

# **Door to Door**

## **CAB clients' experience of doorstep selling**

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## 1. Summary and introduction

- 1.1 Doorstep selling is an area in which unfair trading practices thrive and consumers' rights are inadequate. Citizen Advice Bureaux (CABx) clients who have experienced problems with doorstep sales appear to be in a very weak position in relation to the trader. They are commonly subjected to unfair trading practices including high-pressure sales techniques and deception. Many are unaware of the few rights they do have to cancel agreements entered into under duress and others are surprised to find they have limited rights. The simple act of arranging an appointment with a salesperson makes a huge difference to a consumer's right to cancel an unwanted contract. The fact that consumers do not generally know this and are generally unaware of their consumer rights, can make it easy for traders to avoid their legal obligations. Some consumers are particularly vulnerable and seem to be a target for unfair practices.
- 1.2 In 2001/02 Citizens Advice Bureaux advised people about 1.4m problems with consumer goods and services and debt. CABx regularly advise people about problems arising from the sale and attempted sale of goods and services, including utilities, through visits to the client's home. These problems cover a wide range of goods and services and a range of problems. This report examines and analyses CABx evidence about doorstep sales and makes recommendations for improvements where current consumer protection is not adequate to meet these consumers' needs. Over the past two years there has been a significant increase in the number of evidence reports received by NACAB from CABx expressing concerns about their clients' experiences with sales conducted in their homes, 'doorstep sales'. More than 1,500 evidence reports from 353 CABx throughout England and Northern Ireland have been considered to prepare this report.
- 1.3 The underlying cause of many of the consumer problems brought to CABx includes the following four factors. First consumers may have a problem because they have limited rights in law; second they may be unaware of their rights; third they may lack the skills and confidence to enforce their rights and fourthly the trader may deliberately set out to avoid the consumer enjoying their statutory rights. A Mori survey for NACAB in 2001<sup>1</sup> reveals that half of those questioned did not know they were entitled to a refund for a second hand reconditioned washing machine that did not work
- 1.4 These problems are widely recognised. The CAB Service welcomed the Government White Paper *Modern Markets Confident Consumers (1999)*<sup>2</sup> which promised to improve and modernise consumer law by strengthening enforcement of legislation, improving redress and information and consumer representation. More recently the European

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<sup>1</sup> *Public Awareness of Consumer, Employment and Other Rights* – MORI research study for NACAB, August 2001

<sup>2</sup> *Modern Markets – Confident Consumers* – DTI White Paper, June 1999

Commission has recognised, following consultation on their Green Paper,<sup>3</sup> that there is a widespread problem with consumer rights and trader behaviour across the EU which may only be remedied by the introduction of a general legal duty on traders to trade fairly, supported by appropriate sector-specific legislation to proscribe certain actions.

- 1.5 Doorstep selling includes a range of face-to-face contacts made in consumers' homes between them as potential consumer, purchasers, and businesses and/or their representatives and employees, who are offering the goods or service for sale.
- 1.6 More than a third of all the reports from CABx concern the sales of domestic fuel. During the same period, however, there have been an ever growing number of reports about legal services sold at the door where sales agents are seeking contracts for the provision of legal services, often on a 'no win, no fee' basis for personal injury claims and housing disrepair cases, and for the services of insolvency practitioners. Along with these new entrants to the doorstep sales market, the numbers of reports from CABx relating to problems about the doorstep sale of goods and services such as aids and products for consumers with specific needs, relating to disabilities, as well as those for home improvements (about which CABx report over 100 a year) remained high.
- 1.7 In this report we look at examples of a wide range of goods and services sold at the door and examine the problems consumers experience with doorstep sales. We give examples of where misleading and/ or high pressure selling tactics are employed and where consumers are misled about their rights before, during and after the sale. The provision of credit is often made to facilitate doorstep sales purchases. This adds further to consumers' need to understand the contractual position and what rights are available. We illustrate the current confusion about when cancellation rights do and do not exist for doorstep sales and suggest how consumer protection might be improved to allow clear, unambiguous, readily enforceable rights for consumers.
- 1.8 The report is not designed to give doorstep selling a bad name but to highlight those trade practices that are cause for concern to consumers and consumer protection bodies, and direct selling businesses that deal fairly and within the law. We recognise that the facility of buying goods and services face to face and at home has been a boon for many consumers and acknowledge that many thousands of transactions regularly occur, where both parties are happy with the outcome. These sales are particularly valuable for consumers in rural communities where access to shops may be limited and to consumers with disabilities that limit mobility.
- 1.9 We also recognise that at national level the Government is seeking to improve matters so far as enforcement of existing consumer legislation

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<sup>3</sup> EU Consumer Protection – European Union Green Paper, March 2001

goes with the introduction of Stop Now Order provisions under the Enterprise Bill 2002. This Bill gives stronger powers to the Office of Fair Trading (OFT) to ensure that self-regulatory Codes of Practice, such as that operating in the doorstep sales market are effective and are complied with, and are effective

1.10 Nevertheless we see a need for improving to the legislation designed to protect consumers and a variety of initiatives to improve the information consumers receive and ensure the maximum use is made of new Stop Now powers by local trading standards departments and other enforcement bodies.

1.11 Recommendations made in this report include:

- All traders in consumer goods and services should be under an enforceable general legal duty to trade fairly in the UK and all European Union states.
- Changes to the law to provide a standard cooling off period for all contracts made in consumers' homes irrespective of whether the salesperson's visit was solicited or unsolicited
- Changes to the law to provide a 14-day cancellation period for all doorstep sales
- In addition to any written contract or agreement for a sale made in their home, consumers should be given a separate cancellation notice outlining their rights to cancel and explaining the procedure to do so. This notice should include a tear-off slip for the consumer to use to give notice of cancellation. This could be introduced on a voluntary basis and incorporated in relevant codes of practice that more readily draw consumers' attention to these rights.
- To improve consumer information about their rights on a continuous basis, in addition to local campaigns, all consumers should be given a standard leaflet whenever a doorstep sale is being made. This could be similar in style and approach to the 'You and Your Mortgage' leaflet which is currently required under the Mortgage Code<sup>4</sup> and include key information about consumers' rights, questions to ask the person and sources of further information, including how to complain. This could initially be a self-regulatory commitment within relevant codes of practice.
- A doorstep preference service should be established, similar to those services that already exist in relation to telephone sales, postal marketing and fax or e-mail sales approaches. This would protect those consumers most vulnerable to poor doorstep selling practices.

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<sup>4</sup> *You and Your Mortgage: The Mortgage Code*- Council of Mortgage Lenders, ongoing

- Consideration should be given to setting up a scheme for traders to register or give notification when they are operating doorstep sales in a particular area. Trading standards departments would be able to trace the business in the event of problems. It could assist in promotion of trade associations' self-regulation and would improve the targeting of enforcement action by local trading standards departments and others.
- In order to make the most effective use of the new Stop Now Order powers being introduced by the Enterprise Bill, local trading standards departments and the OFT should establish excellent systems for consumers and advice organisations like CABx, to report cases and evidence for potential enforcement action. It should be easy to report cases and consumers should get a prompt response explaining what action will be taken and kept informed as investigations proceed.

1.12 Chapter 2 looks at CABx evidence about the range of goods and services where doorstep selling is used and the problems consumers have experienced as a result. Chapter 3 summarises the main problems which CAB clients experience with doorstep purchases. Chapter 4 makes recommendations as to how these problems can be solved. A full list of our recommendations is in Chapter 5.

1.13 In this report we refer to doorstep sales as being 'solicited' or 'unsolicited'. A solicited visit is a visit instigated by the consumer, perhaps by their response to an advertisement, whilst an unsolicited visit is one where the trader makes the first contact and asks to visit or just cold calls on the consumer. Which of these definitions applies to the sale has vital consequences for the consumer's cancellation rights. Unsolicited doorstep sales normally have cancellation rights whilst solicited doorstep sales normally do not

1.14 Consumers' rights under a doorstep sales contract are provided under UK legislation by general consumer protection law and, in addition, by regulations that specifically apply to sales made in that or another consumer's home, the consumer's place of work or on an excursion away from the trader's business premises<sup>5</sup>. They enact a European Union (EU) Directive<sup>6</sup>, which classifies these sales as either 'solicited' or 'unsolicited' and allows or disallows cancellation rights accordingly. A resume of consumer protection law relating to doorstep selling is provided in Appendix 1.

1.15 Throughout this report we have referred to the European Union Directive, 'Council Directive 85/577/ECC to protect the consumer in respect of contracts negotiated away from business premises' as the doorstep selling directive and the UK enactment of that Directive, 'The

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<sup>5</sup> Consumer Protection (Cancellation of Contracts Concluded Away from Business Premises) regulations, 1987 (amended 1988) commonly referred to as the doorstep selling regulations.

<sup>6</sup> Council Directive 85/577/ECC to protect the consumer in respect of contracts negotiated away from business premises – European Economic Community, 20 December 1985.



Consumer Protection (Cancellation of Contracts Concluded away from Business Premises) Regulations' as the doorstep selling regulations.

## 2. Goods and services sold face to face in the home

- 2.1 CABx throughout England and Wales regularly report problems concerning a wide range of goods and services sold to their clients at home. These include both solicited and unsolicited contacts. This chapter looks at the range of goods and services where this method of selling is used and the problems consumers have experienced as a result.
- 2.2 CABx evidence covers problems with doorstep sales of a vast array of products and services including, but certainly not limited to: utilities such as gas, electricity and telephones; domestic appliances such as washing machines, sewing machines, vacuum cleaners, televisions and computers; car parts; legal services such as wills; home improvements including solar heating, security systems, double glazing and DIY equipment; slimming and beauty products; insurance and financial services; and mobility aids such as wheelchairs and stair lifts. In this Chapter we illustrate a few examples of the goods and services about which doorstep sales problems are most regularly reported. These are:
- domestic appliances
  - disability aids
  - utility services
  - building work and repairs
  - home improvements
  - education
  - legal services for 'no win, no fee' agreements
  - general legal services
  - debt management
  - credit

### Domestic appliances

- 2.3 A variety of domestic appliances are sold door-to-door but problems with vacuum cleaner sales are one of the most commonly reported by CABx. Bureaux report the doorstep selling of expensive appliances where the sale is made following a home demonstration. The cost of these appliances is extremely high when compared to typical high street prices for the type of product. For example prices of £1,500 are not unusual for vacuum cleaners. High street prices for basic models can be between £30- £150.
- 2.4 CABx report cases that illustrate both a failure of traders to provide cancellation rights and misleading practices, such as offering prizes to gain access to the consumer's home. Often cases reported by CABx highlight the need for better consumer education about doorstep sales rights.

A CAB in Devon reported the case of their clients, a couple in their 80's, being sold an expensive vacuum cleaner following a home demonstration. The sales people suggested the couple exchange their car, which had an approximate value of £1,500, as part of the deal to purchase the cleaner. One of the clients had had a stroke, the other had difficulty walking and the vacuum cleaner was too heavy for them to use. They were not told about their cancellation rights.

A CAB client from Kent had no response to requests for her money back when she cancelled an agreement to buy a vacuum cleaner for £1,650. She had received a phone call to say she had won free carpet cleaning and was persuaded to buy the vacuum cleaner during the home visit that followed. She paid by debit card because the salesperson refused her credit card and was given no cancellation rights. She cancelled following advice about her rights to do so, but her letters were ignored by the company.

- 2.5 Failure to provide cancellation rights for unsolicited doorstep sales of goods or services costing more than £35 is a criminal offence, enforceable by local trading standards departments. As CABx evidence illustrates, however, there appears to be a lack of consumer knowledge of doorstep sales rights. Therefore there is a need for improved consumer information and education and a better flow of information to enforcement agencies if this protection is to be of value.

### **Disability Aids**

- 2.6 The sale of disability aids and adaptations is a very common issue in CABx doorstep selling evidence. The consumer is usually vulnerable and may not be able to shop outside the home. The products are normally very expensive, for example it is not unusual for CABx to report items such as wheelchairs costing in excess of £4,000. Where they are found to be unsuitable for the specific needs of the consumer, these consumers are arguably the least able to embark on a dispute with the company. In addition, these consumers are amongst those who are least likely, by the very nature of their need for disability aids, to be able to get rid of sales staff once they have gained access to their home.
- 2.7 The CAB Service recognises that doorstep selling can be particularly useful for people who find high street shops difficult to access. This may be due to limited personal mobility or where specialist outlets selling disability aids are not available locally. Home demonstrations of assistive products can allow potential purchasers to try the product themselves and check its suitability for their personal needs. But not all demonstrations allow for this. In some cases only a model or part of the product is used or the consumer is not actually allowed to try the item. The opportunity to check its suitability is often blocked by the salesperson. These products may subsequently fail to be 'fit for the purpose' as required under the Sale of Goods Act.

- 2.8 Many CABx report cases of items sold as being specifically designed or adapted for that client and this can make them expensive. CABx have reported that their clients often seek advice about cancelling these contracts where they find the item is not suitable for their needs, or that with further thought, after the sale, they realise that it is too expensive. The right to cancel in all cases where these products are bought at home would go some way to preventing and resolving these problems.

A £685 hearing aid was sold to a CAB client in Hampshire following an appointment arranged when the client responded to a leaflet dropped through his door offering a 'free home consultation'. He sought advice when he could not reach the company either locally or at their head offices to cancel, having decided overnight that he could not afford it. He was advised that he had no cancellation rights because he had solicited the visit.

A 95-year-old CAB client in Hertfordshire sought advice about the difficulty she was having cancelling a contract for two digital hearing aids she was persuaded to buy for £4400, during a home visit. She had responded to an advertisement and had no cancellation rights under the doorstep selling regulations.

A CAB client in Surrey was asked for a £1,000 deposit on a £3,000 wheelchair during a doorstep sale that followed her response to a TV advertisement. She only had £200 in cash and the salesperson accepted that. The client's daughter-in-law contacted the company explaining the wheelchair was not suitable and that the woman was confused and had been alone at the time of the sale. Initially they promised a refund but later wrote to say no refund would be made.

- 2.9 These clients had responded to advertisements and, in doing so, had invited or solicited the visit to their home. They all wanted to cancel as soon as they had had time to think about the purchase but found they did not have cancellation rights. Age Concern have also found evidence of these problems. In their recent report about the selling of assistive products to older people<sup>7</sup> they highlighted the detrimental effect of invited home visits on cancellation rights as a key issue.
- 2.10 The range of specific-needs products about which CABx report doorstep sales problems includes stair lifts, electric scooters and beds and chairs with electronic features such as vibration massage or adjustability. The cost of these items can run into thousands of pounds and the opportunity to compare products is often not available because the client is persuaded to buy at the initial demonstration of the product. The ability to compare products and prices was seen by the EU as a key reason why the cancellation rights given by the doorstep selling directive were needed.

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<sup>7</sup> *Sharp Selling Practices*, Age Concern, March 2002

An Oxfordshire CAB client was persuaded to buy a £4,000 wheelchair and sought advice about cancelling the purchase. She had previously bought a motorised multi-position bed. The sales representative who had sold it to her had been visiting her, 'whenever he was in the area'. She thought he was a friend and used to share her lunch with him when he visited. This client lives in sheltered accommodation for older people and has a tracheotomy, a pinned femur and deep vein thrombosis.

