

Consumer Contracts (Information, Cancellation and Additional Charge) Regulations 2013

Get in touch

To speak with a member of the corporate and commercial team about the impact the new regulations may have on your business, or to arrange a review of your current consumer contracts call 01753 279022

Online

commercial@bpcollins.co.uk
www.bpcollins.co.uk

Legal team

Thomas Baines
Simon Deans
Victoria Holland
Harriet Jones
David Smellie
Diane Yarrow
Alex Zachary

Be consumed in new regulations

As of 13 June 2014, the new EU Consumer Rights Directive comes into force, with potentially major impacts for businesses. The Consumer Contracts (Information, Cancellation and Additional Charge) Regulations 2013 will substitute the current Distance Selling and Doorstep Selling Regulations, and implement a single set of rules for those who sell goods or services to consumers, including by way of distance selling and contracts formed away from the seller's business premises. The change comes as a result of a push to harmonise such rules across the EU.

All consumer contracts for goods and services will be affected by the new regulations. All contracts made on-premises (a sale made at your business premises), off-premises (door to door, sales made at a trade show etc.) and via distance sales (telephone or online sales, including downloads) are caught by the new regulations. The type of contract that you enter into with the consumer dictates what protections the consumer is given and with what information you have to provide them. There are some exceptions, but it is safest to assume that if you deal with consumers the new regulations are going to apply to your business and to talk to us to find out more about them.

Depending on how you already operate your business, the impact of the regulations could be dealt with by making some administrative and practical changes to your processes and the ways in which you interact with customers. For other businesses, the regulations could have a huge effect on current communications to consumers – including unaddressed or addressed printed matter; letters, press advertising with order forms, catalogues, telephone with or without human intervention, email, fax, and television (teleshopping) – with the resulting cost implications being significant.

There are a number of changes that could affect your business, but to give you a snapshot, the main changes are to the information that a consumer must be provided with before they enter into a contract and to a consumer's rights to cancel a contract once it has been entered into.

The regulations list the information that a business has to provide to a consumer at the pre-contract stage. For many businesses this will be information that they already provide, similar to the information required under the Distance Selling Regulations. For example, a consumer ordering online must be given details of your complaints handling policy. There are however some new requirements and you should check the regulations or speak to us.

The new regulations provide that every contract to which they apply will be treated as including a term that you have complied with the provision of information. Therefore, a consumer could argue that failure to provide this information was a breach of contract. Whether or not anyone chooses to run that argument remains to be seen, but even if you think that you are already compliant, you should check the information requirements and consider whether you do, in fact, bring the required information to the attention of your customers before they enter into a contract with you.

We are used to the fact that a consumer, who enters into a distance or off-premises contract, has a right to cancel it during a "cooling off" period. The period during which consumers can cancel such a contract for goods or services is being increased to 14 calendar days, which is a significant change to the current seven working days (for distance sales contracts) and seven calendar days (for doorstep sales contracts).

For a contract for goods, the cancellation period is 14 days starting from when the goods are received. For the provision of services, the cancellation period is 14 days starting from when the contract is entered into, but, if the customer isn't told that they have a right to cancel (including the procedures to exercise the right to cancel) as part of the pre-contract information, then the 14 day period is extended to 14 days from the date that you tell them about the right to cancel. It might also interest you to know that not providing information about the right to cancel is a criminal offence.

As you would expect, some contracts are exempt from the cancellation rights including, urgent household repairs and bespoke and customised goods, but you should take care in checking what the exemptions actually cover.

The regulations state that a business must not begin to supply services until the cancellation period expires. If a business does supply services before this date, and the consumer cancels the contract, then the consumer will have no obligation to pay for the work that has been undertaken.

You might find this to be counterintuitive in a world where consumers are looking for increasingly quick turnarounds, but there is a solution. A business can begin to supply services early if the consumer has made an express request in writing for them to do so. If you get an express request to start straight away (in circumstances where you have complied with the information requirements) and the consumer then cancels during the 14-day period, they will have to pay costs incurred up to the point of cancellation.

A whistle stop tour of some of the other changes includes:

- Customers must be provided with a copy of the signed contract or with confirmation of the contract in writing.
- Unless agreed otherwise, goods should be delivered with undue delay and within 30 days.
- Goods remain at the risk of the trader until they are in the consumers' possession, or that of a person delegated to receive the goods (so no more leaving them on the doorstep!).
- Customers must be provided with a basic rate telephone number for post contract queries.

In this changing legal landscape, it is important to ensure that you have reviewed your business processes and documentation, including your contracts and communications material. A huge number of businesses will be affected and it will undoubtedly change how some have to interact with customers and the processes they will need to follow to make sure they are protected.

Not only can B P Collins help to guide you through the regulations so that you understand the impact of these on your business, we can review your existing documentation to ensure compliance. We will also do the bit other lawyers miss out. We will work with you to ensure your terms of business are properly incorporated in your contracts with consumers and, if it would help, we can provide training to your sales and/or contract teams to ensure they understand how the regulations impact upon you, giving you the confidence to carry out your normal day to day business without undue worry.



B P Collins LLP
Collins House
32-38 Station Road
Gerrards Cross
Buckinghamshire
SL9 8EL
Tel: +44 (0)1753 889995
Fax: +44 (0)1753 889851

www.bpcollins.co.uk
enquiries@bpcollins.co.uk