

**Hire-Purchase, Credit-Sale and Hire-Control**

Cap. 328A.

**HIRE-PURCHASE, CREDIT-SALE AND  
 HIRE-CONTROL (EQUIVALENT RATE OF LOAN  
 INTEREST) ORDER, 1977**

S.I. 1977/28.

Made by the Central Bank of Barbados with the approval of the Minister under section 3 of the Hire-Purchase, Credit-Sale and Hire-Control Act. Cap. 328A.

1. This Order may be cited as the Hire-Purchase, Credit-Sale and Hire-Control (Equivalent Rate of Loan Interest) Order, 1977.

2. For the purposes of this order—

“cash price” means, in relation to any hire-purchase or credit-sale agreement in respect of any goods, the price at which the prospective hirer, in the case of a hire-purchase agreement, or the prospective purchaser, in the case of a credit-sale agreement, would at the date of the agreement have been able to purchase or to agree to purchase those goods for cash;

“equivalent rate of loan interest” in relation to any goods comprised in a hire-purchase or credit-sale agreement means the rate of interest which would be represented by the difference between—

- (i) the aggregate of the cash price of the goods and the amount, if any, payable by instalments under the agreement for the installation or maintenance of the goods; and
- (ii) the aggregate of all amounts due under the agreement in respect of the goods,

if the amount of that difference constituted interest on a loan of the aggregate of all amounts due under the agreement in respect of the goods less the aggregate of the amount of that difference and any amount payable in

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respect of the goods before or on the date of the making of the agreement.

**3.** No person shall dispose of any goods under a hire-purchase or credit-sale agreement unless—

- (a) the agreement is in writing;
- (b) the agreement contains in respect of each description of goods a statement of the cash price of the goods of that description comprised in the agreement;
- (c) the agreement contains in respect of each description of goods a statement of the amount, if any, payable by instalments under the agreement for the installation or maintenance of the goods of that description comprised in the agreement;
- (d) the agreement provides for the payment of the balance due in respect of each description of goods after the date of the making of the agreement either by approximately equal instalments at equal intervals spread over a period commencing with that date or by a single payment; and
- (e) the agreement contains in respect of each description of goods a statement of the equivalent rate of loan interest, calculated in accordance with the provisions of the Schedule, in relation to goods of that description comprised in the agreement.

**4.** Nothing in this order prohibits the doing of anything under the authority of and in accordance with a licence granted by the Bank under the Act.

*Para. 3.*

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#### SCHEDULE

##### FORMULA FOR CALCULATING EQUIVALENT RATE OF LOAN INTEREST

1. For the purposes of this Schedule—  
“balance due” means, in relation to a hire-purchase or credit-sale agreement, the balance due after the date of the making of the agreement.
2. The provisions of this paragraph shall have effect for the purposes of

the application of paragraph 3 of the order to any hire-purchase or credit-sale agreement—

- (a) Let  $m$  be the number by which the period in respect of which, in accordance with the agreement, each instalment of the balance due in respect of the goods is payable, must be multiplied in order to be equal to a period of twelve months.
- (b) Let  $d$  be the amount of the difference between—
- (i) the aggregate of the cash price of the goods and the amount, if any, payable by instalments under the agreement for the installation or maintenance of the goods; and
  - (ii) the aggregate of all amounts payable under the agreement in respect of the goods.
- (c) Let  $p$  be the amount of the difference between—
- (i) any amount payable before or on the date of the making of the agreement in respect of the goods; and
  - (ii) the cash price of the goods.
- (d) Let  $n$  be the number of instalments of the balance due in respect of the goods payable under the agreement.
- (e) The formula for calculating the equivalent rate of loan interest shall be—

$$\frac{200md}{p(n+1) + \frac{d}{3}(n-1)} \text{ per cent per annum.}$$

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