A CAB client from Merseyside sought advice on behalf of her 85-year-old mother following a doorstep sale of an electronically operated chair for £2,645. The chair had been offered over the telephone for £900 but she had signed a cheque for £1,345 as a deposit and signed a paper waiving her right to cancel. The company did finally accept the cancellation of the contract but would only return £683 of the deposit, on the grounds that the chair had already been made, despite their contractual agreement stating that the chair could only be delivered nine weeks later.

A CAB client from the Midlands needed a stair lift for his severely disabled wife. The company who fitted stair lifts for the local authority in his area told him that it would be a year before he got one via the council but only a few days if he paid for it himself. He paid £500 and agreed to £50 monthly payments. The next day his wife died and he cancelled the stair lift. The company would only refund £250 of the deposit and considered this a concession because of the sad circumstances.

- 2.11 The potential vulnerability, due to disability, of a growing number of consumers is a vital consideration for policy in this area. Whilst disability is by no means exclusively a problem for older people, 66% of those over 75 years old have longstanding illnesses, disabilities or infirmness<sup>8</sup>. CABx reports of problems with doorstep sales of disability and assistive aids frequently relate to older people.

### **Utility services**

- 2.12 The opening of the fuel market to competition - in 1998 for gas and 1999 for electricity - has meant that fuel is now supplied via a contract between one of many fuel companies and the consumer. Previously consumers had a statutory supply from their local supplier. The fuel companies have different service standards, for example, meter reading frequency and pre-payment meter policies vary. They offer several different tariffs or charging structures and consumers need to choose the one that offers the best value for their household's usage. Every household is now a potential new customer or a customer to be retained or reinstated. The financial stakes are high for businesses seeking a greater share of the market.

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<sup>8</sup> *Sharp Selling Practices*, Age Concern, March 2002

- 2.13 This change has been a shock for many CABx clients, for whom a representative of the gas or electricity supplier calling at their home was often trusted. Other than meter readers, the fuel company representative most likely to call at homes now is a salesperson. Consumers' experiences of problems in the fuel market are discussed in a recent NACAB report.<sup>9</sup> Where misselling has occurred there are CABx clients who have been left to sort out problems such as who their supplier is and who to pay for their fuel supply. Such problems can take many months to resolve. Consumers have paid a high price for regulatory failures in the fuel industry, in terms of time, emotional stress and loss of confidence in the supplier.
- 2.14 The largest volume of doorstep sales problems reported by CABx are those concerning the sale of fuel. These cases often concern misselling and illustrate all the worst features of doorstep selling, where the customer has no control over the transaction. This is the only area of doorstep selling where CABx clients seek advice for the reason that they were transferred without having agreed to a contract. It is astonishing to find that an industry covered not only by consumer protection law but, in addition, by licence conditions also designed to protect consumers, and overseen by its own sector-specific regulator, remains possibly the worst example of doorstep selling practices some three to four years after the deregulation of this market. These problems seem to be associated with the use of short term or agency staff paid on a commission-only basis, who have no stake in the outcome for the consumer, which may only be realised over a whole year's worth of fuel bills.

A fuel company gained entry to the home of a disabled CAB client from Hampshire by pretending to do a survey on tariffs. They took details from his fuel bills and asked him to sign to say they had been. He later realised that he had been transferred for both gas and electricity. He arranged to be transferred back to his original supplier. Three months later he was visited by someone wearing his original supplier's badge who read his meter and talked about tariffs. They then revealed they were from the same company that had tricked their way in three months earlier.

A London CAB client in receipt of working families tax credit, with health problems, a large family and English as a second language, was told he would get a discount on his gas if he signed. The visit occurred in the evening and there was not sufficient light to see the small print of the paperwork and his English was not sufficient to allow him to read quickly. His gas bill increased significantly as a result of having changed suppliers. In addition he had been in the process of getting a fuel grant through his original suppliers which he could not access until he transferred back.

- 2.15 In their annual report for 2001, the OFT has published figures which support CABx evidence that problems with sales of fuel are significant. Out of 14,504 complaints about gas and electricity reported to OFT in

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<sup>9</sup> *The Fuel Picture*- CAB clients' experience of dealing with fuel suppliers, NACAB, June 2002

the year ending December 2001, 7,058 49 per cent concerned selling techniques. Across all sectors of complaints reported to the OFT, selling techniques accounted, on average, for 25 per cent of all problems.

- 2.16 CABx evidence illustrates an additional element of confusion arising from doorstep sales of fuel with the growing trend in multiple utility sales. The sale of electricity by companies previously identified with gas and vice versa, has resulted in clients being confused about which company is their supplier. Where the consumer has not been aware that they have switched for both gas and electricity they have, in some cases, found themselves paying bills to two different suppliers.
- 2.17 A further layer of problems has been added by the sale of telephone services by fuel suppliers. Competitive selling in the fixed-line telephone market only recently became a doorstep selling problem reported by CABx. These sales used to be conducted mainly by phone but are now often done on the doorstep or in a public place. CABx are now seeing a growing number of enquiries about multiple utility sales where gas, electricity and telephone services, or a mixture of these, are involved.
- 2.18 The trend in CABx reports of fuel companies also selling telephones has been developing over about a year. This is of particular concern because all the worst features of doorstep fuel selling seem to be featured in these sales too. Perhaps this is not surprising as the same salespeople are at work.
- 2.19 The CAB Service is keen to see improvements and has welcomed the interest from fuel companies in our recent report of CABx clients' experiences.<sup>10</sup> We wish to help the industry and the regulator see how they can improve consumers' experiences in the future. Initiatives such as the 'Energysure' trials launched by the Electricity Association in July 2002 are intended to both improve training of sales staff and maintain a database of trained staff in order to improve service to customers.
- 2.20 For CABx clients there has been the additional worry that where fuel and telephone lines are sold together there are two different regulatory regimes involved. Whilst there may only be one trader at the door, resolving complaints about the sale, of gas, electricity and telephone must be dealt with separately.

An elderly CAB client in sheltered accommodation in South London sought advice about who to pay for her fuel and phone bills. She had an unsolicited visit from a fuel company she believed had come to read her gas meter. She was asked several questions and signed a form. A new telephone box was fitted and the client found that her electricity and phone had been switched to the company supplying her gas. No cancellation rights were received and the client felt she was tricked.

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<sup>10</sup> *The Fuel Picture*- CAB clients' experience of dealing with fuel suppliers, NACAB, June 2002

A client in Lincolnshire received a bill from a gas supply company for a telephone outlet fitting and for £174 worth of calls made. Her phone service is from a telephone-only business and she had never signed for telephone services from the gas supplier. When she contacted the gas company she felt threatened and was warned about possible 'blacklisting' if she failed to pay. She was afraid of being unable to get credit in the future.

An elderly couple sought advice from a London CAB following an unsolicited visit from their fuel supply company whose agent said he had to fix a box to their telephone line. The clients protested but were required to sign for the unit. Efforts to speak to the fuel company about this were unsuccessful, the gas department said they could not help and the clients had no contact number for the telephone section. The phone became unreliable and a neighbour's son removed the box. The clients have refused to pay the phone bills they have received from their fuel company on the grounds they had not been aware of a transfer from their previous phone company. They have had threatening letters from debt collectors for a bill of £6.31.

- 2.21 These cases demonstrate the determination of some utility salespeople to achieve a sale at all cost. They detail failures to comply with both the regulatory requirements of the industry regulator, the Office of Gas and Electricity Markets (Ofgem) and the doorstep selling regulations. They also illustrate the need for better regulation and enforcement.
- 2.22 Companies allowing these sales tactics are trading at their customers' expense and failing to appreciate the importance of good customer service policy and practice as a tool in achieving customer loyalty. In a recent report <sup>11</sup>, NACAB recommended a variety of improvements in regulation of the fuel market, including that consumers experiencing misselling of fuel should receive automatic compensation.

### **Building works and repairs**

- 2.23 Doorstep sales of home repairs and maintenance have been the subject of CABx evidence reports over many years. Commonly such cases involve external work to the owner-occupier's property such as roof and gutter repairs and resurfacing of driveways. The key problems are high costs, poor quality of work and difficulty locating the trader when problems arise. High costs and poor quality of work were amongst the issues highlighted in a National Consumer Council report in 1996<sup>12</sup>.

A CAB client from Yorkshire paid £850 in cash for replacement of the gutter and fascias on his home. The workman had knocked on the door and offered to do the work. The client wrote a cheque but

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<sup>11</sup> *The Fuel Picture*- CAB clients' experience of dealing with fuel suppliers, NACAB, June 2002

<sup>12</sup> *Controlling the Cowboys*, National Consumer Council, November 1996



the man insisted on cash and wanted more than the £850. The gutters leaked but the client could not contact the workman despite having two telephone numbers.

An elderly CAB client from Berkshire was approached by a builder who said she needed work on a sagging gable on her house. Once the gable was removed she was told much more work needed to be done. She ended up paying £5,000 and was given a receipt saying '15 years guarantee on all work'. A piece of the gable fell off and she had been trying to get the builder to return but all she has achieved is a large phone bill.

- 2.24 These cases illustrate the need for better consumer information and education to make consumers more aware of their rights. Neither of these clients were given the cancellation rights they were entitled to and neither was able to find the trader when repairs were required. But consumer education can only go so far in resolving these problems. Information and education must go hand in hand with adequate consumer protection legislation, and active enforcement to secure compliance where needed.

### **Home improvements**

- 2.25 Home improvements such as double-glazing have been the subject of doorstep selling for a number of years. For example in 2001, local trading standards departments reported to the Office of Fair Trading that they had received 104,794<sup>13</sup> consumer complaints about home improvements. Of these, a significant proportion, concerned selling techniques.
- 2.26 CABx evidence reports about doorstep sales of home improvements are commonly made about double-glazing and conservatories. The industry trend for doorstep sales naturally relates to the need to come to the prospective consumer's home to discuss the product in relation to that specific building.

A CAB client from Yorkshire receiving Income Support and Attendance Allowance was persuaded to sign for a double-glazing contract for £1,000 during a visit to her home. Worried about whether she could afford this she only agreed with the assurance that she could cancel if funds were not available. This was not recorded on the paperwork. She has problems with her sight and only spoke to her family about this four weeks after she had signed the agreement.

A West Midlands CAB client was persuaded to sign a double-glazing contract on the understanding that they could cancel within seven days. No time was given for them to read the contract

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<sup>13</sup> Office of Fair Trading Annual Report 2001 - 104,794 is the combined total for consumer complaints reported to OFT about home maintenance repairs and improvements and double-glazing products and installations

before signing. They had responded to a TV advertisement. The contract itself made it clear that there was no cooling off period for customers who were not buying with a linked credit agreement.

A CAB client from Bedfordshire agreed to purchase a conservatory during a solicited visit. They signed on the understanding that they could phone and cancel the following day but when they did this they were informed that costs had been incurred, for which they would be charged.

- 2.27 A common feature is that even when a consumer has cancellation rights and cancels, the sales person re-contacts the customer in an effort to reinstate the contract. This practice seeks to render the specific consumer protection aimed at combating high-pressure sales from unsolicited contacts ineffective.

A CAB in Suffolk described the experience of their clients, an elderly couple, as harassment. They were pursued to reinstate a double-glazing contract they had cancelled several times. The wife had sent the salesperson away when he cold-called but he returned later and persuaded the husband to sign for £3,000 worth of work. Their son helped the couple cancel when he discovered they did not know what they had signed. The salesperson returned when the wife was in hospital, following a heart attack, and persuaded the husband to re-instate the order and a credit agreement. Again their son helped them cancel and told the company not to call again. The salesperson re-contacted arranging to call in the evening and on that occasion the son was there and sent him away.

- 2.28 CABx evidence suggests an increasing use of doorstep selling for burglar alarms and solar heating equipments, resulting in similar problems for consumers.

A client from Yorkshire was referred to his local bureau by his bank as they were alarmed at the cost of a home security system he had been sold following a doorstep sale. The company had made an unsolicited phone call to arrange an appointment. They visited the next day to 'assess his needs' and fitted the system the following day. The initial quote was for £2,995, which was reduced to £2,250 when he said that was too expensive. Monitoring costs were an additional £12.42 a month. A local alarm company estimated that a top-of-the-range system for this client's house would cost £700-£800. Despite being entitled to cancellation rights this consumer paid for the system because it had already been installed.

A CAB client in Devon responded to an unsolicited mail shot from a solar heating company. He was persuaded to pay a deposit of £2500 for a £9,000 contract following what the client described as enormous pressure from the salesperson. No cancellation rights

were available because the client solicited the visit. The company charges a huge cancellation fee.

A CAB in Cornwall reported that their client had responded to an advertisement for solar heating. She knew about solar heating but was interested to find out more about the ability of solar panels to provide hot water. The company phoned to make an appointment whilst their representative was 'in the area'. He stayed over five hours. The client signed a contract for £6,000 to get rid of him and paid a deposit of £1,000. The contract was described by the bureau as being riddled with statements about it not being cancellable. This client is in her 80's and lives alone. She told the bureau that had she had someone else there she would have been able to get rid of the salesperson. She said she was embarrassed to tell her son.

- 2.29 These are expensive products where time to consider the purchase and make comparisons with other products and prices are essential for consumers. Where sales methods have been shown to cause consumer detriment a cancellation period for all purchases made in the home, whether the visit is solicited or unsolicited, could act as an incentive to salespeople to represent the contract fairly, or risk cancellation.

### **Education**

- 2.30 Doorstep sales of education and/or courses have also been the subject of CABx reports. Such courses have often been directed at clients keen to improve their chances of employment and attracted by the possibility of studying at home whilst fulfilling their other responsibilities.

A refugee client in Essex was sold a computer home learning course and encouraged to sign a credit agreement to finance it. The bureau described him as having language difficulties but he had been completely honest about his situation when he spoke to the salesperson. He had no income and had only been in the country a short time and his partner was expecting their first child. He came to the CAB because he could not afford the payments.

A 16-year-old student in the West Midlands sent for details of a computer course after seeing an advertisement. He thought it was free. A representative visited his home and persuaded his mother to sign a credit agreement on the basis that her son would be guaranteed a job at the end of the course. No credit paperwork was left, and no course materials arrived, so the mother cancelled the £62 direct debit. She then received a demand for £937.50.

- 2.31 Neither of these clients were entitled to cancellation rights under the doorstep selling regulations<sup>14</sup> because they had answered

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<sup>14</sup> Council Directive 85/577/EEC of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises

advertisements and solicited the visit. However both should have had cancellation rights under consumer credit law, and these cases illustrate the current complexity about when cancellation rights are available.

- 2.32 Irresponsible lending through the credit broker selling the product is a common feature of CABx reported doorstep selling cases and illustrates the need for consumers to have a better understanding of the credit part of their purchase as well as the product. Better consumer education is, however, only part of the answer. Traders should be under a duty to trade fairly, and this requirement should be backed up through enforcement powers. These issues are discussed more fully in Chapter 4.

