

## Bills of sale

### Response form

This optional response form is provided for consultees' convenience in responding to the consultation paper.

We are happy to receive simple yes/no answers but more detailed comments would also be helpful. You do not have to respond to every question or proposal. Answers are not limited in length (the box should expand, if necessary, as you type).

We invite responses by **9 December 2015 [Extension to 16<sup>th</sup> December for CLLS response]**.

Please send your completed form:

- **by email to:** [bills\\_of\\_sale@lawcommission.gsi.gov.uk](mailto:bills_of_sale@lawcommission.gsi.gov.uk) or
- **by post to:** Fan Yang, Law Commission, 1st Floor, Tower, Post Point 1.53, 52 Queen Anne's Gate, London SW1H 9AG  
Tel: 020 3334 3385

For those consultees who wish to respond only to our proposals and questions in respect of logbook loans, we have prepared a separate response form, available at <http://www.lawcom.gov.uk/project/bills-of-sale/>.

If you send your comments by post, it would be helpful if, wherever possible, you could also send them electronically (for example, by email to the above address, in any commonly used format).

#### Freedom of information statement

We may publish or disclose information you provide to us in response to this consultation, including personal information. For example, we may publish an extract of your response in Commission publications, or publish the response in its entirety. We may also be required to disclose the information, such as in accordance with the Freedom of Information Act 2000 and the Freedom of Information (Scotland) Act 2002. If you want information that you provide to be treated as confidential please contact us first, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic disclaimer generated by your IT system will not be regarded as binding on the Commission.

The Commission will process your personal data in accordance with the Data Protection Act 1998.



## Chapter 7: The case for reform

**Q1** Do consultees agree that bills of sale should not be “banned” or “abolished”?

Yes                      No                      Other

**The CLLS Financial Law Committee considers that Bills of Sale should be abolished without replacement, except that measures should be taken to ensure that consumer and unincorporated business demand for (1) loans secured on vehicles already owned, (2) loans secured on book debts (and possibly other assets) of unincorporated businesses can be met and consideration should be given as to whether there is any need for non-possessory security arrangements for high value assets (eg valuable works of art) and portfolios of security for high net worth individuals, or whether these needs can be met through the use of corporate structures. We can see no value in creating a system which would encourage low and rapidly depreciating items, such as essential household goods (whose value in use to the consumer far exceeds their resale value), to be given in security by individuals. This would not contribute to social welfare.**

Do consultees agree that the law of bills of sale should be reformed?

Yes                      No                      Other

**The CLLS Financial Law Committee consider that the Bills of Sale Acts should be repealed and that bills of sales (whether by way of security or absolute) should in future have no legal effect. There should be no revival of law predating the Acts.**

## Chapter 8: Proposals for reform: a new legislative framework

**Q3** Do consultees agree that the Bills of Sale Acts should be repealed and replaced with new legislation regulating how individuals may use their existing goods as security while retaining possession of them?

Yes

No

Other

**The CLLS Financial Law Committee do not think there is any need for a general system under which individuals may use their existing goods as security while retaining possession of them. We refer to our answer to question 1.**

**Q4** Do consultees agree that:

**(1)** the phrases “bill of sale”, “security bill” and “personal chattels” should be replaced?

Yes

No

Other

**We think that the terms "bill of sale", "security bill" and "absolute bill" should cease to have any legal meaning. The term "personal chattels" is almost certainly used in other contexts and has a well understood meaning in the common law. We see no reason to seek to abolish or replace it, if the Bills of Sale Acts are repealed, which will remove the particular definition in that Act and also its legal context.**

**(2)** the new legislation should use the term “goods mortgage” to refer to secured loans over goods generally?

Yes

No

Other

If, contrary to the views of the CLLS Financial Law Committee, there were a replacement for the Bills of Sales Acts, we would have no objection to the use of this term.

(3) the new legislation should use the term “vehicle mortgage” to refer to secured loans over vehicles?

Yes

No

Other

See response to Q4(2)

**Q5** Do consultees agree that the new legislation should regulate transactions where individuals use goods they already own as security for a loan or other non-monetary obligation and retain possession of the goods?

Yes

No

Other

The CLLS Financial Law Committee believe that any new legislation should not create a system to regulate transactions in which individuals use goods they already own as security, but be limited to addressing the few areas of demand addressed in answer to question 1 as efficiently as possible, using existing lending approaches (see our answers to specific proposals for log book loans and book debt charges below)

In particular, should the new legislation:

(1) apply only to security granted by individuals?

