hirer shall have and enjoy quiet possession of the goods; and

24 (b) that the goods shall be free from any charge or encumbrance in
25 favour of any third party at the time when the property is to pass.

26 (3) Where the hirer expressly or by implications makes known to the
27 owner the particular purpose for which the goods are required there is an
28 implied condition that shall reasonably fit the purpose.

29 (4) The owner of the goods shall not by agreement be entitled to rely
30 on the provisions of agreement to exclude or modify the conditions and

1 warranties set out in this Clause.

2 5. The Minister may make regulation for:

3 (a) restricting the sums and interest which may be charged in
4 connection with hirer purchase or credit sale transaction;

5 (b) any other thing for the purpose of smooth implementation of the
6 provisions of this Bill

7 6.-(1) At any time before final payment is made under hire
8 purchase or credit sale agreement any party entitle to enforce the agreement
9 against the other shall, submit to the other party a copy of the agreement
10 together with the statement signed by the party showing the:

11 (a) amount paid by the hirer or buyer;

12 (b) amount due but unpaid under the agreement;

13 (c) date which each unpaid installment becomes due;

14 (d) amount of each installment; and

15 (e) mode of determining date upon which each unpaid installment
16 becomes payable.

17 (2) Where by virtue of hirer purchase or credit sale agreements, a
18 hirer or buyer is under duty to keep the goods comprised in the agreement in
19 his possession, the hirer or buyer shall on receipt of the request inform the
20 owner where the goods are.

21 (3) Where the hirer or the buyer, without reasonably cause, fails to
22 give the information required under this clause, commits an offence and
23 shall be liable on conviction to pay a fine not exceeding N100,000.

24 7.-(1) A hirer or buyer in a hirer purchase or credit sale agreement,
25 may at any time before final payment is made, be entitled to determine the
26 agreement by given notice of intention to terminate the agreement in writing
27 to the other party.

28 (2) In determining the agreement under this clause, the hirer or
29 buyer may be liable to pay, without prejudice to any liability that has accrued
30 before the determination, up to:

- 1 (a) one-half of the price in the case of goods other than motor vehicle;
2 (b) three-fifth of the price in the case of motor vehicle; or
3 (c) such lesser amount as may be specified in the agreement.

4 (3) In any circumstances where an agreement is determined under this
5 clause, the hirer or buyer shall immediately return the goods under the
6 agreement to the owner and settle all the outstanding liabilities.

7 (4) Where an agreement is determined under this clause, the hirer or
8 buyer may be liable to pay damages in the event of failure to take reasonable
9 care of the goods.

10 (5) The provision of this clause shall not prejudice any right of hirer or
11 buyer to determine the agreement otherwise than by virtue of this clause.

12 **8.**-(1) Where goods have been let under hirer purchase or credit sale
13 agreements, and relevant proportion of the price has been paid, the owner shall
14 not enforce any right to recover possession of goods from the hirer or buyer
15 otherwise than by litigation.

16 (2) Where an owner of the goods recovers possession in
17 contravention of the provision of this clause, the agreement is determined and:

18 (a) the hirer is relieved from all liabilities under the agreement and
19 shall recover from the owner all sums paid to the owner under the agreement;
20 and

21 (b) guarantor shall be entitled to recover from the owner all sums paid
22 under the agreement.

23 (3) In hirer purchase or credit sale transaction relating to motor
24 vehicle, where the hirer or buyer fails to pay three or more installments of the
25 price under the agreement, the owner may take possession of the vehicle for the
26 purpose of protecting it from damage or depreciation pending determination of
27 any action.

28 **9.** Where an owner of goods under hirer purchase or credit sale
29 agreements seeks to enforce right to recover possession under this Bill, and the
30 hirer or buyer refused to deliver possession, the hirer or buyer shall be deemed

1 to be in adverse possession and conversion.

2 **10. Advertisement for hirer purchase or credit sale transaction shall**
3 contain:

- 4 (a) complete description of goods;
5 (b) total hirer purchase or credit sale price;
6 (c) an indication that deposit is payable or not; and
7 (d) nature of installment.

8 **11. Subject to the provision of this Bill and agreement of the parties**
9 under hirer purchase or credit sale transaction, where:

10 (a) a corporate body contravene any of the provision of this Bill,
11 commits an offence and shall be liable to pay a sum of N1,000,000 and
12 N1,00,000 for every day the violation continues;

13 (b) contravention in paragraph (a) of this clause occurred as a result
14 of negligence of an employee or director of the corporate body, the director
15 or employee or both shall be liable to pay a sum not exceeding N500,000 and
16 N50,000 for every day the violation continues; and

17 (c) an Individual contravene any of the provision of this Bill
18 commits an offence and shall be liable to pay a sum not exceeding N500,000
19 and N50,000 for every day the violation continues.

20 **12. The Minister may by order published in the official gazette**
21 exclude certain goods from the operation of this Bill.

22 **13. The hire-purchase Act Cap. H4 LFN 2004 is repealed.**

23 **14. The provision of clause 13 of this Bill shall not affect anything**
24 done or suffered, or any right, title, or interest acquired or accrued before the
25 commencement of this Bill, or any legal proceeding or remedy in respect of
26 any such thing, right, title or interest.

27 **15. In this Bill:**

Interpretation

28 "advertisement" means ways inviting public to enter into legal relationship
29 by means of sound broadcast, cinematography, jingles, billboards, etc in
30 connection with hirer purchase or credit sale transactions;

- 1 "buyer" means a person who buys or agrees to buy goods under hirer purchase
2 or credit sale transactions;
- 3 "condition" is a term of contract breach of which may give rise to repudiation of
4 the contract and claim damages;
- 5 "contract of guarantee" is an agreement made in connection with hirer
6 purchase or credit sale transactions to guarantee the performance of hirer's or
7 buyer's obligation;
- 8 "credit sale" means sale of goods on credit where whole or part of the purchase
9 price is payable by five or more installment;
- 10 "delivery" means voluntary transfer of goods from one person to another;
- 11 "goods" means chattels other than things in action or money;
- 12 "hirer" means a person who has taken goods from the owner under hirer
13 purchase agreement;
- 14 "hire purchase" is a transaction dealing with goods under an agreement, where
15 a hirer purchase or agrees to purchase goods and the total purchase price is
16 payable in installment;
- 17 "Minister" minister in charge of trades; and
- 18 "warranty" is a term of contract breach of which may give rise to claim
19 damages only.

Short Title

20 **16. This Bill is cited as Hire-purchase Bill, 2015.**

EXPLANATORY MEMORANDUM

This Bill seeks to repeal Hire-Purchase Act of 1968 and enact Hire-Purchase Bill, 2013 to provide for regulation of Hire-Purchase and Credit Sale transactions in Nigeria in order to bring the legislation in conformity with what is obtainable in our commercial transactions.