### **Legal services – “no win, no fee”**

- 2.33 The CAB Service has seen a growth in the use of doorstep sales of complex legal services. CABx are reporting cases where clients seek advice because they do not understand the service they have been sold or what their financial liability might be. These cases often relate to so called ‘no win, no fee’ agreements for personal injury or accident cases. Problems have been reported by CABx since legal aid for personal injury cases was abolished in 2000. ‘No win, no fee’ agreements have also been reported by CABx as being the subject of doorstep selling enquiries relating to housing disrepair cases for tenants.
- 2.34 The active selling of these services is often reported as cold calling at the prospective customer’s home or in a public place. CABx evidence is indicating that consumers are not expecting to be cold called for this type of service.
- 2.35 The problems with the sale of these personal injury services mainly concern three issues; high-pressure selling, complex documentation and inadequate explanation and advice.
- 2.36 In these cases the salesperson at the door is not the solicitor who will deal with the case, but an intermediary such as a claims handler, canvassing for cases that are passed on to solicitors. The products that facilitate the whole transaction are an insurance policy designed to pay legal costs if the case is lost and a credit agreement to pay for the insurance premium. The details and terms of these products are not simple and CABx evidence is that many consumers are confused about what they have bought and their financial liability. In some cases it appears that CABx clients have been wrongly advised or been given grossly incorrect information.

A CAB client from Derbyshire sought advice about whether to cancel a credit agreement he had taken out when visited by a company who said he had a good case for compensation. He had an accident when he fell on rubble on the road. The credit agreement funded insurance for a no win no fee agreement. The

client was worried about having signed a £2,500 credit agreement but was unsure about what he was agreeing to pay for.

A client from Lancashire found she had a debit of £1,600 on her bank account, following a credit agreement she had signed with a company dealing in compensation for personal injury. She contacted them initially but then they kept phoning her both at her parent's address and at home when she moved. A representative pressured her into signing a credit agreement when he visited her at home. She signed following his assurance that she would not have to pay anything because she was under 21-years-old.

A Cleveland client with learning difficulties was cold called at home and asked if she had had an accident in the last three years. She was told she could receive £6,000 but would have to take out a £1,000 credit agreement to pay for a London solicitor at £165 an hour. What she was not told was that a successful claim would affect her means tested benefits.

2.37 These clients were offered an opportunity to make a claim for redress they might not otherwise have been able to pursue, as legal aid is no longer available for personal injury cases. On the one hand this has enabled these consumers to access to justice that they would otherwise be denied. On the other hand being sold these products has proved a worrying experience, leaving them unsure about the commitments they have made.

2.38 Under very similar arrangements to those made for personal injury cases CABx clients are seeking advice about problems they have had with doorstep sales of linked credit/insurance products to finance legal actions against landlords for disrepair.

A CAB client in Northumberland reported they had been visited by a representative who claimed that the local council, the client's landlords, had not completed necessary repairs to his home. The representative said they could help the client get the work done, as well as claiming compensation, under a 'no win no fee' agreement. The client was assured it would cost him nothing. The CAB found he had signed a credit agreement to fund an insurance contract for legal fees but the client had not understood the nature of the transaction when they signed. The bureau commented they had had other cases and were concerned about their clients' security. Three people had visited his home at the same time and split up to different rooms to take an inventory of repairs.

A CAB in Lancashire reported their client had been happy with the state of repairs at her home but had been visited by a company who produced a list of repairs and said they would sue the local council, as landlord, to get the work done. They insisted the client sign a paper, which the bureau identified as a credit agreement. The client speaks very little English and cannot read or write

English and was not aware he had signed a credit agreement with an APR of 13.7%, to fund a £834.75 insurance premium. The client had also been given a paper entitled, 'Do a Favour for a Neighbour', urging him to pass the company's details on. This client used their consumer credit cancellation rights.

2.39 CABx clients who are offered an opportunity to take action to get repairs to rented property are expressing the same concerns as those seeking advice about 'no win, no fee' agreements for personal injury. The complex legal and financial package has not been explained properly and is not understood. The idea of having signed a credit agreement has caused significant anxiety.

2.40 Currently the intermediaries involved in canvassing for these services are not required to meet any standards of competence in legal matters, and are not directly regulated. However, they, or their employer, must have a consumer credit licence for credit brokerage, and the right to canvass off premises. The consumer credit licensing regime should be one means of addressing the need for industry wide standards. The General Insurance Standards Council (GISC) sets standards for the insurance market, including intermediaries, but its scope is limited by the voluntary nature of the scheme. The Government has announced that the Financial Services Authority (FSA) will assume responsibility for regulation of the insurance industry at some time in the future. The content of the FSA's regulatory requirements is not yet known. So it is difficult to say whether, and if so, how, standards of sales practice by insurance intermediaries operating in this 'no win, no fee' market will be improved. In the meantime many CABx clients are suffering detriment.

### **Wills, power of attorney and funeral plans**

2.41 CABx have also reported problems with doorstep selling of products such as forms for making wills and creating a power of attorney. In some cases funeral plans are offered as an adjunct to these sales. No legal qualifications are required to be able to make these sales. In the case of wills and creating a power of attorney standard forms can be used, but both could be complex transactions.

A CAB client from Leicestershire received an unsolicited phone call asking if a representative could visit him at home to assist him in drawing up a will. The will cost £50. But during the same visit the client was also sold a power of attorney, in case he became unable to look after his own financial affairs at some future date, and an insurance product called a funeral plan to cover the costs of his own funeral, costing £1,540. The client said he would have to think about this but was contacted again about a suitable time for collection of instalments on the funeral plan. Following the bureau's intervention the business agreed not to approach the client again.

Hertfordshire CAB clients had a visit from a commission based financial adviser. He suggested a variety of services; inheritance tax avoidance, a change to the nature of their ownership of the house from joint tenants to tenants in common, an enduring power of attorney and a will which they were told could be arranged for £550, a sum claimed to be cheaper than solicitors charges. When they said that they could not write a cheque straight away he tried to pressure them into providing a post-dated cheque.

- 2.42 The CABx reports about sales to create a power of attorney are very worrying. The papers require the agreement of the nominated person who is to hold this power and who would need to agree to undertake all the work involved. The doorstep sale would only be the beginning of this process. CABx are concerned that this may not be fully explained to or understood by the consumer at the time of purchase. If a self-regulatory code of practice was developed for intermediaries involved in canvassing for 'no win, no fee' agreements for personal injury and housing repair cases, this could include those selling the whole range of legally oriented products.

### **Debt management services**

- 2.43 CABx have also reported problems with the doorstep selling of individual voluntary arrangements (IVAs). A means of dealing with debts, IVAs are an alternative to bankruptcy. They are a legal arrangement whereby creditors agree to accept a common percentage of what they are owed. IVAs are a complex legal service. They often involve very costly service charges and failure to maintain the arrangements can result in the person being made bankrupt.
- 2.44 These clients are seeking advice and help with debt problems and, in the cases reported by CABx, have agreed complex and expensive contracts to pay both the insolvency practitioner and the fee-charging debt management company whose representative came to their home.

A CAB client in Cheshire contacted a fee charging debt agency for help. He was visited at home when an IVA was discussed. He signed papers instructing the insolvency practitioners to act on his behalf. He sought advice when he found he was required to provide information about his pension he did not feel able to supply, and had not realised he would be asked for. He had not understood what was involved and lost £225 of the £350 paid when he withdrew.

A CAB client from Devon answered an advertisement about dealing with debts and was visited at home by their representative. She signed a form headed 'letter of Instruction and Agreement to terms and conditions'. She understood the £1,400 fee was all she would have to pay and began instalments of £350 a month. The client sought advice when she received a letter from an insolvency practitioner requiring £83 a month plus VAT, over a 60-month

period. She now realises the fees will be over £3,000 plus monthly charges and she is not sure if this includes any court fees or not.

- 2.45 These clients had signed expensive and complex legal agreements that they had not fully understood. Both had responded to advertisements to make appointments with a sales person. As a consequence they would not have had cancellation rights under doorstep selling regulations<sup>15</sup>. They had contacted businesses they hoped would help them resolve their debt problems, but the opposite proved to be the case.

### **Credit**

- 2.46 CABx frequently report that many of their enquiries about doorstep sales problems also include the sale of credit. The salesperson takes the role of credit broker, offering a credit transaction as well as the goods and/or services being sold. This is done through an agreement that can be signed there and then, linking the two transactions. Common problems with these sales include the consumer not being given enough information about charges and rights, inadequate time to reflect and compare with other sources of credit, extortionate credit deals, misselling and high pressure selling.

A CAB in Staffordshire reported the case of a man who spoke English as a second language but could not read or write English. He had agreed to a £6,000 contract for double-glazing following an unsolicited visit and had been offered an interest free credit agreement, 'as in the shops'. He had a book to make payments and paid the contract price of £6,000. He sought advice when he received a default letter for £2,093.75. Having asked the creditor for a copy of the agreement, the bureau discovered the total charge for the credit was a further £6,000 under a 10-year credit agreement.

A CAB client from Cumbria was told he could not buy the goods outright and that they could only be bought on a credit agreement. He was told the firm would need a 'wee bit of interest'. The APR on the agreement was 27.6%

Another client in Cumbria was advised by a door-to-door salesperson to borrow more than the sum required to buy the windows she was being sold so she could use the extra money to pay off other debts.

- 2.47 These cases illustrate that the sale of credit as a part of doorstep sales transactions for other goods or services can often be a bad deal. In these cases the credit agreement is secondary to purchasing the goods and services. Consumers are sold whichever credit the provider has on offer and seldom compares this with other sources of credit that might

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<sup>15</sup> Council Directive 85/577/EEC of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises



provide a better deal. Credit linked to such transactions was noted as commonly being potentially extortionate in the NACAB evidence report on extortionate credit, '*Daylight Robbery*'<sup>16</sup>.

2.48 All traders undertaking doorstep sales where linked credit is also sold are required to work under a consumer credit licence for 'canvassing off trade premises', i.e. selling credit away from their usual business address. In addition, in order to introduce customers buying goods and services to a credit provider that trader has an arrangement with the trader must be licensed as a credit broker. There may be two avenues for the sales person to earn commission, the sale of the goods and, in addition, the sale of the credit. These sales are subject to the specific regulation of the Consumer Credit Act, and to the requirement for licensees to be fit to hold that licence. Consumer credit licensing should be a valuable tool in tackling poor doorstep sales practices where credit is sold as a linked transaction. However, the prevalence of consumer problems with unfair sales practices of consumer credit in consumers' homes suggests that the potential is not being fully realised.

### Conclusions

2.49 CABx evidence of problems with doorstep sales over the last two years indicates that this method of selling is used with a wide range of goods and services, that these products can be very complex in nature and consumers often suffer as a result of sales practices, limited rights and inadequate or ineffective regulation.

2.50 The common problems identified fall into five main areas:

- unfair, deceitful and oppressive sales practices
- inadequate cancellation rights
- consumers' lack of awareness about their rights
- poor quality advice and information from salespeople about the goods and services they are selling and
- exploitation of vulnerable consumers by unscrupulous salespeople

2.51 The characteristics and consequences of these common problems are examined in Chapter 3.

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<sup>16</sup> *Daylight Robbery*, NACAB, December 2000

### 3. Common problems with doorstep purchases

3.1 This Chapter summarises the main problems which CABx clients experience with doorstep purchases. These problems are not confined to any particular type of good or service. Indeed, they can occur with a variety of different types of purchases, and in some cases consumers can experience more than one of these problems with one transaction. In Chapter 4 we look at how these problems can be solved.

3.2 The most common problems CABx clients experience are as follows:

- **Traders exhibit unfair, deceitful or oppressive trading practices.** These practices include high pressure selling; making deceptive statements about products or consumers rights; making unreasonable demands for payment before a sale or after cancellation; harassing consumers who have cancelled; or acting in ways designed to avoid consumers knowing about their rights.
- **Consumers have no or inadequate rights to cancel contracts.** CABx evidence is often that after the salesperson has left consumers wish to cancel contracts, but find they have no or limited rights to do so.
- **Consumers are not given adequate information about their rights.** Even where consumers do have cancellation rights this is not always made clear to them.
- **Salespeople give poor quality advice and information about products and services.** Poor quality advice from salespeople about high value and complex goods (such as disability aids) or services (such as legal services) can mean that the consumer is sold something that either does not meet their specific requirements, or which they do not fully understand.
- **Some consumers are particularly vulnerable to exploitation by unscrupulous salespeople.** CABx evidence suggests that older people or people with poor financial literacy skills can often be taken advantage of by salespeople.

3.3 In the rest of this Chapter we explain each of these issues and illustrate the problems with CABx evidence.

#### **Unfair, deceitful or oppressive trading practices.**

3.4 Unfair, deceitful or oppressive trading practices include a range of practices. The most significant in CABx evidence are high pressure selling; making deceptive statements about products or consumers rights; making unreasonable demands for payment before a sale or after cancellation; harassing consumers who have cancelled; or acting in ways designed to avoid consumers knowing about their rights.

## High pressure selling

- 3.5 Possibly the most frequently reported problem that CAB clients experience with doorstep selling is high pressure to buy from the salesperson. A key characteristic of this unfair trading practice is the length of time the sales person stays in the consumer's home and the difficulty of persuading them to leave without agreeing to a purchase. CABx clients have described feeling that they are trapped in their own home, feeling so vulnerable in the 'hard sell' situation that signing anything simply to get rid of the salesperson becomes the most important objective. The following examples are typical of many reported by CABx, and illustrate the problem vividly.

A CAB client from London responded to an advertisement for eco-friendly heating. The representative's visit to his home lasted for six hours, at the end of which he paid a £2,100 deposit with a further £4,100 due in cash on completion. He regretted the purchase, but had no cancellation rights as he had arranged the visit from the salesperson.

A single parent in Cornwall in receipt of Working Families Tax Credit signed a £6,000 contract for solar panels. The salesperson had been there for five hours, she had not eaten and her child was desperate to go to bed. She had responded to a sales leaflet that came through her door and so had no cancellation rights. When she tried to cancel the following day, the company threatened her with being in breach of contract. She told the bureau that she was very angry that someone could come to her home and take over in this way.

- 3.6 In some cases the pressure from the salesperson is expressed in the form of special discounts that will expire in a short time period unless the consumer makes up their mind quickly.

A CAB in Buckinghamshire reported their client had been persuaded to agree a double-glazing contract because the salesperson told her that the price would go up if she did not decide in the next half hour. The client said she had felt under pressure to achieve the best price.

- 3.7 In these cases consumers are signing a contract purely to end the sales visit, not because they want to buy something. Many clients then feel they have allowed themselves to be tricked. The embarrassment that people feel can act as a barrier to seeking help from relatives, especially where the person is elderly and living alone. Some consumers feel ashamed, or that their independence would be jeopardised by an admission that they have been taken advantage of by high pressure selling techniques.

- 3.8 Other consumers have been persuaded to buy something they cannot afford despite being used to managing on a day to day basis on a low income or welfare benefits. This suggests a level of pressure to buy that requires stronger consumer rights and protection.
- 3.9 Consumers are not adequately protected by current consumer protection legislation. High pressure sales practices are unfair but not illegal. A general duty to trade fairly, provided it was properly enforced, could deliver the protection these consumers need. Accompanied by improvements to consumers' cancellation rights, and better information for consumers, a market environment could be created which gives incentives for salespeople to trade fairly because consumers were clearer about their rights, and unwanted and inappropriate sales could be more easily cancelled.

### **Deceptive statements about products and consumer rights**

- 3.10 A significant proportion of CAB evidence about problems with doorstep sales concerns situations where the sales person has moved way beyond extolling the virtues of their product, and has made deceptive statements about the products, the law, their identity or the purpose of the visit.