Yes

No

Other

The CLLS Financial Law Committee do not think there is any call for new legislation creating a general system for the grant of security by individuals (or be individuals and non-natural persons)

(2) cover transactions where the obligation secured is non-monetary?

Yes No Other

The CLLS Financial Law Committee see no case for allowing security in relation to a non-monetary obligation – this could lead to consumers being unable to escape from the constant threat of repossession of essential goods (no ability to exercise their equity of redemption if the obligation is continuing or not yet due for performance) and accompanying heavy cost claims, a prospect reminiscent of systems of trucking, bondage and slavery which have no place in a modern society.

(3) provide that goods are considered to be in the possession of the borrower if they remain under the borrower's control?

Yes No Other

This would be the correct concept if, contrary to the views of the CLLS Financial Law Committee, such a system of goods mortgages were introduced.

**Q6** Do consultees agree that the new legislation should not apply to:

(1) dealings with intangible goods?

Yes No Other

If there were to be legislation, there must be a case for individuals (and individuals acting as trustees of settlements) to be able to create security over portfolios of securities (eg stocks and shares) whether represented by registry entries, book entries or other dematerialised means or bearer instruments. These might or might not be possessory, depending on the circumstances, which will increasingly be that securities holdings are represented in the books of an intermediary.

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(2) dealings with ships and aircraft?

Yes

No

Other

There is already a system for individuals to give security over ships and aircraft

(3) any security interest which could be registered as an agricultural charge (with the exception of loans secured on vehicles)?

Yes

No

Other

This is also adequately provided for already

**Q7** Do consultees agree that a goods mortgage should take effect by transferring ownership to the lender unless the parties agree that it should take effect as a charge instead?

Yes

No

Other

In other contexts (land, corporate security) the use of charges is almost universal and any new form of security should also take effect as a charge. Care would also need to be taken to ensure any transfer or retransfer of ownership was tax-neutral.

**Q8** For all goods mortgages (whether or not securing a regulated credit agreement, and whether taking effect as a transfer of ownership or a charge), do consultees agree that the new legislation should:

(1) prevent lenders from repossessing goods except for one of three specified reasons:

(a) default on payment;

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- (b) default on maintenance or insurance of the goods; or
- (c) the bankruptcy of the borrower?

Yes                      No                      Other

**We agree on (a) and (c). We think the case on (b) requires careful consideration. The scheme envisages very low value or rapidly depreciating goods may be charged where the condition of the goods would be of little relevance to the substance of the transaction: an ability to repossess could be used as an instrument of oppression, where the goods are of utility to the borrower and this give rise to much unnecessary litigation. Where insurance is appropriate it should be arranged on terms that allow the lender to maintain it if the borrower does not renew and add the cost to the loan.**

- (2)**                      no longer provide that fraudulently removing the goods is a specified reason that allows lenders to repossess goods?

Yes                      No                      Other

- (3)**                      where there is a transfer of ownership, specify that ownership is automatically transferred to the borrower once the loan is repaid?

Yes                      No                      Other

**The CLLS Financial Law Committee, however, favours any such mortgages taking effect as charges**

- Q9**                      Do consultees agree that a goods mortgage should be available to secure loans of any amount with no minimum?

Yes                      No                      Other

The CLLS Financial Law Committee strongly believe it would be wrong to enable low value or rapidly depreciating goods to be given in security with the borrower retaining possession. The social impact of moving from an environment where this is not really a practical option needs very careful consideration. The introduction of a system under which a charity could donate eg a fridge and a cooker to a household in poverty, only for them to be immediately given in security by the recipient to raise funds and repossessed shortly thereafter, does not seem consistent with the values of our society. We therefore believe that there should be a substantial minimum medium term value in goods permitted to be given in security if a system of goods mortgages were introduced. This value should be indexed to keep pace with inflation.

**Q10** Do consultees agree that borrowers should not be permitted to use future goods as security for a loan, unless the loan is to be used to acquire those goods?

Yes

No

Other

However, if individuals were provided with a means to give security over portfolios of securities (see Q6(1)) this should extend to future assets in this class

## Chapter 9: Proposals for reform: simplifying the document requirements

**Q11** Do consultees agree that:

(1) a goods mortgage should only be valid if it is set out in a written document signed by both parties?

Yes

No

Other

If, contrary to the views of the CLLS Financial Law Committee, a system of goods mortgages is introduced

(2) the borrower's signature should be a physical signature made in the presence of a witness?

