

# Questions and answers on new consumer laws

## What will the Consumer Rights Act do?

- The Act is a part of the Government's reform of the UK's consumer landscape which aims to make it easier for consumers to understand and access their key rights, including:
  - the right to clear and honest information before you buy;
  - the right to get what you pay for;
  - the right to goods and digital content being fit for purpose, and services being performed with reasonable care and skill; and
  - the right that faults in what you buy will be put right free of charge or a refund or replacement provided.

## When is it coming into force?

- Rules around the availability of Alternative Dispute Resolution come into force on 9<sup>th</sup> July.
- The measures in the Consumer Rights Act come into force on the 1st October.

## Where can businesses get more information?

- More information and guidance can be found on the [Business Companion](#) website, or if you would like to speak to someone about this, please call the [Business Support Helplines](#).
- Businesses can also contact their local Trading Standards Service and their Trade Body, if they are a member.

## Where can consumers get more information?

- Citizens Advice [website](#), your local bureau, or helpline 03454 040506

## What is Alternative Dispute Resolution?

- Alternative Dispute Resolution (ADR) is a process that enables disputes between a consumer and business to be settled via an independent mechanism outside the court system.
- There are different forms of ADR: mediation (where the ADR provider facilitates an agreement between the parties), adjudication and arbitration. In both adjudication and arbitration, the ADR provider makes a decision based on the information provided by the parties (either in writing or in person) but, while the decision of an adjudicator can be appealed to the courts, the decision of an arbitrator cannot (other than in limited circumstances). The decisions of an adjudicator and an arbitrator are both binding on the parties and can be enforced through the court.

## Why ADR?

- It can be cheaper and quicker for consumers and business to use ADR rather than taking a dispute through the courts.
- Why can't consumers sort out their own disputes?
  - In most cases, consumers will continue to sort out disputes between themselves and a business informally (usually through the business' own complaints procedure). Indeed, consumers will always be expected to give traders the chance to address a problem before engaging in ADR.
  - ADR gives consumers and business another option for sorting out

disputes rather than the consumer having to resort to formal court action.

## What are the Consumer Rights Directive/Consumer Contracts Regulations 2013/Consumer Rights (*Payment Surcharges*) Regulations 2012?

- The Consumer Rights Directive (CRD) was agreed by all Member States and was implemented into UK law through the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 and the Consumer Rights (*Payment Surcharges*) Regulations 2012.
- The regulations set out rules in relation to the following aspects of the business-to-consumer transaction.

### *Information rights & cancellation rights for distance and off-premises selling:*

- The Regulations consolidate and update these requirements and came into force in June 2014. The key changes are that:
  - The cancellation period extends from 7 to 14 days.
  - Consumers can cancel services started in the cancellation period (this was not possible under the previous distance selling regime).
  - Traders selling at a distance or off-premises can withhold a refund until goods are returned.
  - Such traders can deduct money from a refund where an item appears to have been used (beyond handling to see if the goods are as expected).

### *Provisions to prevent hidden costs:*

- These prohibit specific 'hidden cost' practices which can prevent informed comparison of competitive offers. They include:
  - Prohibition on excessive surcharges for payment methods - came into force in the UK in April 2013.
  - Requirement that, where traders offer telephone helplines for calls by customers to the trader about products purchased e.g. to complain, enquire, or to exercise cancellation or other rights, consumers must not have to pay more than the basic rate for a call. (This came into force in the UK in June 2014.)
  - Requirement to obtain a consumer's active consent for any additional payments. This means pre-ticked boxes will no longer be permitted. The consumer must tick any boxes themselves. (This came into force in the UK in June 2014.)

## What other changes have been made recently?

- The Consumer Protection (Amendment) Regulations 2014 came into force on 1st October 2014. They provide new private rights for consumers who have suffered harm as a result of misleading or aggressive practice to:
  - seek to unwind from a contract and get their money back;
  - seek a discount on price paid; and
  - seek damages for detriment caused.
- Misleading and bullying consumers into contracts now carries up to 90 days to unwind the contract.
- The Consumer Protection (Amendment) Regulations 2014 provide new standard remedies for those who have suffered harm from a misleading or aggressive practice.