A CAB client in Suffolk contacted the bureau when her parents were cold called to arrange a visit when they were sold a fire extinguisher for £85. The salesperson claimed that under new legislation every home must have one. They were also asked to sign for a three-year service contract for another £100 but declined.

A CAB in the Midlands reported their client had been persuaded to buy a vacuum cleaner for £2,000, following a visit to her home arranged when the company phoned to say she had won a prize to have her three piece suite cleaned. The representative came to her home the following day, cleaned the sofa and proceeded to sell the cleaner. The client sought advice when she was unable to secure a refund, following her cancellation of the purchase the following day.

A CAB client from Hampshire was visited by a fuel salesperson who told her that her current supplier was closing down. Whilst a West Yorkshire client signed a document at the door so that she would, in the fuel salesperson's words, "no longer pay standing charges". Both clients were transferred to a new fuel company.

- 3.11 In some cases where deception is used, consumers are misled as to the nature of the contract they have been asked to sign. For example

A CAB client in Merseyside was assured he could cancel a double glazing contract and only signed what he thought was an application for a survey for £75. The salesperson said he had just delivered three refunds to customers. The contract was marked

'subject to insurance money' because the client explained he would not be able to afford the work unless an insurance payment he was expecting covered the full cost. The insurance was insufficient to cover the contract price so he cancelled but the window company threatened legal action.

A CAB client from Lancashire invited the salesperson to her home. She was persuaded to sign what she was told was a quotation. No terms and conditions were attached to the copy left with the client. When she contacted the window company they told her she was committed to their contract.

A CAB client from London was visited by a representative from a fuel company who said she was undertaking a survey. The client made it clear that he did not want to change his fuel supplier but was asked for a signature to acknowledge the visit. He later found that he had been transferred.

- 3.12 These deceitful practices are most commonly carried out with the use of oral statements and remarks to the consumer. Such statements can be very difficult to prosecute under the Trade Descriptions Act 1968 because of the lack of evidence of a kind which would satisfy a court that a criminal offence has been committed. There is, therefore, a need for a more effective ways of tackling this behaviour.

### **Unreasonable demands for payment**

- 3.13 CAB clients' experience of unfair doorstep selling practices often includes a variety of situations where not only are the prices of the goods and services very high, but consumers have been intimidated into making payments at a number of stages in the transaction, and cannot get their money back.

An 83-year-old woman from Surrey was approached by a builder who claimed he had to complete some guttering work. She was not aware of the arrangement but allowed him to do the repair. He claimed there was rot in the fascia panels. She paid £1000 but was then asked for £3400. The man refused to leave until the client spoke to her solicitor who persuaded him to go. She is now involved in a legal dispute about reasonable charges for the work.

A Midlands CAB reported their client had agreed to pay £350 for her drive to be tarmaced because she found the men who knocked on her door aggressive and intimidating. The next day one of the men called to demand more money than had been agreed.

- 3.14 In addition to initial high prices and threatening demands, CABx evidence illustrates that it is quite common for a large percentage of the full contract price to be retained by traders following cancellation. Where the consumer exercises their right to cancel the general legal principle is that the parties should return to the position they were in immediately

before the contract was made. Where there is no specific cancellation right available through legislation such as the doorstep selling regulations or, in appropriate cases, the Consumer Credit Act, the trader would be entitled to reasonable damages if the customer breaches the contract by cancelling.

- 3.15 CAB evidence suggests that when consumers cancel in circumstances when they had no statutory right to do so, some businesses retain or demand sums far in excess of the financial loss they are likely to have actually suffered. Consumers are not always aware how they can challenge these damages claims, and can face harassment and abuse until they pay up.

A CAB client from Hampshire was charged £1150 when he cancelled a contract for solar heating within 24 hours of the sale. Having thought about the cost he decided he could not afford it. He had no cancellation rights because he had requested the visit at which the sale was made.

A CAB client from London found her Aunt, aged 82, had been visited by a double-glazing salesperson and had agreed a £4,000 contract two days before she died. The company refused to refund the £1,300 deposit to the client, saying that she was lucky they were not charging the outstanding £2,700.

### **Harassment of consumers who attempt to cancel**

- 3.16 CAB evidence reports often show that traders do not always accept cancellation by the consumer and that consumers' rights are often challenged by sales staff. In some cases the tactics used in an effort to avoid cancellation involve misleading statements and harassment.

A CAB client from Warwickshire sought advice about constant harassment by a window company which included the threat of legal action for terminating the contract. He had cancelled the transaction 12 hours after making it by contacting the credit company whose agreement he had signed as a linked transaction to finance the purchase.

Warwickshire clients exercised their cancellation rights the day after signing a £6,000 agreement for double-glazing. They were persuaded to modify the agreement instead but again decided to cancel. They sought advice when they were phoned and threatened by the representative who had visited. He told them the agreement would still stand. The clients notified their bank to put a stop on any payments, and were contacting the company and their local Trading Standard's Service.

A Merseyside CAB client cancelled a contract made with a door to door salesperson for home improvements following a three hour home visit. He returned all documentation with his written

cancellation, but sought advice because he was being contacted on a daily basis by the company who were becoming increasingly offensive.

3.17 The salespeople in the cases summarised above are using unfair practices to protect their commission. It is not against the law for traders to re-contact a consumer who has cancelled a contract, but in many cases reported by CABx this is clearly an unfair trading practice because the contact is designed to negate cancellation. The consumer's exercise of their cancellation rights alone is failing to provide sufficient incentives to traders to desist from these practices.

### **Cancellation rights**

3.18 The right to cancel following a doorstep sale is important. In the context of a sale in the consumers' home there is significant potential for the seller to be persuasive, and for the consumer to feel pressured into signing the contract at the time. It is not possible for the consumer to walk away from the sale as they can in a high street store.

3.19 A cancellation right provides the opportunity for reflection once the salesperson has left. It provides a buffer against aggressive selling techniques, and allows consumers to shop around and to compare prices before going ahead with the sale.

3.20 In the UK consumers whose doorstep purchase arose from an unsolicited visit have a cancellation period of seven days starting from the day after the purchase. If the consumer did something to invite the trader to their home, such as responding to an advertisement and arranging the visit, they are not entitled to cancellation rights under the doorstep selling regulations. Where cancellation rights do exist they must be given in writing at the time the contract is made. If these cancellation rights are not given, a criminal offence has been committed and the contract is not valid. Additional rights are available to consumers who buy from members of certain trade associations, provided through their code of practice.<sup>17</sup>

3.21 CABx evidence is that very often after the salesperson has left consumers do wish to cancel contracts made in their home but they find they have no or limited rights to do so. There are four key problems identifiable in CABx evidence about doorstep sales cancellation rights:

- The consumer has no right to cancel the contract, often because they arranged for the salesperson to visit;
- the period for cancellation is not long enough for the consumer to act to disengage themselves from the contract;

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<sup>17</sup> For example, the Doorstep Selling Association requires its members to offer cancellation rights of 14 days for doorstep sales.

- the consumer has cancellation rights but the trader seeks to avoid them; or
- there is doubt about whether the consumer has a right to cancel.

3.22 In many of the cases reported by CABx there has been a degree of high pressure or aggressive selling, sometimes to vulnerable consumers. The consumer has not had an opportunity to shop around for a better deal and feels under considerable pressure to sign. But, as noted above, if the consumer has invited a salesperson to visit their home (a solicited visit) and enters into a contract for goods and services which are not linked to a credit agreement, they have no statutory right to cancel the contract. But in many of these cases the consumer feels even more abused to find later they have no right to cancel. And in these cases it does not seem reasonable that this should be the case:

A CAB client in West Sussex was asked for £2950 for cancelling a £8850 contract for work on her house. She had invited the trader to visit but felt under pressure to sign because they arrived 45 minutes early whilst she was feeding the children. Her English was poor and she had no time to read the detailed terms and conditions. The CAB described her as being terrified as she cannot cancel and does not have the money.

An 83-year-old CAB client from Essex requested a home visit from a company selling disability aids. She wanted to talk about a special bath she had seen in a magazine. After two hours she was persuaded to buy the bath and the salesperson took a deposit of £1,300, she had no information about the total to be paid. She wanted to cancel but had no cancellation rights and the company told her they have a cancellation charge of 20% of the full price.

3.23 These examples show that there is a need for a cooling off period following all doorstep sales. This should not be restricted to those transactions where the doorstep sale was unsolicited. The fact that there is no right to a cooling off period in cases where the visit is solicited seems only to function as an incentive to traders to procure appointments to visit consumers so as to avoid cancellation rights.

3.24 CABx also report cases where a consumer has not been able to get advice until statutory cancellation periods have elapsed.

A Kent CAB's elderly client was referred to the CAB by his doctor. He had heart problems, diabetes and poor eyesight. He had been cold called by a window salesperson who had stayed for five hours, by which time the client had agreed to order new guttering and fascia boards. The salesperson had completed the credit agreement forms incorrectly, inflating the client's income. It was not until after twelve days the client was able to get advice. He



could not afford the repayments but was told the cooling off period had ended.

3.25 The current statutory periods for cancellation under the doorstep selling and consumer credit regulations of seven days and five days respectively are too short. This can be a particular problem for vulnerable consumers, and for those who need to get advice or discuss the purchase with other family members.

3.26 As noted above CABx evidence also often demonstrates that even where a consumer has a right to cancel a contract, for example because the sale resulted from an unsolicited visit by a salesperson, traders can nevertheless deny that they have the right to cancel.

A CAB in Wiltshire reported their client had been told she could not cancel an order for kitchen blinds, for £180, three days later because they were being custom made. She had been persuaded to place the order after letting an unsolicited sales representative into her home, and had tried to cancel after three days.

A CAB client from Norfolk sought advice when a double-glazing company who had contacted him offering a quote refused to discuss the cancellation rights. He was asked to sign a contract for a quote described as being valid for 'a couple of years'. When he asked about the cooling off period the representative said, "They do not like you to talk about that." He failed to give the client details of his right to cancel but still managed to pressurise the client into signing.

A CAB client in the West Midlands had her application for credit, to buy double-glazing sold during a solicited visit to her home, turned down. The double-glazing company found another credit company who would accept her application. But the repayments were higher over a shorter time period. When she said she could not afford this the firm insisted she was still bound by their double-glazing contract. The CAB was able to advise her of her rights to withdraw from the double-glazing contract under the Consumer Credit Act as the prospective linked credit agreement was not going ahead. Nevertheless the double-glazing sales company continued to harass her to proceed.

3.27 There is an additional issue for consumers who seek to cancel when the goods or services have already been incorporated into their home. The doorstep selling regulations require payment to be made in this situation. This is arguably a loophole in the regulations, which is used to avoid consumers cancelling contracts.

A CAB in the Midlands reported their client sought to cancel a contract for a home security system costing £2,995. He had been given seven days cancellation rights in his paperwork, but the work had been carried out immediately. Despite his cancelling within the

seven days, the company wanted him to pay in full because the system had already been incorporated into his home.

- 3.28 A further loophole concerns the position of holiday clubs. The doorstep selling regulations cover purchases made during an 'excursion' organised by the trader, as well as those made in the home or at a consumers work place. This provision has potential to be a tool in tackling rogue misselling and high pressure selling associated with 'holiday clubs'. These 'clubs' typically offer holiday accommodation entitlements over a period of years and usually cost several thousands of pounds. They are designed so that they do not fall within current legislation intended to protect consumers buying a timeshare product but, like timeshares, they are often sold using high pressure sales techniques. Consumers may be offered a free holiday or other enticements in return for which they agree to sit through a presentation perhaps in a hotel, designed to ensure a purchase.
- 3.29 Cancellation rights do not seem to be given with these 'holiday club' sales. This may be on the grounds that the regulations provide that, other than sales in consumers homes or places of work, cancellation rights only apply when a sale is made during an excursion organised by the trader away from the premises on which he is carrying on any business (whether on a permanent or temporary basis). This can mean that even a temporary use of facilities, such as a hotel or a boat, by a trader to set up a sales event can fall outside the scope of the regulations. Such problems are commonly reported by European Consumer Centres (ECC) across Europe and are the subject of a report by the Dublin ECC<sup>18</sup>
- 3.30 CABx often report that with these non-timeshare 'holiday club' products large deposits are taken, the product is expensive and the product is missold using high pressure sales tactics.

A London CAB reported their client had been given a scratch card whilst on holiday and told he had won a free holiday. He was taken to a meeting to collect the prize and sold a holiday club agreement for £12,950. He had paid a deposit of £250 but had later realised he could not afford the outstanding sum. He was given no cancellation rights and received threatening letters from the trader, which included a statement that all his credit cards would be removed and all access to credit withdrawn.

A CAB client in Gloucestershire offered a free holiday if he and his wife attended a holiday club presentation showing five star accommodation. The presentation was held at a hotel style venue in the next county. They thought they had agreed to pay £100 per year to join the holiday club. They discovered later that the contract required payment of £6,795 by the end of the year and wanted to cancel but found they had no right to do so.

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<sup>18</sup> Timeshare/Holiday Club Report, European Consumer Centre Dublin, May 2002

- 3.31 Clarification of the law to ensure that 'excursion venues' cannot be exempt from doorstep selling regulations on the grounds that they are in effect the trader's place of business' would provide a huge improvement in the protection available for consumers.
- 3.32 Even where the consumer is clear that they do have a right to cancel, for example because they have documentation spelling it out it traders can act unfairly and ignore the consumer as the following cases demonstrate.

A Midlands CAB client tried to cancel a double-glazing contract within a 14 day cooling off period he understood to be provided within the contract. The window company told him he could not cancel but would not say why. The client felt he had no alternative but to allow the contract to go ahead.

A CAB client in Kent sought advice at the end of 2001, when her cancellation of a contract to extend the maintenance of her home alarm system was denied. She had made use of a 14-day cancellation period available on the contract and had a post office receipt for her letter. She had paid for maintenance in advance until 2003.

In these cases the cancellation rights these consumers were entitled to were not given and/or they were not allowed to use these rights.

- 3.33 There are also clearly cases where a trader has no intention of complying with the legislation. The problem of how to tackle so-called 'rogue traders' is an issue frequently reported by CABx. A feature of these transactions is often that the consumer has no means of identifying the trader or an address to contact them at. Where such traders cold call contracts with them would, therefore, be covered by the doorstep selling regulations' requirement that information about cancelling the contract should be provided, including the traders name and address. Where traders work outside the law no cancellation information or useful identification details are given.

An elderly CAB client in Kent was visited by two men who offered to resurface his drive. Further improvements were suggested and stage payments were agreed. He paid £5650. His 24 foot by eight foot drive was dug up and left. Trading Standards arranged to be there when the workmen, who did not turn up, were due to return. The police asked to be contacted if they do return and the CAB sent a press release to the local paper to warn others. Trading Standards said this trader was 'working the area', possibly using stolen vans.

- 3.34 The problem of rogue traders may seem intractable. But confusing and inadequate consumer protection legislation arguably provides the conditions in which they can thrive. A simple, and more comprehensive

approach to cancellation rights could, over time, help consumers to identify traders who are not, and have no intention of complying with the law.

### **Inadequate information about rights.**

- 3.35 Even where consumers do have cancellation rights this is not always made clear to them.

A CAB client in Lancashire thought she would not be able to cancel an agreement to buy double-glazing when she lost her job because the window company had been telling her this. She had signed a credit agreement at the same time and had been rejected for the credit. The credit refusal meant that she was entitled to withdraw from the double-glazing contract, but she had not known this until she sought advice.

