Glossary of Terms for
Hire Purchase and Credit Contracts

"CCA"
Means the Consumer Credit Act 1999, Laws of Fiji.

"Discharge Amount"
The amount required to repay the costs of hiring/borrowing including any fees and charges to terminate the hire/credit contract and purchase the Goods/repay the loan.

"Entire Hiring Amount"
Means the amount set out in the Hire Purchase Agreement schedule.

"Default"
Refers to the omission or failure to perform a legal or contractual duty; to observe a promise or discharge an obligation or to perform an agreement.

"Goods"
Means the Goods or assets being purchased on the Hire Purchase Agreement secured against the Credit Contract.

"Hirer"
Includes the Hirer and its administrators, successors and assigns and any new entity arising from any change in the Articles of Association of the Hirer or its administrators or its reconstruction or its absorption by or amalgamation with any other entity.

“Customer”
Means any person using the financial services of a credit institution, including any walk-in customer that does not hold an account with the credit institution but using the credit institutions’ services to conduct financial transactions.

“Closed-End Contract”
Refers to a loan for a specific amount of money that requires full repayment of principal and interest by a predetermined date.

“Schedule”
Means the Schedule if any, annexed to the Hire Purchase Agreement or Credit Contract or any similar document issued by KFL.

“Loan Arrears Interest”
Calculated on the arrears amount of the period in default, based on annualised interest rate of the loan account, for up to 3 months.

“Notice”
A written letter describing the event of default and is a demand for payment of the default amount or full balance outstanding – dependent on the event of default.

“Act”
Means the Credit Contract Act 1999 unless otherwise specified.

“Effective Annual Rate/Effective Interest Rate”
Refers to (1) the total interest paid or earned in a year expressed as a percentage of the principal amount at the beginning of the year. (2) The interest rate on a loan or a deposit that takes into account the effects of compounding. The formula is: r=[91+in)^n]-1, where r is the fixed interest rate, I is the nominal interest rate6 and n is the number of times in a year interest is compounded.

“Break Cost Fee”
30 days interest charged on the outstanding balance calculated at the fixed interest rate of the loan account formula as follows; Outstanding Balance x 30 days/365 days = ANS x fixed rate = ANS.