Yes

No

Other

**Regard must be had to the laws on Electronic Signatures (see the CLLS Financial Law Committees written submission). Article 25 of Regulation (EU) No 910/2014 will apply and require the recognition of electronic signatures.**

**(3)** the goods mortgage should be in a separate document from the credit agreement?

Yes

No

Other

**This should be optional.**

**Q12** Do consultees agree that a goods mortgage document should contain:

- (a) the date of the goods mortgage?
- (b) the names and addresses of the borrower and lender?
- (c) the obligation which is secured by the goods mortgage?
- (d) a statement that ownership of the goods is being transferred to the lender, or that the goods are being charged in favour of the lender, in order to secure the obligation?
- (e) the name, address and occupation of the witness?
- (f) a specific description of the goods?

Yes

No

Other

**This would be a correct approach if a system of goods mortgages were introduced.**

**Q13** Do consultees agree that it is not necessary to require that the goods mortgage document contain:

(1) a fixed sum where the secured obligation is monetary?

Yes

No

Other

We do not think that this is necessary, as the minimum value we propose would attach to the secured goods not the amount borrowed.

(2) specific description of the goods in a separate schedule?

Yes

No

Other

**Q14** Do consultees agree that where a regulated credit agreement is secured on a vehicle the vehicle mortgage document should include prominent statements that:

(1) the lender owns the vehicle until the loan is repaid?

Yes

No

Other

All the requirements suggested in Q14 would not be needed if arrangements for raising finance using already owned vehicles could be fitted into the existing hire-purchase and conditional sale framework

in the event of default, the borrower risks losing possession of the vehicle?

Yes

No

Other

Do consultees have views on:

**(3)** the suggested formulations for the prominent statements?

Yes      No      Other

**(4)** whether the prominent statements should also appear on websites and advertising?

Yes      No      Other

**The same position should be taken as applies to the advertising of financing of new vehicles by hire purchase or conditional sale**

**Q15** Do consultees agree that:

**(1)** adapted versions of the prominent statements should be required for regulated credit agreements secured on goods other than vehicles?

Yes      No      Other

**(2)** it is not necessary to include the prominent statements for goods mortgages which do not secure regulated credit agreements?

Yes      No      Other

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We query why this should be the case?

**Q16** Do consultees agree that the sanction for failure to comply with the document requirements should be that the lender loses any right to the secured goods, both as against the borrower and as against third parties?

Yes

No

Other

## Chapter 10: Proposals for reform: modernising the registration regime

**Q17** Do consultees agree that:

**(1)** there should be no requirement to register vehicle mortgages at the High Court?

Yes

No

Other

**The CLLS Financial Law Committee does not support a system of vehicle mortgages. If one existed, the High Court would not be a suitable registry**

**(2)** instead, a logbook lender should not be entitled to enforce a vehicle mortgage against a third party or trustee in bankruptcy unless the vehicle mortgage has been registered with a designated asset finance registry?

Yes

No

Other

**(3)** priority should be determined by the date and time that the details of the vehicle mortgage become publicly available?

Yes                      No                      Other

**This creates a difficulty in ascertaining when that point is as it is the result of an administrative action, not an action by the parties. We suggest that the date of acknowledgement of the filing should be used. Authorisation of the registry could depend on this being virtually simultaneous with public availability.**

**Q18** Do consultees agree that:

**(1)** a government entity should designate asset finance registries as suitable to register vehicle mortgages?

Yes                      No                      Other

**If asset finance registries should prove necessary.**

**(2)** to provide an asset finance register which meets the needs of lenders and traders, asset finance registries seeking designation should meet four criteria:

- (a) adequate data-sharing
- (b) a suitable cost structure
- (c) robust technology (coupled with indemnities); and
- (d) a complaints system?

Yes                      No                      Other

See also our response to question 17(3)

We welcome other comments on the registration of vehicle mortgages

We think it would be better not to have them, but to enable the use of hire purchase and conditional sale agreements in relation to vehicles already owned by the borrower: see the CLLS Financial Law Committee's accompanying paper.

**Q19** We expect that the designated asset finance registries will initially be HPI, Experian and CDL. We welcome comments on whether there are likely to be new entrants to this market.

**Q20** Do consultees agree that mortgages on goods other than vehicles:

**(1)** should be enforceable against the borrower whether or not they have been registered?

Yes

No

Other

If a system of goods mortgages is introduced, we would prefer validity to depend on registration, as with security created by companies that requires registration at Companies House

**(2)** should not be enforceable against a third party or trustee in bankruptcy unless they have been registered with the High Court?

