

A guide for traders selling goods, services and digital content from their premises

The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 replace the current Consumer Protection (Distance Selling) Regulations 2000 and the Cancellation of Contracts made in a Consumer's Home or Place of Work etc Regulations 2008 for all contracts made from 13 June 2014. Although there are many similarities there are also important differences in the new Regulations, which will apply both to contracts made on and away from business premises, and introduce new rules for businesses providing digital content. These Regulations will affect most businesses that contract with consumers, irrespective of where and how the contract is entered into.

For ease of presentation, we have produced three guides covering contracts made on business premises, off business premises and at a distance. According to the type of business that you operate you may need to consult each guide. To help you decide, each guide starts with a definition of the types of contract that are covered and a list of those that are not.

This guide is for businesses that sell goods, services or digital content to consumers on their own premises. Although there are no statutory cancellation rights for consumers in these situations, apart from under any refunds policies that you may provide yourself, there is a list of information that consumers must be provided with before they enter into a contract with you. In addition the Regulations prohibit the use of premium rate telephone helplines and the use of so-called negative options to sell additional products to consumers that are incidental to the main contract. The Regulations also deal with the time that you take to deliver goods and who takes the risk when goods are being delivered to a consumer.

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What do the Regulations cover?

Most contracts made and negotiated between traders and consumers are covered and the Regulations split these contracts into three types:

- **off-premises contracts.** There are four types of these contracts:
 - a contract made where a consumer and trader are together and agree the contract in a place that is not the trader's business premises - for example, in a consumer's home or place of work
 - a contract made where a consumer and trader are together and an offer is made by the consumer in a place that is not the trader's business premises - for example, where a consumer signs an order form during a visit to his home and the trader agrees the contract later
 - a contract that is agreed on a trader's business premises or through any means of distance communication immediately after a meeting with a consumer in a place that is not the trader's business premises. For example, a salesperson meets a consumer in the high street and convinces him of the benefits of buying a water filter; the consumer is then taken to the local office of the trader to sign the contract for the equipment. An example of this scenario using distance communication would be if the salesperson in the high street takes the consumer's email address and emails him the contract, which the consumer prints and returns by post
 - a contract made with the consumer during an excursion organised by the trader with the aim of selling or promoting their goods or services to the consumer. The Regulations do not define an 'excursion'; however, it is possible that this will cover a situation where a trader meets a consumer on holiday and invites him to travel with the trader to a different venue to be sold goods or services
- **distance contracts.** A contract made between a trader and a consumer where they are not together, which is negotiated and agreed by one or more organised means of distance communication - for example, by phone, post or over the internet. There must be an organised distance scheme for selling goods and/or services so the Regulations are unlikely to affect a business that sells a product at a distance as a one-off. For instance, a knitting wool shop that does not normally sell at a distance would not fall within the definition of a distance contract when a customer rings to ask for a ball of wool to be posted to him because he is unable to call into the shop - this is unlikely to be classed as an 'organised' distance selling scheme
- **on-premises contracts.** The Regulations define an on-premises contract as: '*a contract which is neither off-premises nor a distance contract*', which effectively means a contract made on business premises, whatever they may be

Traders who visit a consumer in his home and leave a quotation (or send one to them later), allowing him to decide and enter into a contract when he is ready to do so, will be entering into an 'on-premises contract'. This will be because this transaction does not fall within the definition of an 'off-premises contract' unless the consumer agrees to the contract immediately after the trader has left their home, nor is it a distance contract. This will be important for many home improvements businesses that work in this way and will, therefore, fall under the requirements for on-premises contracts. This will mean that business selling in these circumstances will only have to provide the information listed in this guide (rather than the larger list for off-premises contracts) and will not have to give cancellation rights. However, if your business uses this approach you must remember that you will be entering into off-premises contracts in those situations when you do agree a contract at the time that you visit your customer and agree a contract there and then.

'Business premises' will include a trader's permanent premises and well as temporary premises (such as a market stall) where they usually operate. This is a key definition with regard to the above contract types but it is not defined clearly by the Regulations.

These notes will cover the requirements of the Regulations when you sell goods, services or digital content on your premises, or in other situations that fall within the 'on-premises' definition (see above). If you also sell away from your business premises or at a distance please see our other two guides:

A guide for traders selling goods, services and digital content off their premises

A guide for traders selling goods, services and digital content at a distance

What do the Regulations not cover?

