

Credit control

Notice to banks and deposit-taking finance houses issued by the Bank of England on 17 December 1975.

This notice restates the qualitative guidance which banks and finance houses are asked to observe in the period ahead.

Banks and finance houses are asked:

- 1 to ensure that, within the bounds of banking prudence, the needs of manufacturing industry for finance or facilities for working capital are fully met; and that any expansion of their business in the period immediately ahead is directed to this purpose and to the expansion of exports, saving of imports and to domestic industrial investment;
- 2 still to refrain from providing either loans to persons or check trading facilities for the purchase of goods covered by the Terms Control Order on terms easier than those permitted for hire-purchase contracts. Banks and finance houses may, of course, adopt the new terms when lending for the purchase of goods affected by the changes announced today. Apart from meeting the additional demand resulting from the adoption of those new terms, they are asked to maintain their existing restraint on lending to persons;
- 3 to maintain existing restraint on lending for purely financial transactions and to continue to restrain lending to property companies as strongly as is compatible with avoiding aggravation of the present difficulties of such companies.