Yes

No

Other

The High Court is not a suitable registration body in any event. However, the concept of registration being a prerequisite to enforcement of any security interest is appropriate.

**Q21**

Do consultees agree that for registration of mortgages over goods other than vehicles at the High Court:

- (a) registration should be by email?
- (b) priority should be determined by time of submission?
- (c) original documents should no longer be required?
- (d) an affidavit should no longer be required?
- (e) lenders should email a registration form and a copy of the goods mortgage document? We welcome views on whether the registration form should include the location of the goods.
- (f) there should not be a statutory time limit?
- (g) the High Court should not be obliged to send goods mortgage documents to county courts?

Yes

No

Other

While some of these measures may be appropriate in relation to the registration of goods mortgages, if a system for their creation is created, the High Court is wholly unsuitable as a registration body and any registration body should use modern electronic means of communication in the same way as envisaged for vehicle mortgages.

We welcome other comments on the registration of mortgages over goods other than vehicles

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**Q22** Do consultees agree that to maintain the accuracy of the registers:

**(1)** lenders should be required to enter notices of satisfaction in respect of satisfied vehicle mortgages and goods mortgages?

Yes                      No                      Other

**(2)** there should be a procedure for the borrower (at the lender's cost if successful) to enter a notice of satisfaction where the lender refuses to do so?

Yes                      No                      Other

**(3)** re-registration of vehicle mortgages and goods mortgages should be required every ten years?

Yes                      No                      Other

If there is such a system, the lower the minimum at which use of the system is allowed the more frequent re-registration would need to be. With no value minimum, no more than 3 years would be appropriate. We think consideration should be given to whether a maximum duration is needed if a system of vehicle and goods charges is introduced.

## Chapter 11: Proposals for reform: protecting borrowers

**Q23** Do consultees agree that:

(1) the requirement for a court order before repossession should be extended to all regulated credit agreements secured by a goods mortgage?

Yes

No

Other

(2) the point at which the lender should be required to seek a court order is when one third of the total loan amount has been repaid?

Yes

No

Other

**We note this accord with the position for hire-purchase and conditional sale agreements**

(3) lenders should be permitted to pass on the court fee to the specific borrower in question if a return of goods order is granted, or if a suspended return of goods order eventually results in repossession?

Yes

No

Other

There may be a case that the court should have discretion in this matter.

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(4) lenders should be permitted to have recourse to borrowers for any shortfall following sale of the repossessed goods?

Yes

No

Other

(5) lenders should be permitted to seek a charging order against borrowers' homes only in the limited circumstances set out in the CCTA Code?

Yes

No

Other

(6) in accordance with the CCTA Code on charging orders, lenders should not be able to apply for an order seeking sale even where they have obtained a charging order against borrowers' homes?

Yes

No

Other

(7) lenders should be permitted to use the return of goods order, and so their own employees or debt collectors, to repossess the goods?

Yes

No

Other

**This should be permitted, assuming that standards of repossession behaviour are adequately regulated**

**Q24** Do consultees agree that for regulated credit agreements secured by a goods mortgage:

**(1)** borrowers should have the right of voluntary termination by handing over the vehicle or other goods?

Yes                      No                      Other

**We note this applies under consumer credit legislation and we see no reason to have any differences.**

**(2)** the right for borrowers to terminate voluntarily should be available until the lender has incurred costs to repossess the vehicle or other goods?

Yes                      No                      Other

**The position should be that in relation to hire purchase and conditional sale agreements regulated under consumer credit legislation**

**Q25** Do consultees agree that the approach of the CCTA Code should be adopted so that voluntary termination:

**(1)** is available immediately, without requiring any percentage of the loan amount to have been repaid?

Yes                      No                      Other

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(2) acts as full and final settlement of all outstanding amounts?

Yes

No

Other

(3) is available except where:

(a) it is established that the vehicle or other goods have sustained malicious damage of whatever nature; or

(b) it is evident that the borrower has contravened the obligation to take reasonable care of the vehicle or other goods to the extent that the contravention adversely and significantly affects the resale value?

Yes

No

Other

The position should be the same as under the Consumer Credit Acts

Where vehicles are maliciously damaged, we welcome views on whether borrowers should retain the right of voluntary termination if they can show that the malicious damage was not caused by them or anyone associated with them.