The Regulations do not cover contracts for:

- gambling (covered by gambling legislation)
- financial services such as banking, credit, insurance or personal pensions. however, credit and insurance facilities will be affected if supplied with contracts for goods or services or when offered as an optional extra that the consumer must opt out of (see 'Negative options for additional charges' later)
- the construction of new buildings (or substantially new buildings by the conversion of existing buildings - such as a barn conversion) and the sale of immovable property. However, the construction of extensions to existing buildings will be covered
- residential letting contracts, but estate agency contracts for their work in connection with the sale or letting of properties are covered
- the supply of consumables by regular roundsmen such as milkmen - these visits must be frequent and regular to a consumer's home, residence or workplace
- package travel contracts
- timeshare and long-term holiday products, including resale and exchange contracts
- purchases from vending machines
- single telecom connections - such as payphones and internet café connections

Sales contracts, service contracts and digital content

The Regulations divide the content of the contract into three types:

- **sales contracts.** This includes contracts for the sale of goods and also for the supply of goods **and** services together. This will therefore include the sale of a book, a film on a DVD, the supply of software on a disc, and the supply and fitting of a patio
- **service contracts.** This covers contracts that are for services **only** - for example, the services of a personal trainer or lawyer. Supply of gas and electricity by the utility suppliers will also be covered by this definition, whereas gas and electricity will be classed as goods when sold in limited amounts - for example, batteries and gas in containers
- **digital content.** The supply of data through an intangible medium - for example, music and software downloads or streamed films

Information requirements

The Regulations require that you give certain information to consumers who buy goods, services or digital content from you on your business premises. However, there are some types of contract that are exempt from this requirement:

- medicinal products or services that are either dispensed on prescription or are available free under an NHS arrangement
- a contract for passenger transport services - such as bus, rail or flight tickets

In addition, these information requirements do not apply to day-to-day transactions that are performed immediately when the contract is entered into (the consumer pays and gets the goods/services straight away) - for example, for everyday purchases such as groceries, newspapers, buying a coffee to take away, having a shoe-shine, etc. However, other trading standards legislation will still require you to display information about what the product is and its price and, in some cases, its unit price. It is likely that this exception will most likely apply to low cost items.

In all other cases if you are offering to sell goods, services or digital content on your premises you will need to give or make available the information listed below to consumers before they enter into any contract:

- the main characteristics of the goods, services or digital content. In many cases this will be obvious from the display of the goods or their packaging and no further information would need to be added
- your identity (such as your trading name), geographical address and telephone number. Your name and address may be obvious for customers on your premises but they should also be informed of a telephone number for further contact
- the total price of the goods, services or digital content including all taxes - for example, VAT, or, if the price is not known, how the price will be calculated

- details of any additional delivery charges or, where this cannot be calculated in advance, an indication that a delivery charge will be payable
- where applicable, arrangements for payment, delivery or performance and the time that you will take to deliver the goods, perform the services or supply the digital content (see 'Time for delivery of goods' below)
- if you have one, your complaint handling policy. Providers of services should have a complaint handling policy in place as required by the Provision of Services Regulations 2009. In addition TSI approved codes of practice and some trade associations and professional bodies will also require a policy to be in place, which must be made available to consumers
- if you are selling goods you should remind consumers that the goods you sell must be in conformity with the contract - for example, you might say: 'It is our responsibility to supply you with goods that meet your consumer rights. If you have any concerns that we have not met our legal obligations please contact us'
- if there are any after sales services or guarantees available you must make consumers aware of this and any applicable conditions. In many cases this will be obvious from the display of the goods or their packaging and no further information would need to be added
- if the consumer will enter into a contract of a fixed duration, he must be informed what this is. If the contract has no fixed length, or can be extended automatically he must be informed of the conditions under which he can terminate it
- digital content functionality - this will include information about its language, duration, file type, access, updates, tracking, internet connection, geographical restrictions and any additional purchases required
- digital content compatibility - information regarding both hardware and other software

The Regulations do not specify how this information has to be made available, the important thing is that consumers have this information given or available to them. It is likely that this will be achieved by a variety of means, such as the goods themselves, notices or price lists on display, or making a contract available for a consumer to read before they agree to be bound by it. The acid test is that this information must be clear and comprehensible to the consumer before he enters into the contract.