A West Midlands CAB reported their client had been persuaded to agree a purchase, having been assured by a double-glazing salesperson that she would have a seven-day cooling off period. She had responded to an advertisement on the television and had therefore 'solicited' the visit to her home. The company refused her written cancellation and referred her to the small print of the contract, which stated that there were no cancellation rights unless credit was used, and that their representative could not change their contract terms.

These cases illustrate the problems consumers experience because they are not sufficiently aware, at the time of the sale, of the circumstances in which they could expect to have cancellation rights.

### **Poor sales practices**

- 3.36 Poor quality information and advice from salespeople about high value and complex goods, (such as disability aids), or services, (such as legal services), can mean that the consumer is sold something that either does not meet their specific requirements, or which they do not fully understand. In many of these cases reported by CABx the consumer is often vulnerable, and/or has restricted access to other shopping facilities.

A CAB in Northern Ireland reported their client, a 71-year-old disabled woman, had answered an advertisement for free pillows. She was then visited at home by a sales person who sold her an automatic adjustable bed, following two hours of high pressure selling. She wrote a cheque for £1,500 and the new bed was delivered two days later. The bed was not suitable to meet her needs, as she could not use the remote controls. She had to use it to sleep in anyway as the company had taken her old bed when they delivered the new one.

A CAB client from Northumberland was persuaded to purchase a mobility scooter, during a visit to her home following her telephone request for a brochure. There was no opportunity to assemble or disassemble the scooter, and she found later that it would not fit through her front door. The client had given her credit card details and the payment was taken immediately. When the client, who had had a stroke and suffered with arthritis of the spine and muscle disease, contacted the company for a refund she was told they would only offer to sell the scooter second hand.

A CAB client in Dorset was sold a 'massage chair' for £4,500. The doorstep sale followed her response to a magazine advertisement. The client was elderly and confused. She neither wanted nor used the chair, and only resolved the matter through lengthy correspondence between her daughter, the CAB and the supplier.

- 3.37 CABx frequently report examples of the sale of complex legal and financial services with limited appropriate information and advice given by the sales person. For example

A CAB client in a former Coalfields area entered into a credit agreement for insurance to cover their liability for costs in a case about health problems resulting from working as a miner. They did not actually need this insurance because the Department of Trade and Industry (DTI) have a scheme for these cases where there is no liability for the other side's costs if they lose the case. The client had been misadvised.

- 3.38 The CAB Service is concerned that in some cases consumers are being targeted because of their lack of knowledge or skills, and their vulnerability. These factors may increase the likelihood that even if they do have cancellation rights these consumers may not take effective advantage of them. These clients would benefit considerably from having cancellation rights even where the doorstep sale followed a solicited visit. They were persuaded to buy but the salesperson failed to take account of their personal requirements for goods or services that were clearly not designed to meet their specific needs, or were not appropriate in the circumstances.

- 3.39 Poor sales practices also mean that consumers are often taken advantage of in other ways as salespeople seek to avoid cancellation rights. In the following case, for example, the consumer would have had a cancellation right under the Consumer Credit Act if she had been paying in **more than** four instalments.

A Shropshire CAB client who is both elderly and deaf, was advised to use her cancellation rights when she sought advice about a machine she had been sold when a salesperson visited her home. It was a machine allegedly designed to alleviate arthritis. The client was not able to use it. She had been asked for a £200 deposit and three post dated cheques. This meant that the transaction did not

come within the Consumer Credit Act and, thus, she had no cancellation rights.

- 3.40 The requirement for only four payments meant that the trader was not required to provide a regulated consumer credit agreement, so no cancellation rights were available. In addition to exemplifying a common problem of consumers being sold items which do not meet their needs, this case also illustrates how the current cancellation rights associated with doorstep sales fail to provide sufficient consumer protection.

### **Insufficient protection for vulnerable consumers**

- 3.41 Being able to buy at home can be a boon for people who find it difficult to go out to shop, or who want a demonstration in their own home before they buy. Consumers who live in rural areas, or who do not have easy access to shops locally, particularly those which sell specialist items such as disability aids, find shopping at home helpful. Internet shopping is not an option accessible to all and, along with buying over the phone, usually requires a credit or debit card account. Buying mail order may present anxieties about arranging deliveries or returns of items. Doorstep selling in the comfort of your own home has understandable attractions for some consumers.
- 3.42 However, some consumers are particularly vulnerable to exploitation by unscrupulous salespeople and purchasing in their own home can prove to be an expensive mistake in terms of damage to their purse and self confidence. CAB evidence suggests that older people, or people with poor financial literacy skills can often be taken advantage of by salespeople who subject them to high pressure selling.

A 79-year-old CAB client in Surrey responded to a card through his door advertising solar energy. The salesperson's appointment came soon after the client's discharge from hospital, following major heart surgery. He explained to the CAB that after three hours of high pressure sales talk he could not make a rational decision and signed an agreement for equipment to the value of £5,500, paying a £1,900 deposit by credit card. He sought advice when, having realised the equipment was not appropriate for his needs, he tried to cancel. He was told he would lose the £1,900. The bureau drafted a letter to the company's managing director who finally agreed to the cancellation, provided the company kept £400 for 'expenses'.

A Cheshire CAB reported the case of a client with severe learning difficulties. He was persuaded to buy a computer course during a visit made following a mail shot he had responded to. He was unable to read the materials supplied and had only ever used his computer for games. The bureau described him as being unable to read and barely able to write his name. The total cost of the course was £928 and involved a credit agreement. The client was receiving Income Support and Disabled Living Allowance.

A CAB client in Hampshire found she was powerless to help her friend as she had no power of attorney and the trader in question refused to discuss the matter with her, putting the phone down. Her elderly friend suffers with Alzheimer's. She had been sold double-glazing for a property she does not own.

- 3.43 The extension of cancellation rights to cover solicited doorstep sales would considerably assist vulnerable consumers. With guaranteed cancellation rights salespeople would need to be more careful about the information they provided, and would be incentivised by the greater risk of cancellation to seek to ensure that the product was suitable for the individual needs of the consumer.
- 3.44 The police and trading standards departments are, rightly, concerned about the personal security of vulnerable consumers living alone who may be prey to thieves posing as salespeople or officials doing checks on meters and water supplies. In Chapter 4 we discuss ideas for tackling these problems. CAB clients have sought advice about a range of doorstep trading practices that have raised the issue of consumers' security.

A CAB client from Buckinghamshire sought advice following a visit from a man who talked about working for the council and wore a badge. She had allowed him into her home and said he had asked a lot of questions about her income and whether she was receiving housing benefit. She signed something but was not left a copy of it. She was advised to contact the police, ensure she had someone with her for any future visits, not to let people into her home and not to sign anything she had not read first.

A CAB client in North London reported his brother in law was scared to answer the door, following repeated calls by a company wanting to replace the rendering on his house. Whilst he was out the render was removed and left outside the house with a paper marked Estimate/ Quote/ Invoice/ Receipt £750 with the address of another house. The client found the business abusive when he phoned them and went to the police, who referred him to the CAB.

## Conclusions

- 3.45 CAB evidence is that doorstep selling is an area in which unfair trading practices thrive and consumers' rights are inadequate. CAB clients who have experienced problems with doorstep sales appear to be in a very weak position in relation to the trader. They are commonly subjected to unfair trading practices including high pressure sales techniques and deception. They are often unaware of the few rights they have to cancel agreements entered into under duress and are surprised to find they have limited rights. The simple act of arranging an appointment with a salesperson makes a huge difference to a consumers' right to cancel an unwanted contract. The fact that consumers do not generally know this, and are generally unaware of their consumer rights, can make it easy for traders to avoid their legal obligations. Some consumers are particularly vulnerable and seem to be a target for unfair practices.
- 3.46 Action is needed to strengthen the overall framework for protecting consumers from abuses of the kind outlined in Chapters 2 and 3 of this report. In Chapter 4 we make proposals for a new deal for consumers where traders are under a duty to trade fairly, backed up by swift and effective enforcement. This needs to go hand in hand with clearer and more comprehensive cancellation rights and action to improve the quality of sales practice and information given to consumers.



## 4. Conclusions and recommendations

- 4.1 It is clear from the CABx evidence outlined in Chapters 2 and 3 of this report that consumers can experience some very significant problems with doorstep sales. They are often subjected to high pressure sales tactics; are not given adequate information about their rights; their rights are limited or non-existent when they try to cancel agreements they were pressurised into; salespeople can give poor advice and information about complex goods and services and vulnerable consumers seem to be targeted. Unduly complex and inconsistent cancellation rights help to create the conditions for unfair trading practices to thrive.
- 4.2 These problems are widely recognised by those involved in advising and protecting consumers. For example, in 1990 the Office of Fair Trading (OFT) identified avoidance of cooling-off rights and failing to inform customers of rights to cancel amongst a variety of dubious trade practices which pointed to the need for a new approach to consumer protection legislation<sup>19</sup>. A recent survey of consumer detriment by the OFT found that problems with door to door salespeople and telephone selling accounted for an estimated 7.7 million problems for consumers annually. Problems with these selling methods were identified as the second largest in terms of numbers of such problems arising for consumers<sup>20</sup>.
- 4.3 In this Chapter we outline a range of specific recommendations for change and action needed to tackle the five main problems consumers experience with doorstep sales, which we have identified and summarised in Chapter 3. The objectives for action should be to ensure that:
- the legislative and enforcement framework is able to tackle traders who exhibit unfair, deceitful or oppressive trading practices. This is likely to require the introduction of a clear duty for traders to trade fairly. This needs to be backed up with the tools and resources to enable swift action to be taken when consumers make complaints
  - consumers have adequate rights to cancel contracts. CAB evidence points to the need to simplify cancellation rights so that all contracts made in consumers' homes have a cooling off period irrespective of whether the salesperson's visit was solicited by the consumer. A longer period, of 14 days, should be given as a standard, and loopholes should be closed
  - consumers are given adequate information about their rights to cancel and their general consumer rights when they buy goods and services in the home
  - salespeople give better advice and information about complex and highly specialised products and services

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<sup>19</sup> *Trading Malpractices* – A report by the Director General of Fair Trading following consideration of proposals for a general duty to trade fairly, July 1990

<sup>20</sup> *Consumer Detriment*, Office of Fair Trading, February 2000

- those consumers who are particularly vulnerable to exploitation by unscrupulous salespeople have added protection.

4.4 The CAB Service prescription for action in this area will involve four main planks of activity:

- action to produce clearer and more protective legislation;
- action to enforce existing and new consumer protection legislation better
- action to improve practice on the part of salespeople and traders; and
- initiatives to build and reinforce the knowledge, skills and confidence of consumers

There is a role for the Government, traders, consumer organisations and consumers and, at EU level the Commission and institutions of the EU.

**Tackling unfair, deceitful or oppressive trading practices – a new duty to trade fairly and better enforcement**

- 4.5 For decades bodies involved with consumer advice and protection in the UK have sought to discover why traders can continue to trade unfairly when we have a framework of legislation which includes a Fair Trading Act and a variety of specific consumer rights. Much of this analysis has identified fundamental faults in UK legislation. A primary fault is that a trading practice such as high pressure selling may not be outlawed by specific legislation. But it is a practice which is patently unfair to the interests of consumers. New unfair trading practices and scams can emerge more quickly than legislators can act to rule them out of court.
- 4.6 A second fault is that the processes required to enforce consumer legislation are excessive to the task. Much consumer protection legislation creates criminal offences. Taking a criminal prosecution against a trader is resource intensive for enforcement bodies and it may be difficult to satisfy the burden of proof when, in many cases of patently unfair trading practice, evidence may be a collection of oral statements.
- 4.7 To remedy these faults many in the UK consumer movement have called for the introduction of a new general duty in law for traders to trade fairly, backed up by quicker methods of enforcement, using the civil justice rather than the criminal justice system. Some campaigners have referred to this as a positive duty to be fair. Others believe that it should be a duty not to be unfair. Both ideas are essentially the same, and to most consumers this idea would seem eminently reasonable. And they may be forgiven for assuming that the Fair Trading Act 1973 already provides the means to secure this.

- 4.8 In 1990 the Director General of Fair Trading set out the case for an overhaul of the Fair Trading Act and accompanying enforcement systems (Trading Malpractices, OFT, 1990) so as to provide a more flexible set of tools to tackle unfair trading practices. These proposals included, importantly, the prospect for enforcement action against traders who had exhibited unfair trading practices of a deceptive or misleading or unconscionable nature. In addition to breaches of specific legislation such practices would be enforced through civil actions involving a caution, which would be appealable, and injunctive action.
- 4.9 Nearly 10 years later the Government issued a White Paper ( Modern Markets Confident Consumers, DTI, 1999). The White Paper declared that current legislation did not deal effectively with traders who demonstrate their lack of regard for legislation aimed at protecting consumers. The White Paper also noted that criminal sanctions were insufficient and the time-lag in bringing cases to court, coupled with the fact that a number of trading practices which cause harm to consumers are still legal, meant that rogue traders keep ahead of enforcement authorities. Importantly this White Paper proposed that in addition to introducing injunctive powers (required to implement the EU Injunctions Directive in 2000) the Government would, when parliamentary time allows, create *'a power for the Secretary of State to make orders by secondary legislation to specify that certain unfair practices should become criminal offences, so ensuring they are not carried out by traders in general'*.
- 4.10 The Government has done much to implement the 1999 White Paper. An Enterprise Bill introduced to Parliament in Spring 2002 includes reform of the OFT, powers to designate independent bodies to make so-called 'supercomplaints' to the OFT, and new powers for the OFT to approve and withdraw approval from Codes of Practice. In addition the Bill extends the scope of injunctive powers (Stop Now Orders) to a wide range of UK consumer protection legislation.
- 4.11 Stop Now Orders are the means by which the EU Injunctions Directive is implemented in the UK. These powers were first introduced in July 2001. Briefly these powers enable an enforcement authority, such as the OFT or a local trading standards department to order a trader to 'stop' actions which are against the law. Across the EU the Injunctions Directive is intended to be implemented in domestic legislation in such a way that it relates, as a minimum, to the 11 EU consumer protection directives (see Appendix 2). Where there is a breach of a legal obligation that emanates from one of these directives, civil enforcement action can be taken. The UK government has also decided to make the injunctive powers of Stop Now Orders available for use in the UK across a wider range of consumer protection legislation which has domestic application.
- 4.12 The introduction of Stop Now Orders means that, in relation to doorstep sales, if a trader making an unsolicited visit to a consumer's home fails to provide a seven day cancellation right then instead of prosecuting the trader for a criminal offence, the enforcement authority will be able to use

a simpler, hopefully faster, civil process to issue a warning and later seek an injunction. This is intended to stop and correct trader's practices that are not compliant with consumer protection legislation.