See above

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**Q26** Do consultees agree that if the borrower protection measures we propose are enacted:

**(1)** vehicle mortgages would not be used to secure the purchase of new vehicles on credit?

Yes No Other

We have no view

**(2)** no further intervention is necessary?

Yes No Other

See above

**Q27** Do consultees agree that where a goods mortgage secures a loan which is not a regulated credit agreement:

**(1)** goods may be repossessed without a court order?

Yes No Other

**(2)** there should be no statutory right of voluntary termination?

Yes No Other

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## Chapter 12: Proposals for reform: protecting private purchasers

**Q28** Do consultees agree that:

**(1)** a private purchaser who acts in good faith and without actual notice of the goods mortgage should acquire ownership of the goods?

Yes                      No                      Other

**The position should be the same as in relation to goods on hire purchase or subject to conditional sale**

**(2)** the protection should apply to all goods subject to a goods mortgage, not just vehicles?

Yes                      No                      Other

**(3)** if the private purchaser did not act in good faith and/or had actual notice of the goods mortgage, lenders should only be entitled to repossess from them with a court order?

Yes                      No                      Other

**See (1) above**

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**(4)** the proposed new legislation should contain a regulation-making power to amend its provisions, including the repeal of the protection granted to private purchasers of vehicles, if vehicle provenance checks were to become free (or almost free) and a routine part of buying a second-hand vehicle?

Yes

No

Other

**That would be logical**

**Q29** We welcome views on whether the protection should be confined to “disposition” as defined by the Hire Purchase Act 1964, or whether it should extend more widely, to include (for example) exchange and barter?

**Q30** Do consultees agree that the FCA should be given jurisdiction to curb abuses in the way that logbook lenders treat private purchasers?

Yes

No

Other

**Q31** Do consultees agree that FOS should have jurisdiction to hear complaints against logbook lenders made by private purchasers of vehicles subject to logbook loans?

Yes

No

Other

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## Chapter 13: General assignments of book debts

**Q32** Do consultees agree that registration of general assignments of book debts serves, in principle, a valuable purpose?

Yes

No

Other

See the separate paper submitted by the CLLS Financial Law Committee for our ideas on this

**Q33** Do consultees agree that a general assignment of book debts should be evidenced in a document which contains:

- (a) the names and addresses of the parties?
- (b) a statement that the book debts are assigned?
- (c) the date of the general assignment?
- (d) sufficient information to identify the class of book debts in question?
- (e) if the general assignment is time-limited, the duration?
- (f) the borrower's signature in the presence of a witness?
- (g) the name, address and occupation of the witness?

Yes

No

Other

See the CLLS Financial Law Committee's paper for an option which would not require separate rules to be laid down. In any event use of electronic signatures will have to be permitted.

**Q34**

Do consultees agree that the following changes should be made to the regime for registering a general assignment of book debts at the High Court:

- (a) the need for an affidavit should be abolished?
- (b) documents should be submitted by email?
- (c) the general assignment should be validly registered from the date and time of the automatic reply to the email?
- (d) the seven clear day time limit for registration should be abolished?
- (e) registration should be renewed every 10 years?

Yes

No

Other

**The High Court is not a suitable registration body and what is appropriate would depend on the registry selected, but we agree that the need for an affidavit should be abolished and that if there is a time limit 21 days would be more appropriate. 10 years may be an appropriate period for re-registration for this type of charge.**

We welcome other comments on the way that general assignments of book debts are registered at the High Court.

**Registration at the High Court is wholly unsuitable in any event**

## **Chapter 14: Absolute bills of sale**

**Q35**

Do consultees agree that:

**(1)**

the requirement to register absolute bills should be abolished?

Yes

No

Other

**The legal effect of absolute bills should be abolished, not just registration requirements. It appears they can be used to defeat legitimate claims on assets and this should not be facilitated.**

(2) there is no need to continue to regulate the use of absolute bills?

Yes

No

Other

See above

## Chapter 15: Assessing the impact of reform

**This section is best addressed by the industry and we have not answered, unless we have a point to make.**

**Q36** We welcome evidence on the current cost of registering a logbook loan at the High Court. We seek views on our estimate that the cost of registering a logbook loan at the High Court is between £35 and £51.

**Q37** We welcome evidence on the savings to the logbook loan industry if the requirement to register logbook loans at the High Court is abolished. Do consultees agree that abolishing the requirement to register logbook loans at the High Court will save the logbook loan industry between £1.67 million and £2.43 million a year?

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**Q38**

We welcome evidence from logbook lenders as to the percentage of cases in which they repossess from borrowers and how many repossessions currently take place after the one third point at which a court order would become necessary under our proposals.

