

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 did it come into force?

The measures in the Consumer Rights Act come into force on the 1st October.

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 introduce Alternative Dispute Resolution?

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 simply 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 was agreed by all European Union 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 two consumer regulations set out rules in relation to consumer and business transactions around:

information rights & cancellation rights for distance and off-premises selling

They consolidated and updated these requirements and came into force in June 2014. The key changes were 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?

What are the Consumer Protection (Amendment) Regulations 2014

The Consumer Protection (Amendment) Regulations 2014 came into force on 1st October 2014. They provided 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 carried up to 90 days to unwind the contract. The Consumer Protection (Amendment) Regulations 2014 provided new standard remedies for those who suffered harm from a misleading or aggressive practice.

And how do these Consumer Regulations relate to the Consumer Rights Act?

In developing proposals for the Consumer Rights Act 2015, the Government took into account the definitions and measures contained within the Consumer Rights Directive and and, as far as appropriate, made the Act consistent with these, with the intention of achieving overall a simple, coherent framework of consumer legislation. The Consumer Rights Act 2015, therefore, stands alongside the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 and the Consumer Protection (Amendment) Regulations 2014 to create a greatly simplified body of consumer law. Taken together, they set out the basic rules which govern how consumers buy and businesses sell to them in the UK.