- 4.13 But the Stop Now powers in the Enterprise Bill 2002, if enacted, can only be used to tackle practices that are actually proscribed in legislation – whether this legislation emanates from an EU directive or is domestic in derivation. Some of the examples in this report, such as failing to give a cancellation right when the consumer is entitled to one in law, may, therefore, be tackled more effectively in future. This is most welcome. But many of the practices we describe, such as high pressure selling, harassment, making misleading oral statements, look likely to go untouched by the new enforcement regime. This is a significant missed opportunity. These problems are often the worst practices experienced by consumers. And the outcome is disappointing all the more because the twin problems of inadequate law and inadequate enforcement tools have been identified and discussed for many years.
- 4.14 The CAB Service has been among those who have argued for the introduction of a general fair trading duty, backed up with powers for enforcement bodies to tackle known and emerging unfair trading practices which are not declared as illegal, but which nevertheless harm consumers' interests. There are many such practices described in this report.
- 4.15 In a recent communication<sup>21</sup>, the European Commission has outlined proposals for a duty for traders not to trade unfairly. One intention of these proposals is that such a duty would help to build consumer confidence to trade across EU borders. Key principles of the Commission's proposals are that broadly defined unfair trading practices would be prohibited by a Directive implemented into domestic legislation by Member States. Presumably this could then be enforced through injunctive powers (implemented in the UK as Stop Now Orders). Key principles of the definition proposed by the European Commission would be that traders would be:
- prohibited from engaging in commercial practices that are misleading or likely to mislead the consumer;
  - under a duty to disclose to the consumer material information likely to affect the consumer's decision. This disclosure duty would include representations made, conduct and omissions from information;
  - prohibited from using physical force, harassment, coercion or undue influence; and
  - obliged to disclose information and handle complaints after sales.

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<sup>21</sup> Follow up Communication to the Green Paper on EU Consumer Protection, European Commission, 11 June 2002

- 4.16 The key arguments in favour of a general duty or prohibition such as that proposed by the European Commission, are that it would provide a swift and effective solution to the problem of legislative gaps and weaknesses that fail consumers. These gaps and weaknesses result as consumer protection legislation and related enforcement so often fails to keep up with innovations by traders designed to avoid the letter of the law. Enforcement professionals could move more quickly to tackle emerging consumer detriment – presently they might be unable to act against a patently unfair practice until it is positively outlawed, leaving many thousands of consumers experiencing harm in the interim period which could run to years. These are very similar to the arguments put forward by the OFT in the UK over ten years ago.
- 4.17 The European Commission's proposals are extremely pertinent to CAB clients' experiences of doorstep selling. So often our clients report they have been subjected to deceptive statements, unreasonable demands for payment, rogue trading, harassment, pressure selling and the sale of unsuitable products. All these practices could, arguably, be tackled by the introduction of a new legal duty for traders to trade fairly, or a general prohibition on unfair trading practices.
- 4.18 It is possible that within the next 10 years there will be an EU Directive in some form that provides a solution. But UK consumers would be right to ask why they need wait the years that it may take. Many of the unfair trading practices on UK consumers' doorsteps concern local traders and do not involve cross border trade. So introducing new legislation in the UK would not necessarily result in an uneven playing field in the single market. Businesses that do trade fairly should have no concerns about the introduction of a new duty. Any additional regulation would only be felt by those traders who act unfairly. This harms their businesses as well as consumers.
- 4.19 The UK Government had the opportunity of legislation following the 1999 White Paper to resolve problems identified so clearly by the OFT over a decade ago. The Enterprise Bill is the first major piece of UK consumer protection legislation for almost 30 years. The Government's decision to rule out tackling unfair, but not illegal, trading practices in this legislation has been a missed opportunity to right many wrongs. Whilst welcoming the provisions of the Enterprise Bill, including the wider scope for use of Stop Now Orders in the UK, the CAB Service has been disappointed that the Bill does not go further. A large number of UK consumers will have suffered financial, and other, detriment at the hands of rogue trade practices by the time a European measure to define unfair trading practices is introduced into UK law. We believe consumers have already waited too long, and suffered too much.
- 4.20 The CAB Service recommends that the Government should introduce new legislation at the earliest opportunity which would prohibit traders from trading unfairly. This should be backed up by enforcement powers so that if traders do act unfairly towards consumers action can be taken quickly to secure changes in their**

**behaviour, and provide restitution to those consumers who have suffered harm from the unfair trading practices which prompted action to be taken.**

### **Ensuring effective enforcement**

- 4.21 CABx evidence on problems with doorstep selling covers a range of trading practices and types of good and service where there is scope for enforcement action to be taken. A number of enforcement bodies can play a part in tackling these problems. This includes, for example,
- local trading standards departments who could use Stop Now Orders, and criminal prosecutions, in cases where a specific breach of the doorstep selling regulations is identified. Such breaches might include failing to provide or honour a cancellation right where a sale is made following an unsolicited visit to a consumer's home;
  - the fuel regulator, Ofgem, who can investigate and take enforcement action against fuel companies who do not comply with the doorstep selling regulations or specific requirements of their licences relating to marketing. Such breaches might include failing to provide consumers with a copy of their new contract within 5 days of transferring from one supplier to another. The regulator can fine companies for licence breaches.
  - the OFT who issue licences for those engaged in consumer credit activities. The Director General of Fair Trading (DGFT) has to be satisfied that licencees are fit persons to engage in the licensed activities. Matters taken into account in determining 'fitness' include engaging in business practices which appear, **to the DGFT** to be deceitful or oppressive, or otherwise unfair or improper (whether unlawful or not). The Director General has powers to revoke licences.
- 4.22 In addition a number of self-regulatory systems are in place relating to sectors and trading methods discussed in this report including the General Insurance Standards Council (GISC), who are concerned with sales of insurance products and, in future the Financial Services Authority who will regulate this area, and the Doorstep selling Association, who have a Code of Practice covering doorstep sales practices. Sector specific trade bodies such as the Glass and Glazing Federation may also have a role in shaping standards in sales practice.
- 4.23 Finally, there are bodies who could have a potential role in the future. It is not yet clear, for example, whether the new communications regulator, Ofcom, will have a role in protecting consumers from unfair doorstep sales practices. The Lord Chancellor has launched a wide ranging review of the regulation of legal service providers and this review should consider the role of intermediaries, such as claims handling companies, who introduce consumers to legal professionals.

- 4.24 It is widely recognised that some of the systems in place designed to protect consumers are not effective in preventing consumer detriment. The Consumer Credit licensing system for example falls into this category. A review of the UK Consumer Credit Act is underway and the UK Government has announced the biggest shake-up of consumer credit laws for a generation. Changes to the licensing regime are proposed to target enforcement on keeping 'loan sharks' out of the market, and other measures would improve fair trading in this sector.
- 4.25 Concern has also been expressed by NACAB and others about the adequacy of controls over fuel sales practices which are administered by Ofgem. The UK Government has threatened to intervene if poor sales practices in the fuel industry persist.
- 4.26 Finally, the UK Government has emphasised the importance of the local trading standards services providing a high quality, consistent and responsive service. A National Performance Framework for Trading Standards Services has been published which will require all trading standards departments to plan their services and monitor the effectiveness of services in a consistent manner.
- 4.27 Stop Now Orders provide a new and potentially vital tool in the consumer protection armoury of a range of enforcement bodies. They could be of particular help in effectively stopping consumers' doorstep selling problems through the prompt response to evidence of consumer detriment. The CAB Service is keen to see enforcement bodies make active use of these powers.
- 4.28 Under the Enterprise Bill, Stop Now powers will extend to a wider range of consumer protection legislation. And if used this may help to resolve some of the problems CAB clients have with doorstep sales. For example breaches of the Sale of Goods Act will come within the scope of Stop Now powers in future. This Act contains a requirement that goods supplied should be of satisfactory quality and fit for their purpose. This applies irrespective of the venue at which the consumer entered into a contract, or whether a salesperson's visit was solicited or unsolicited. Fitness for purpose is a particular issue where disability and assistive aids are sold and where the consumer relies on their conversation with the salesperson to ensure the product meets their individual requirements. Age Concern has drawn attention to this issue in their recent report about sharp sales practices in this field<sup>22</sup>. Their recommendations include the collection of information about unacceptable sales practices and reporting of these to enforcement authorities.
- 4.29 Enforcement tools are only as good as the underlying legislation. But it is vital that regulatory and enforcement bodies make the most effective use of the tools they have been given to protect consumers. Some of these tools have been hard fought over many years and consumers, many with limited means, are let down if enforcement bodies fail to act. Enforcement

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<sup>22</sup> *Sharp Selling Practices*, Age Concern, March 2002

action requires a good evidence base. To enable this the potential for enforcement action to be taken on issues should be widely promoted. Consumers should be encouraged to come forward with complaints, it should be easy to report cases, and consumers should get a prompt response explaining what action will be taken, and kept informed as investigations proceed.

- 4.30 The OFT is the 'lead' co-ordinating body in relation to Stop Now Orders, and is responsible for enforcement action in a significant sector, consumer credit. In addition if the Enterprise Bill is enacted the OFT is to have responsibility for producing explanatory material about the provisions of that legislation relating to enforcement of certain consumer legislation – Stop Now Orders. Such advice and information may indicate how the OFT expects the extended Stop Now regime which seems likely to be created by the Enterprise Bill will operate.
- 4.31 It is vital that local enforcement bodies and the OFT make maximum use of the new powers to be introduced by the Enterprise Bill. It would be disappointing if local trading standards departments approached the use of their new powers in very different ways, with action taken in some parts of the country but not in others on arguably similar issues. It is also vital that consumers are encouraged to play an active part in the new regime by reporting examples of unfair trading practice. Key to this will be consistent standards for dealing with and responding to individual consumer complaints and evidence and intelligence about local unfair trading practices.
- 4.32 The CAB Service recommends that information or guidance on the operation of Stop Now Orders which the Office of Fair Trading issues pursuant to the Enterprise Bill (when enacted) should cover:**
- **steps that should be taken by relevant enforcement bodies to encourage consumers to make complaints and provide evidence of potential enforcement matters;**
  - **action in response to individual complaints, including procedures for keeping consumers informed of investigations and giving reasons for deciding not to use the Stop Now Order procedure;**
  - **action to inform the public about the use that has been made of Stop Now Orders.**
- 4.33 The CAB Service also recommends that the Office of Fair Trading should gather information about and monitor the use that is made of Stop Now Orders by other enforcement bodies. In particular the extent of referral of cases between enforcement bodies with concurrent powers in relation to a particular sector should be kept under review and details of final decisions by enforcement bodies to act, or otherwise, following a referral should be publicly available. Findings of this monitoring should be published regularly.**



**4.34 The Office of Fair Trading should develop and publish its procedures for responding to and investigating complaints about consumer credit licence holders. This could include establishing a hotline for advice agencies to use to report cases where licence holders have been trading unfairly. There should be a simple questionnaire for complainants to use available on the internet, as well as through other distribution channels. All complainants should receive a prompt response and be kept informed of progress of any investigation in which their complaint is being considered. The procedure should be widely promoted.**

4.35 In the sector where we have identified significant problems with doorstep selling, fuel, there is sector specific regulation of sales practice in addition to consumer protection law. In an evidence report published in June 2002 (The Fuel Picture) the CAB Service called for a range of improvements in the regulatory obligations on companies relating to marketing and transfers. In light of evidence in this report we see the need for the following:

**4.36 Ofgem should develop and publish a comprehensive regulatory strategy for ensuring there is a high level of compliance by fuel companies with sectoral specific and consumer protection law obligations relating to sales and marketing. This strategy should indicate how Ofgem intends to use Stop Now Orders as well as sector specific regulatory tools to protect consumers from unfair trading practices on the part of fuel companies.**

**4.37 The OFT, Oftel/Ofcom and Ofgem should work together to produce and publish a strategy for regulating the doorstep sales of multi-utility services.**

4.38 CAB evidence highlights several areas where complex legal services such as creating a power of attorney or a will or instigating a claim against a landlord or another person are being sold on the doorstep. In some cases the consumer may understand these products. But where they do not they will rely on the salesperson's advice about the appropriateness of a standard form to meet their circumstances. This may not always be the case. There are no formal requirements for the qualifications or knowledge that these 'intermediaries' should have. The Lord Chancellor has recently instigated a wide ranging review to examine whether the regulatory framework for legal services is in the public interest<sup>23</sup>. This review is an opportunity to look at the best way to ensure high standards of advice and service by sales staff and intermediaries who introduce people to the legal system and legal processes, such as creating power of attorney or writing wills.

**4.39 The CAB Service recommends that as part of the review of the regulatory framework for legal services launched in July 2002 the**

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<sup>23</sup> *In the Public Interest* - a consultation by the Lord Chancellor's Department following the OFT report on *Competition in the Professions*, July 2002

**Lord Chancellor should consider the case for regulation of sales staff and intermediaries who introduce people to the legal system and legal processes such as starting personal injury cases or creating power of attorney or writing wills.**

**Improving consumers' rights to cancel contracts.**

4.40 As noted earlier in this report current consumer protection legislation has created a situation where the basic protection against poor trade practices in the field of doorstep selling is the consumer's right to cancel. But it is not available as of right to all consumers who buy in their home. It is very easy for consumers to be confused about whether they have a right to cancel and, if so, how long they have in which to act. There are at least four possible scenarios for consumers' rights to cancel doorstep sales at present:

- a consumer who purchases goods or services with cash (or agrees to pay in up to four instalments) following an unsolicited visit by a sales person (or following a visit arranged during an unsolicited contact) has 7 days in which to cancel the contract, starting from the day after they enter into the contract;
- a consumer who purchases goods or services with cash (or agrees to pay in up to four instalments) following a visit arranged with a sales person, possibly by contacting the company to request information, has no cancellation rights;
- a consumer who purchases goods or services by arranging credit during an unsolicited visit from a salesperson has two possibilities of a cancellation right. First, they have 7 days starting from the day following the day they entered into the contract in which to cancel the contract for the goods or services. Second, they have 5 days starting from the day after they receive the consumer credit agreement cancellation notice. If the cancellation period for the consumer credit expires within the cancellation period for the goods and services, the consumer can nevertheless still cancel the contract for the goods and services within 7 days, and this will cancel the linked credit agreement. In practice though in these cases the consumer is likely to have a longer cancellation period than if they had bought the goods or services with cash, due to possibly delays in postage of the consumer credit cancellation notice to them. If the application for credit is refused the contract does not proceed.
- a consumer who purchases goods or services by arranging credit during a solicited visit from a salesperson has no right to cancel the contract for the goods and services under doorstep selling regulations but does have a cancellation right under the consumer credit agreement. This runs for 5 days starting from the day after they receive the consumer credit agreement cancellation notice which comes by post in the second copy of the credit agreement. If

the application for credit has been refused the contract does not proceed.

In addition to the above statutory rights :

- Consumers who buy goods and services from a member of the Direct Selling Association are given a 14 day period from the date of the contract in which to cancel. There are currently 57 traders in membership of the Direct Selling Association
- Consumers entering into contracts with fuel suppliers to transfer to another supplier may be contacted by their new supplier at any time up to 14 days after transfer. If such a contact happens and the consumer is found to be unhappy with the transfer the company must terminate the contract, and pay any compensation that may be appropriate. These rights apply irrespective of whether the sales contact was solicited or unsolicited, although it is not a firm requirement that consumers are contacted in all cases.

4.41 The differences in consumers' rights in different circumstances are very complex to explain, as the above analysis shows. As indicated in Chapter 3 the fact that there is no right to a cancellation period where the doorstep sale was 'solicited' by the consumer is astonishing to people who have simply arranged a sales visit as a way of obtaining further information about a product or service. Arranging a visit from a sales person is likely to be essential for specialist items such as assistive products for people who are housebound. Shops stocking such items may be at a great distance from the consumer, and difficult to access.