**Q39**

We seek views on whether the figures would change if our proposals are implemented. We welcome views on our initial estimate that, if our proposals are implemented, between 0.7% to 1.1% of logbook loans will involve a court order before repossession.

**Q40**

What are the likely costs of a court order? We seek views on the estimate that the combined cost of the court fee and legal costs would be in the region of £600.

**Q41**

We welcome evidence from logbook lenders about the costs they would incur in borrowing money from banks and other lenders to finance a period of delay in repayment from borrowers.

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**Q42**

We seek evidence from logbook lenders about:

- (a) the amount of money received in settlements from innocent private purchasers; and
- (b) the value obtained from vehicles repossessed from innocent private purchasers.

**Q43**

We welcome views on the costs of achieving readily available vehicle provenance checks for consumers.

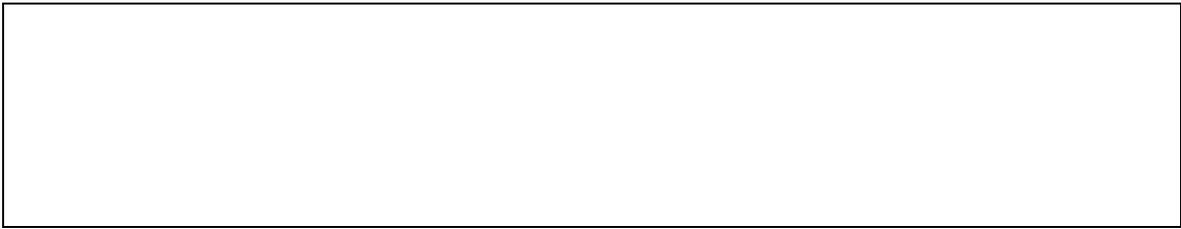
**Q44**

We welcome evidence on the transitional costs to the logbook loan industry of adapting to the new legislation. We seek views on an initial estimate that these costs would be less than £50,000 for each logbook lender.

**Q45**

We welcome evidence on the number of bills of sale registered at the High Court each year that are secured on goods other than vehicles. We welcome comments on the estimate that 260 of the bills of sale registered at the High Court in 2014 were secured on goods other than vehicles.

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**Q46** How far might such use of goods mortgages expand if our proposals are implemented? In particular, is there a demand from unincorporated businesses and high net worth individuals to use goods mortgages to secure guarantees, revolving facilities or overdrafts?

**A system of easily usable goods mortgages could result in a huge expansion in the use of goods mortgages. The social cost and the burden on the court system and the chosen registry all militate against such a system being created. The CLLS Financial Committee does not think this is necessary to meet existing demand as identified in the consultation paper. The UK has been best served by the absence of a universal user friendly system of goods mortgages for individuals.**

**Q47** Are we right to think that most loans secured on goods other than vehicles are loans made to unincorporated businesses and high net worth individuals – and that relatively few are regulated credit agreements?

**The CLLS Financial Law Committee do not think current practice would be any guide to future practice if the widely available scheme proposed by the Law Commission were adopted. In any event, surely most loans to individuals, regardless of size, are now regulated agreements following the abolition of the financial limit by the Consumer Credit Act 2006? The main exception would seem to be where the lender is not a person in the business of lending and we doubt that these lenders are using the bills of sale legislation.**

**Q48** We welcome evidence on the savings to lenders if our proposals to streamline the High Court registration regime for goods mortgages are implemented. Do consultees agree that the proposals to streamline the High Court registration regime would save between £23.10 and £50 per goods mortgage?

**Q49** Do consultees have any evidence of disputes with private purchasers who have bought goods (other than vehicles) subject to a security bill of sale?

**Q50** We welcome evidence on the current cost of registering general assignments of book debts at the High Court. We seek views on our estimate that the cost of registering a general assignment at the High Court is between £480 and £1,735 (excluding VAT).

**Q51** We seek views on our estimate that our proposals would reduce these costs by between £350 and £575 for each registration. How far would this reduction in costs lead to an increase in registrations of general assignments of book debts?

**Q52** Do consultees agree that the only costs to the invoice financing industry of our proposals to simplify the High Court registration regime would be the transitional costs?

We believe that the High Court would struggle to manage the provision of a transparent registration system on which priority depended in whole or in part, if it became more widely used. We consider that the invoice financing business would need to seek a more modern registrar and may have to invest to achieve this, unless charges over book debts created by unincorporated businesses can be tied into the existing system for companies.

**Q53**

We welcome views on the transitional costs to the invoice financing industry of adapting to the new legislation.