

## **How to comply with new consumer regulations**

**New consumer rules came into force on 13 June 2014, these rules affect distance selling and 'off-premises' contracts. Distance selling means selling over the phone, over the internet or traditional mail order.**

New rules apply to services, digital content and to goods. The scope of these new rules is wider than previous regulations and will bring in many businesses who may not be aware of the regulations.

"Off-premises" contracts include any contracts which are made in a consumer's home or made at a trader's place of business, where the services are to be delivered away from the trader's place of business.

The number of businesses caught by the regulations is surprisingly wide and would include many services and trades such as builders, interior designers etc. as well as e-commerce websites.

The government had announced wider changes to consumer protection law but most of these other changes will come in later and the main changes for the time being will be to distance and remote contracts. So what has changed?

### **Information Requirements**

All traders must now provide consumers with certain information before goods or services are bought. These requirements vary depending on the type of contract. Off premises and distance sellers are now obliged to provide detailed information to customers both before the consumer is bound into the contract and after the contract is completed.

The post contract information has to be supplied in a 'durable' medium (i.e. an email with an attachment or a letter, despatch note etc.).

The most important piece of information which must now be provided is information about the consumers right to cancel a distance or off-premises contract, please note that failure to supply this information is a criminal offence and if the information is not supplied the customer may have up to 12 months to cancel the contract. Where there is a right to cancel the consumer must also be provided with a model cancellation form.

### **Cancellation Period**

The cancellation period during which consumers have a right to return goods or cancel a contract for services or digital content is increasing from seven working days to fourteen calendar days.

The 14 day period will start when goods are in the customer's hands. As under previous regulations the entire contract must be cancelled and if the consumer has ordered multiple goods they cannot keep some items and cancel the contract for other items.

This will apply to all distance contracts, including those made over the internet or by phone, with some limited exceptions (e.g. for personalised or perishable items). Terms and conditions should be amended to reflect the new cancellation period.

A full refund has to be provided (including any basic delivery charges). However the rules are now clear that the trader does not have to reimburse the customer until it has received the goods back or the customer has established that they have returned the goods. The consumer is responsible for returning goods to the seller within 14 days of cancellation but the seller has to collect the goods if they cannot be returned in the post.

## **Services**

One of the most important changes for SMEs which has not been publicised very much is the change to services contracts which are provided off-premises. The customer has to be given a 14 day right to cancel the contract and the trader can only supply services in that cancellation period if they have obtained the express consent of the consumer.

If the consumer consents then they will still have the right to cancel but will need to pay a reasonable amount for the services which have been provided.

If the trader fails to get this consent to start within the cancellation period, then the consumer can still cancel within the 14 day period but does not have to pay the trader anything.

If a trader does not give the customer information about the right to cancel and does not get permission to start within the cancellation period, then the customer will have up to 1 year to cancel and will not have to pay anything for services provided in this period.

## **Other changes**

Order buttons on e-commerce websites will need to be changed to include an express acceptance by the consumer that they are required to pay the amount specified (e.g. “pay now” or “order & pay” rather than “order now”).

Websites can no longer use pre-ticked boxes where these boxes require an additional payment. For instance pre-selected delivery options which include a charge are no longer permitted.

Customer telephone lines to deal with distance or off-premises orders cannot charge the consumer more than the ‘basic rate’.

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