4.42 A consumer who responds to an advertisement, perhaps only asking for more information, is not making any commitment to buy and has no more ability to control the sales tactics of a salesperson who then visits them in their own home than they would if the salesperson's visit were a cold call. Yet there are currently no cancellation rights for this consumer under the doorstep selling regulations. EU member states had the option to implement the doorstep selling directive so that consumers have cancellation rights where the sales visit has been solicited by the consumer. Both France and Italy chose to implement the directive in this way<sup>24</sup>.

4.43 Consumers' rights to cancel doorstep sales contracts also compare unfavourably with their rights when purchasing by 'distance' Where a consumer makes a purchase, possibly from their own home, by using a method of distance selling, i.e. over the phone, internet or mail order, their cancellation rights run for seven *working* days from receipt of the goods. This is in no way dependent on whether the trader or the customer instigated the first contact.

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<sup>24</sup> *Door to Door Selling- Pyramid Selling-Multilevel Marketing*, a report commissioned by the European Commission (A0/7050/98/000156) Final report, Volume II analysis, November 1999

- 4.44 In their recent report 'Sharp Selling Practices – on the sale of assistive products to older consumers'<sup>25</sup> Age Concern called for greater consistency in consumer protection legislation and the extension of the doorstep selling regulations to cover **solicited** doorstep sales. These recommendations are supported by the CAB Service, and further recommended in this report, in the light of the experiences of CABx clients.
- 4.45 CABx evidence also points to problems that those consumers who do have cancellation rights experience with having insufficient time in which to act. Sometimes this may be due to the fact that the cancellation right was not sufficiently clear to them in the small print. Sometimes it may take time to get advice about their rights and consult family members before deciding whether to go ahead. In other cases, particularly where the consumer was vulnerable in some way, and did not fully understand the contract, 7 days is often not long enough for the contract to come to the attention of friends or family who may see more clearly the need for the contract to be cancelled.
- 4.46 The CAB Service recommends that all consumers making a contract for goods or services in their own home should have a cancellation right. In addition there should be a minimum 14 day period for cancelling all such contracts.**
- 4.47 In its Consumer Policy Strategy 2002 – 2006<sup>26</sup> the European Commission has recognised that there is a need to undertake a review of existing consumer contract law in order to remove existing inconsistencies, to fill gaps and to simplify. Harmonisation of the cooling off periods in several directives, notably those relating to timeshare and doorstep sales, would be part of this review. A review of the doorstep selling directive is long overdue, the original legislation was passed in 1985. The CAB Service would welcome action to harmonise cooling off rights across a number of sectors and distribution channels
- 4.48 The European Commission should publish a firm timetable in the Autumn of 2002 for the review of existing consumer contract law and consideration of harmonisation of the cooling off periods in the directives relating to timeshare, distance and doorstep selling (Directive 94/47/EC; Directive 97/7 and Directive 85/577/EEC)**

#### **Action to close loopholes in the law on cancellation rights**

- 4.49 In this report we have identified two situations where there seem to be loopholes in the law on cancellation rights which mean that traders can avoid the impact of the doorstep selling regulations. These are provisions relating to:
- performance of the contract during the cancellation; and

<sup>25</sup> *Sharp Selling Practices*, Age Concern, March 2002

<sup>26</sup> Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, Brussels COM(2002)208

- the application of the doorstep selling regulations to temporary places of business and excursion venues.

### **Performance of the contract**

4.50 As noted in Chapter 3 if a trader can incorporate the goods sold into someone's home quickly, and before the customer has exercised their cancellation rights, the right to cancel falls away. The consumer effectively loses their right to cancel because the contract has been completed before they had had time to reconsider and cancel. This is because the doorstep selling regulations in the UK create a duty for the customer to pay for goods that have been incorporated into the home before they cancel<sup>27</sup>. This practice can be used by traders to avoid consumers' being able to use their right to reflection.

4.51 This problem does not, however, occur in Belgium, France, Greece and the Netherlands. The governments in these EU member states decided to implement their regulations covering doorstep selling so that the contract only starts at the end of the cooling off period. No payment is permitted during the cooling off period and no goods or services are provided until the end of the period.<sup>28</sup>

**4.52 The CAB Service recommends that the loophole in regulation 7 of the doorstep selling regulations (requiring payment where a doorstep purchase is incorporated into the home during the cooling off period) be closed so that cancellation rights remain available for the full period.**

### **Clarification of the treatment of excursions and temporary places of business**

4.53 As noted in Chapter 3, CABx regularly report problems with products such as 'holiday clubs'. These products/services do not fall within the scope of the current UK or EU laws relating to timeshare because they are not timeshares within the meaning of relevant legislation and EU directive. But nevertheless consumers can experience very similar, high pressure selling practices to those associated with timeshares. European Consumer Centres (ECCs) report that complaints about holiday clubs are possibly the most significant, by number, that they receive. A recent report from the Dublin ECC<sup>29</sup> identified the need for cooling off rights for purchasers of holiday club products. Their clients had experienced undue influence, misrepresentation and unfair contract terms. It is clear that holiday club products have been created ostensibly to avoid coming within the legislation relating to timeshare which provides a cooling off right for consumers.

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<sup>27</sup> Regulation 7(2) Consumer Protection (Cancellation of Contracts Concluded Away from Business) Regulations, 1987 (amended 1988)

<sup>28</sup> *Door to Door Selling-Pyramid Selling- Multilevel Marketing*, a report commissioned by the European Commission (A0/7050/98/000156) Final report, Volume II: Analysis, November, 1999

<sup>29</sup> Timeshare/Holiday Club Report- European Consumer Centre Dublin May, 2002

4.54 The doorstep selling regulations could provide a remedy to help resolve the high pressure sales problems with 'holiday clubs'. Consumers are often invited to attend a presentation in a hotel or on a boat where they are sold these products. The doorstep selling regulations appear to be intended to cover sales other than in the consumer's own home. They also cover sales at consumers' work places and on 'excursions' organised by a trader<sup>30</sup>.

4.55 However, it is not clear from CAB evidence that the doorstep selling regulations are being applied to sales during events in premises that are not the trader's normal place of business. The legal problem appears to be that whilst sales made during excursions organised by the trader are intended to be caught by the doorstep selling regulations, such sales are only covered if the excursion is away from premises on which the trader is carrying out any business, whether on a permanent or *temporary* basis. Where events are held in temporary accommodation there seems to be doubt as to whether the doorstep selling regulations can be made to apply because the trader can simply argue that they are doing business from the premises concerned on a temporary basis. Clarification of this, and appropriate changes to the legislation would be helpful to consumers.

**4.56 The CAB Service recommends that the doorstep selling regulations and, in due course, the EU directive (Directive 85/577/ECC) are amended so as to ensure that cancellation rights clearly extend to sales in premises such as hotels and boats used for sales events.**

**Improving consumers' information about their rights.**

4.57 As the CAB evidence in Chapters 2 and 3 of this report demonstrates even if consumers have rights to cancel agreements they are often not aware of these rights. They could also benefit from being given better information about their consumer rights when they are shopping from home.

4.58 Traders are currently required by doorstep selling and consumer credit regulations to give consumers written details of their rights to cancel. These regulations require that consumers who have a right to cancel contracts for the purchase of goods and services entered into at home should be given information about the period of time they have in which to cancel the contract together information about the trader and how to cancel the agreement. This applies to doorstep sales of goods and services and for credit agreements sold as a part of any doorstep sales.

4.59 Where consumers have cancellation rights there is also a requirement to include a specific form that the consumer can use to cancel.

4.60 If a trader fails to give the consumer information about their cancellation rights that is a criminal offence for doorstep sales of goods and services.

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<sup>30</sup> Consumer Protection (Cancellation of Contracts Concluded away from Business Premises) Regulations, 1987

For credit agreements this failure would be a civil matter and as the contract would not comply with the relevant regulations it would be unenforceable. The trader could be prosecuted by a local trading standards department for the criminal offence of not providing cancellation rights or action could be taken using the Stop Now regime for failure to provide these rights under either the doorstep selling regulations or the Consumer Credit Act

- 4.61 However, for most doorstep sales the cancellation rights, particularly for consumer credit agreements, and the form to use to cancel may be incorporated into the agreement. Where the cancellation rights and the form to use to cancel the contract are set out within contracts the consumer may not notice it until after the available cancellation period. Anything hidden in the small print is less likely to be discussed with the sales person during the transaction.
- 4.62 To ensure that consumers' attention is drawn to their cancellation rights this important information should ideally be set out in a separate notice given to the consumer at the time they enter into the contract. This should be in addition to the terms of cancellation being detailed in the body of the contract. There is arguably a precedent for this in the regulations governing doorstep sales of consumer credit. In those cases where the agreement is entered into by both parties at the time of the sale the consumer is sent a **separate** notice detailing the cancellation rights. This must incorporate a form to use to make the cancellation.
- 4.63 The CAB Service recommends that, in addition to any written contract or agreement for a sale made in their home, consumers should be given a separate cancellation notice outlining their rights to cancel and explaining the procedure to do so. This notice should include a tear off slip for the consumer to use to give notice of cancellation and should be provided for all doorstep purchases in the home at the time the contract is made.**
- 4.64 This separate notice is envisaged to be in addition to information provided within any contract or other document. It should have a minimum font size of 12 pt and carry a heading that clearly states that it is a cancellation notice. Use of a separate notice would alert consumers to their rights to cancel. For doorstep sales it should be handed to the consumer at the time of the sale. For those credit agreements which are signed by the creditor after the sale of the related goods and services the notice should be sent by post.
- 4.65 To create a legal requirement for a separate cancellation notice it would be necessary to amend the regulations that currently provide these cancellation rights for doorstep and consumer credit sales. It could, however, be introduced on a voluntary basis and incorporated in relevant codes of practice. **The Finance and Leasing Association could amend their code of practice to include provision of cancellation rights and a form consumers can use to cancel as a separate notice in all cases.**

- 4.66 CAB evidence also highlights that the combined forces of consumers' general lack of knowledge of their rights coupled with action by traders designed to mislead consumers about their rights act as a barrier to effective markets and consumer protection. The overarching objective of the Government's 1999 White Paper 'Modern Markets – Confident Consumers', for consumers to stimulate better trading practices by becoming more confident and asserting their rights will not come to fruition without better consumer information and education.
- 4.67 An inescapable conclusion from CAB evidence of problems with doorstep selling is that consumers remain ill informed of their rights and do not feel confident to use them. Concern about this lack of consumer knowledge about an area of consumer transactions that reaches into consumers' homes, is arguably demonstrated by the range of leaflets and internet based information currently provided by a variety of bodies. There is no lack of information where consumers are well enough informed and able to seek it out and obtain it.
- 4.68 Some police forces and trading standards authorities have worked together with organisations such as Age Concern, CABx, local organisations and groups, often through local Consumer Support Networks, and with trade associations such as the Direct Selling Association, to pool knowledge and resources to tell consumers about their rights and to protect their personal security. A wide range of projects and initiatives of this nature designed to tackle rogue traders calling at people's homes and illegal doorstep sales practices have enhanced partnership working. A number of these have recently been collected together in a booklet entitled *Community Safety*, designed to share good practice initiatives designed to protect elderly, vulnerable and socially excluded consumers and sponsored by the Department of Trade and Industry (DTI), the Local Authority Co-ordinating body for Regulatory Services (LACORS) and South East Trading Standards Association<sup>31</sup>.
- 4.69 The CAB Service welcomes initiatives aimed at targeting information on doorstep selling rights, but remains concerned that many consumers are unaware of their doorstep sales rights at the crucial time that the salesperson is in their home. To complement local initiatives of the kind described above the CAB Service would like to see action to improve consumer information about their rights delivered at the point of sale.
- 4.70 The CAB Service recommends that all consumers should be given a standard leaflet about their rights when shopping at home at the beginning of any visit where a doorstep sale may be made.**
- 4.71 The proposed leaflet could be similar in style to the 'You and Your Mortgage' leaflet which is currently required to be used under the Mortgage Code<sup>32</sup> and should include key information about consumers'

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<sup>31</sup> *Community Safety*, South East Trading Standards Authority, 12 June 2002

<sup>32</sup> *You and Your Mortgage: The Mortgage Code*, Council of Mortgage Lenders, ongoing



rights, questions to ask the salesperson and sources of further information, including how to complain and who to complain to.

- 4.72 A standard leaflet would ensure that the required information would not be interspersed or branded with details only relevant to that company or product and would ensure that all consumers would receive the same information about their legal rights.
- 4.73 This proposal could be introduced by firms and trade associations as a self-regulatory measure. Relevant trade associations could consider incorporating into their codes of practice a commitment to provide high quality information to consumers at point of sale in their homes and gain independent endorsement of the content of a standard leaflet on doorstep selling.

### **Improving the quality of advice and information from salespeople**

- 4.74 As CABx evidence in this report shows sales staff often make the difference between consumers knowing and not knowing their rights, or being blocked from being able to exercise their rights when they wish to withdraw from a contract. Sales staff, and the firms that employ them, arguably hold the key to achieving fair trading and high standards of consumer protection in the field of doorstep sales. The solution to many CAB clients' problems with doorstep sales lies with companies.
- 4.75 CABx evidence is often that where consumers have problems with doorstep sales, sales staff do not seem to be adequately informed about relevant legal obligations, or about the goods and services they are selling. For example, many of the CABx clients' problems with doorstep sales detailed in Chapters 2 and 3 of this report illustrate poor quality of information provided by the sales staff during the transaction. This is an issue of particular concern where the product sold is complex and of high value. Examples include goods such as disability aids, or where the service is complex, such as 'no win, no fee' agreements for legal action and Individual Voluntary Arrangements (IVAs) where consumers are unlikely to be familiar with the products and services concerned.
- 4.76 In the case of disability aids consumers will often have very specific needs so that the goods will only be of value if they meet these needs and if they are usable by that individual. For example if handles to adjust items of furniture, such as chairs, are too stiff for someone with arthritis to use them the item will be of limited benefit. But as CABx evidence shows such items are often very expensive. If the salesperson has either misinformed the consumer or does not know enough about the goods to ensure their function is properly explained, and the consumer is able to use that product, then the product will fail to be fit for the purpose for which it was bought.
- 4.77 Where 'no win, no fee' agreements and IVAs are doorstep sales, our evidence often shows that the person at the door does not always understand, and is not always able to explain, these complex transactions

clearly. This has sometimes meant that the service has been unsuitable, and in many cases the consumer has needed to seek advice from a CAB about the contracts and services concerned.