If you need to change any of this information before entering into a contract, or at a later stage, you must agree this with the consumer. Failure to do so will mean that the consumer is not bound by the change of information.

Failure to provide the information set out above would allow a consumer to claim that you have breached your contract with him and seek an appropriate remedy. The consumer would also be able to claim that you had breached your contract if he found that any of the above information that you had provided was incorrect.

Negative options for additional charges

Where there are additional items linked to the main contract (for example, insurance and/or car hire with a contract for a holiday, or gift-wrapping when purchasing a present) paying for these items as well must not be the default option. Consumers should always be asked to expressly consent to additional charges. For example, an electrical retailer automatically adds an optional warranty to the final purchase price, a car retailer automatically adds optional gap insurance to the final price or a furniture store automatically adds optional fabric protection insurance to the price of a three piece suite.

Consumers will not be liable for any additional payments that they have not actively consented to and they have the right to request that they are refunded for these payments.

Basic rate telephone helpline charges

If you provide a telephone line for consumers to contact you in relation to a contract that they have entered into with you, you cannot charge more than a basic rate for this service. Therefore you can only charge normal geographic or mobile rates. A consumer should not pay more to contact you about her purchase than she would to phone a friend or relative.

Consumers who are charged more than the basic rate are entitled to claim any overcharge back from you.

You should check carefully whether your phone line does cost consumers more than basic rates. In addition to numbers beginning 09, other revenue-sharing numbers such as 084, 0871, 0872 or 0873 would not comply. Nor would 0870 numbers, which would vary according to the consumer's own phone tariff.

The following numbers will comply with the Regulations:

- geographic numbers - starting 01, 02 or 03
- 0800 and 0808 - although these currently may incur a charge for those ringing from a mobile, Ofcom-proposed reforms will soon mean that these will be free in all circumstances
- mobile numbers - starting 07

Time for delivery of goods

Unless you agree otherwise it is your responsibility to deliver the goods that you have sold to a consumer. If you do not agree a delivery time you must deliver the goods without undue delay and certainly no later than 30 days from the day after the contract was made.

A consumer may treat a contract as being at an end and request a full refund in any of the following circumstances:

- you refuse to deliver the goods
- you fail to deliver within the agreed time and it is clear from the circumstances, or from what the consumer has told you, that this agreed time was essential
- the consumer has specified an appropriate delivery period, which you fail to meet

If your contract consists of a variety of goods, some of which you fail to deliver on time, the consumer has the right, as an alternative to ending the contract, to cancel that part of the order or return goods that have already been delivered. You must then reimburse him without undue delay for the goods that have been cancelled or rejected. If the goods form part of a commercial unit that would be devalued or have its character changed if they were split up, the consumer can only cancel the order for the goods or reject them as a whole.

The Regulations do not prevent consumers also seeking other remedies that they are entitled to for late deliveries. As an example, a consumer who suffers delays as the result of the late delivery of parts of a fitted kitchen may be able to claim the wasted labour costs of their fitters if they are able to quantify this.

Passing of risk

Unless a consumer arranges their own carrier, the goods that you deliver to him remain at your risk until they come into the physical possession of the consumer or the person that they ask you to deliver the goods to. Therefore if your carrier fails to deliver the goods, or delivers them to the wrong address, this is your responsibility and not the consumer's. If you do not rectify this you may be liable for a claim for late delivery (see above).

Failure to comply with the Regulations

If you fail to comply with the Regulations, in addition to remedies available to consumers for breach of contract, enforcement bodies such as trading standards services and the Department of Enterprise, Trade and Investment in Northern Ireland may be able to seek an injunction (interdict in Scotland) from a court to secure compliance.

Further reading

More information is available in the [Implementing Guidance](#) published by the Department for Business, Innovation and Skills.

Please note

This leaflet is not an authoritative interpretation of the law and is intended only for guidance. Any legislation referred to, while still current, may have been amended from the form in which it was originally enacted. Please contact us for further information.



Relevant legislation

[Consumer Contracts \(Information, Cancellation and Additional Charges\) Regulations 2013](#)
[Consumer Protection \(Amendment\) Regulations 2014 \(regulation 9\)](#)

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