

New law for consumers is days away

May 2014

Businesses which sell goods, services or digital content to consumers will soon be subject to new laws in the form of the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 which will apply to contracts concluded on or after 13 June 2014. The Regulations implement the Consumer Rights Directive 2011, which updates earlier EU Directives, particularly relating to "distance selling" (i.e. over the telephone or online). Although they will mainly affect businesses which deal with consumers on an e-commerce basis, some of the provisions will affect businesses which deal with consumers through any medium (though certain sectors, including financial services, are exempt).

Key points to check for compliance¹

1. Cancellation periods for consumers who are buying at a distance or off premises should, as a minimum, reflect the new statutory cancellation period, which has been extended from 7 to 14 calendar days. A prescribed cancellation form (set out in the Regulations) should also be used on websites.
2. Any obligation to pay must be made absolutely clear (for example, by re-labelling previous 'Order Now' payment buttons on websites with 'Order and Pay Now' (or something similar)). In addition all payments will need the active consent of consumers – so, for example, pre-ticked payment boxes authorising additional payments will no longer be permitted.
3. Premium rate telephone numbers for post-contract consumer helplines are no longer permitted; telephone helplines should be charged at no more than the basic rate.
4. Both online and offline traders should check that they comply with the extended pre-contract information requirements which are set out in the Regulations, paying particular regard to ensuring clarity on costs and charges.

Other points to consider

The Regulations also prescribe that consumer goods should be delivered within a minimum time period of 30 days (unless otherwise agreed), and that risk in contract goods should only pass to a consumer at the point when the goods are delivered. So, for example, risk cannot pass at the point when the goods are passed from a trader to its chosen courier. In addition, there are new rules on the cancellation of contracts for the supply of digital content which is not on a tangible medium (for example where content is supplied through downloads or streaming).

The bigger picture

The Regulations form part of a series of extensive changes to consumer law in the UK. One of the first major changes took place on 1 April 2014 when the Competition and Markets Authority (CMA) took over many of the consumer protection functions of the Office of Fair Trading. The CMA is now the lead regulator in respect of sector wide consumer protection investigations, but Trading Standards officers are expected to take more of a lead on cases of national significance.

The Consumer Rights Bill (which is currently before Parliament) will introduce yet more significant changes, including reforming the law on unfair terms and goods and services, and introducing new enforcement powers for regulators. We will keep you informed of further developments.



Tom Purton

Head of Commercial,
IP & Technology
tom.purton@traverssmith.com



Richard Brown

Partner
richard.brown@traverssmith.com



Dan Reavill

Partner
dan.reavill@traverssmith.com



Alistair Wilson

Consultant
alistair.wilson@traverssmith.com

Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

T: +44 20 7295 3000
F: +44 20 7295 3500

www.traverssmith.com

¹ For further details please go to: Department for Business Innovation and Skills Guidance on Consumer Contracts Regulations