- 4.78 And In some cases sales staff seem to have deliberately set out to avoid legislation, or to deceive consumers into entering into contracts, taking advantage of consumers' lack of knowledge. Consumers will only really be in a position to make an informed choice about whether to buy if the information they need about the goods and/ or services is available through the sales person, and that person trades fairly.
- 4.79 Since publishing the White Paper Modern Markets: Confident Consumers in July 1999 the UK Government has instigated a range of actions designed to improve consumer advice and information and quality of service. Key elements of this programme of work include the development of a quality mark scheme, and action to enhance the status and effectiveness of self-regulatory measures.
- 4.80 The Quality Mark scheme is being marketed to consumers as a means of identifying an approved company for 'peace of mind' and the knowledge that you will get the job on your home done properly. It is being marketed to traders as a way of proving to potential customers that you do a good job for a fair price and enjoy the business benefits of Quality Mark. The Quality Mark Scheme is intended to give consumers access to independently inspected and approved tradesmen such as builders, roofers, electricians and plumbers. To receive a Quality Mark traders must have appropriate levels of skilled staff, follow good management practices and follow a code of practice governing relations with their customers The Quality Mark is being gradually rolled out across the country following pilot schemes in Birmingham and Somerset.
- 4.81 To complement the Quality Mark initiative the National Consumer Council is developing guidance on the appropriate skills, attitudes and knowledge required by those consumers who are making decisions about maintaining, repairing and improving their homes. This guidance is intended to assist those designing and delivering consumer education.
- 4.82 The Government sees self-regulatory codes of practice as playing an important role in improving consumer protection by offering a higher level of consumer protection and service than the basics set down in law. To give this idea more impetus the Enterprise Bill 2002 creates the powers for the OFT to give formal approval to codes of practice that are effective. Where a Code is not effective the OFT will be able to withdraw its approval. This is arguably the most significant development in self-regulation for a very long time.
- 4.83 The OFT have published the core criteria that consumer codes of practice seeking OFT approval will need to meet<sup>33</sup>. The core criteria for content of

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<sup>33</sup> Core criteria for consumer codes of practice- Guidance for those drawing up codes of practice, Office of Fair Trading June 2002

codes include requirements that member companies ensure that appropriate training is provided to ensure that relevant staff know and meet the code requirements and their legal responsibilities. Codes are also required to ensure that consumers are given clear pre-contractual information. This should include that code subscribers do not undertake high pressure selling, and that any clear disparity between consumers' stated requirements and the nature of the goods and/or services to be purchased are explained.

- 4.84 Trade associations will have a key role to play in ensuring their members deliver good training for salespeople, as reflected in the OFT core criteria referred to above. Further, the OFT will need to ensure that they monitor approved consumer codes of practice appropriately and that OFT approval is removed promptly where there is evidence of failure to meet the core criteria.
- 4.85 The CAB Service would like to ensure that evidence about the problems which CAB clients have with doorstep sales is used to secure improvements in traders' practices.
- 4.86 The CAB Service recommends that all sales staff involved in doorstep sales receive good quality training about the goods and services they are selling and about consumer protection measures affecting these sales.**
- 4.87 The OFT should ensure that when considering proposed codes of practice relating to trade sectors which undertake doorstep sales the relevant codes commit subscribers to training of staff which covers products and consumer protection legislation. The effectiveness of this commitment in practice should be actively monitored by the OFT in relation to any codes it approves.**
- 4.88 At the end of the day ensuring that salespeople are properly trained and functioning within the rules that seek to protect consumers is the responsibility of the business employing them. And self-regulatory measures are only effective if they are subscribed to by traders. For businesses that do not make changes on a voluntary basis our proposals for improvements in cancellation rights in all doorstep sales, and the provision of separate cancellation notices along with a standard leaflet for all consumers involved doorstep sales, could help to provide incentive for better trained sales staff and more confident consumers.
- 4.89 The Electricity Association has recognised the need for sales staff to be trained and accredited in a new pilot 'Energysure' launched in July 2002. The scheme will train energy salespeople, and use a database to record details of trained salespeople. The CAB service would like to see this training include relevant consumer protection law and the ability to give good energy efficiency advice. **The CAB Service recommends that the Electricity Association includes training to provide energy efficiency advice and the requirements of all relevant consumer protection legislation as part of the 'Energysure' scheme.**

### **Protecting consumers who are particularly vulnerable to exploitation by unscrupulous salespeople.**

- 4.90 Much of the CABx evidence in this report illustrates how vulnerable consumers can fall prey to aggressive doorstep selling. Many CABx evidence reports concerning poor doorstep selling practices note that the client lives alone, is elderly and frail, is not able to read and/or write English or is vulnerable as a result of a physical or learning disability or a mental health problem. CABx report that these consumers can feel at risk in their own home and, sometimes, that their independent living is compromised by the effects of a bad experience of doorstep selling.
- 4.91 A significant proportion of consumers responding to recent energywatch research, on experiences with switching suppliers,<sup>34</sup> said that they did not want to repeat the experience of being contacted by a fuel sales person. Many CABx clients have expressed the same views when seeking advice.
- 4.92 Many vulnerable consumers would have been greatly assisted by a way of blocking unsolicited approaches from salespeople. At the moment there is no central scheme, or register, that allows consumers to register a preference not to be visited at home by those selling something. But this is available for mail, e-mails, telephone calls and faxes that are unwanted.
- 4.93 Many local trading standards departments, police forces and agencies such as CABx, have taken steps to warn consumers and to take relevant enforcement action when doorstep sales have proved a problem in their area. The CAB Service fully recognises the value of this work. In many cases where CABx have advised it has also appeared that it would have been helpful if local trading standards departments either had advance warning of locally targeted doorstep selling, or could find out easily which traders were operating in their area. This would assist in tracing traders when problems come to light, or taking steps to prevent problems arising, for example by targeting consumer information, or checking that the trader's sales staff are appropriately trained and knowledgeable about relevant consumer law.
- 4.94 A doorstep preference service could protect those consumers most vulnerable to poor doorstep selling practices. It is debatable at the present time what the most appropriate scope and ownership of a doorstep preference service would be. It might, for example, be possible to set up such a scheme on a voluntary basis, possibly comprised of members of the Direct Selling Association, who already have a Code of Practice for members. This would have advantages of being capable of introduction quickly without the need for primary legislation. However as with all self-regulatory measures it would have limitations in terms of the number of traders subscribing to the scheme.
- 4.95 Whilst there is no statutory provision for a doorstep selling preference service (which would be the way of ensuring wide coverage), a voluntary

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<sup>34</sup> NOP Survey for Energywatch, June 2002

scheme could be funded by businesses that make significant use of doorstep selling, perhaps by amounts in direct relation to the volume of sales for which they use this method of selling. This should certainly include all businesses in the domestic fuel sector whose input might then go some way to demonstrate redress to those consumers who have had poor customer service and have not been adequately protected by existing sector specific licence conditions.

4.96 Similarly a scheme for doorstep sales agents to register details with the local trading standards service when they are operating in a particular area could be set up and funded on a voluntary basis.

4.97 We would like to see the development of a comprehensive strategy for improving protection for vulnerable consumers from doorstep sales which looks at both these ideas and how they could be implemented.

**4.98 The CAB Service would like to see action taken to develop a strategy for protecting vulnerable consumers from unwanted doorstep sales activity. To take this forward the CAB Service recommends that a working group on protecting vulnerable consumers from unwanted doorstep selling is set up by the OFT. This should involve representatives of relevant trade associations and sectors with an interest in doorstep sales, consumer protection enforcement bodies and consumer representatives whose clients are affected by these sales. The group should identify a strategy for improving protection from unfair doorstep sales practices for vulnerable consumers. The work of this group should include examining the feasibility of setting up and running a doorstep preference service and arrangements for traders to register with enforcement bodies that they are carrying out doorstep sales in an area.**

## 5. List of all recommendations

We have made a series of recommendations in Chapter 4. They are addressed to Government in the UK and to the European Union (EU), the Office of Fair Trading and regulators, Trade Associations and industry members.

### *Recommendations addressed to the UK Government*

- The CAB Service recommends that the Government should introduce new legislation at the earliest opportunity, which would prohibit traders from trading unfairly. This should be backed up by enforcement powers so that if traders do act unfairly towards consumers action can be taken quickly to secure changes in their behaviour and provide restitution to those consumers who have suffered harm from the unfair practices that prompted action to be taken.
- The CAB Service recommends that information or guidance on the operation of Stop Now Orders which the Office of Fair Trading issues pursuant to the Enterprise Bill (when enacted) should cover:
  - steps that should be taken by relevant enforcement bodies to encourage consumers to make complaints and provide evidence of potential enforcement matters
  - action in response to individual complaints, including procedures for keeping consumers informed of investigations and giving reasons for deciding not to use the Stop Now Order procedure;
  - action to inform the public about the use that has been made of Stop Now Orders
- The CAB Service recommends that the loophole in regulation 7 of the doorstep selling regulations (requiring payment where a doorstep purchase is incorporated into the home during the cooling off period) be closed so that cancellation rights remain available for the full period.
- The CAB Service recommends that all consumers making a contract for goods or services in their own home should have a cancellation right.
- In addition there should be a minimum 14 day period for cancelling all such contracts.
- The CAB Service recommends that the doorstep selling regulations be amended so as to ensure that cancellation rights clearly extend to sales in premises such as hotels and boats used for sales events.
- The CAB Service recommends that legislation be amended so that, in addition to any written contract or agreement for a sale made in their home, consumers should be given a separate cancellation notice

outlining their rights to cancel and explaining the procedure to do so. This notice should include a tear off slip for the consumer to use to give notice of cancellation and should be provided for all doorstep purchases in the home at the time the contract is made.

- The CAB Service recommends that as part of the review of the regulatory framework for legal services launched in July 2002 the Lord Chancellor should consider the case for regulation of sales staff and intermediaries who introduce people to the legal system and legal processes such as starting personal injury cases or creating power of attorney or writing wills.

### ***Recommendations addressed to the European Union***

- The European Commission should publish a firm timetable in the Autumn of 2002 for the review of existing consumer contract law and consideration of harmonising cooling off periods in the directives relating to timeshare, distance and doorstep selling (Directive 94/47/EC; Directive 97/7 and Directive 85/577/EEC)
- The CAB Service recommends that EU Directive 85/577/ECC to protect the consumer in respect of contracts negotiated away from business premises be amended so as to ensure that cancellation rights clearly extend to sales in premises such as hotels and boats used for sales events.

### ***Recommendations addressed to the Office of Fair Trading and regulators***

- The CAB Service also recommends that the OFT should gather information about and monitor the use of Stop Now Orders by other enforcement bodies. In particular the extent of referral of cases between enforcement bodies with concurrent powers in relation to a particular sector should be kept under review and details of final decisions by enforcement bodies to act, or otherwise, following a referral should be publicly available. Findings of this monitoring should be published regularly.
- The OFT should develop and publish its procedures for responding to and investigating complaints about consumer credit licence holders. This could include establishing a hotline for advice agencies to use to report cases where licence holders have been trading unfairly. There should be a simple questionnaire for complainants to use available on the internet, as well as through other distribution channels. All complainants should receive a prompt response and be kept informed of progress of any investigation in which their complaint is being considered. The procedure should be widely promoted.
- Ofgem should develop and publish a comprehensive regulatory strategy for ensuring a high level of compliance by fuel companies with sector-specific and consumer protection law obligations relating to sales and

marketing. This strategy should indicate how Ofgem intends to use Stop Now Orders as well as sector-specific regulatory tools to protect consumers from unfair trading practices on the part of fuel companies.

- The OFT, Oftel/Ofcom and Ofgem should work together to produce and publish a strategy for regulating the doorstep sales of multi-utility services.
- The OFT should ensure that when considering proposed codes of practice relating to trade sectors which undertake doorstep sales, the relevant codes commit subscribers to training of staff which covers products and consumer protection legislation. The effectiveness of this commitment in practice should be actively monitored by the OFT in relation to any codes it approves.
- The CAB Service would like to see action taken to develop a strategy for protecting vulnerable consumers from unwanted doorstep sales activity. To take this forward the CAB Service recommends that a working group on protecting vulnerable consumers from unwanted doorstep selling is set up by the OFT. This should involve representatives of relevant trade associations and sectors with an interest in doorstep sales, consumer protection enforcement bodies and consumer representatives whose clients are affected by these sales. The group should identify a strategy for improving protection from unfair doorstep sales practices for vulnerable consumers. The work of this group should include examining the feasibility of setting up and running a doorstep preference service and arrangements for traders to register with enforcement bodies that they are carrying out doorstep sales in an area.

### ***Regulations addressed to trade associations and companies who use doorstep selling***

- Trade bodies should, where necessary, amend their code of practice to ensure that all consumers making a contract for goods or services as a result of a home visit should have, as a minimum, a 14 day period in which to cancel and should ensure that members respect consumers' wishes when they exercise this right to cancel.
- The CAB Service suggests that the Finance and Leasing Association amend their code of practice so that, in addition to any written contract or agreement for a sale made in their home, consumers are given a separate cancellation notice outlining their rights to cancel and explaining the procedure to do so, and including a tear off slip for the consumer to use to give notice of cancellation.
- The CAB Service recommends that all consumers should be given a standard leaflet about their rights when shopping at home at the beginning of any visit where a doorstep sale may be made.
- The CAB Service recommends that all sales staff involved in doorstep sales receive good quality training about the goods and services they



are selling and about consumer protection measures affecting these sales.

- The Electricity Association should include, within their 'Energysure' scheme, training on how to provide good energy efficiency advice, as well as training on the legal rights and obligations of all relevant consumer protection law.

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## **Appendix 1: Relevant consumer protection legislation**

(Reproduced with the kind consent of Age Concern, from their report Sharp Selling Practices)

### **Sale of Goods Act 1979 as amended by the Sale and Supply of Goods Act 1994**

Consumers have a right to expect that goods sold to them fit their description, are of satisfactory quality and are fit for their purpose. If the consumer tells the trader the goods are required for a specific purpose and the consumer reasonably relies on the trader's skill or judgement, they must be fit for that purpose. If goods fail to meet any of these requirements, the trader and not the manufacturer is legally responsible for putting things right. A consumer can reject the goods and claim a refund in certain circumstances, which will depend on the nature of the complaint and how quickly they act. In all cases the consumer can claim compensation for any loss he or she has suffered, such as the cost of repairs.

### **Consumer Protection(Cancellation of Contracts Concluded Away from Business Premises) Regulations 1987 (amended 1998)**

These Regulations give consumers the right to cancel if they have bought goods or services costing over £35 as the result of a visit from a salesperson which they did not ask for. Consumers have seven days to change their mind and cancel the contract and the salesperson must give the consumer written details of their cancellation rights and a cancellation form at the time of the agreement. The Regulations also apply to visits that the householder agreed to as the result of an unsolicited telephone call or earlier visit from the trader.

### **Consumer Protection (Distance Selling) Regulations 2000**

These provide protection for consumers when they buy goods through an organised distance sales scheme without being able to see them and have had no face-to-face contact with the supplier before the agreement is concluded, so have been unable to obtain detailed explanations or demonstrations from a salesperson. With some exceptions the Regulations cover items bought by telephone, mail order, fax, digital television or on the internet. In particular consumers can change their mind and cancel their order up to seven working days after the day they received the goods, provided this is put in writing.

### **Stop Now Orders (EC Directive) Regulations 2001**

These empower British consumer protection bodies such as the Director General of Fair Trading (through the Office of Fair Trading) and local trading standards departments to apply for a court injunction to prevent traders from repeatedly breaking the law. However, the Regulations cover the following areas only: misleading advertising, doorstep selling, consumer credit, TV broadcasting, package holidays, medicinal products advertising, unfair contract terms, timeshares, distance selling and the sale of shoddy goods and associated services.

## **Control of Misleading Advertisement Regulations 1988**

Under these Regulations the Director General of Fair Trading has the power to support and reinforce existing advertising controls. If he thinks that an advertisement should be stopped, he can do this by means of applying for a court order. This power also applies to oral representations made by a business in order to promote the supply of goods or services.

## **Consumer Credit Act 1974**

This gives protection if goods that have been bought by credit (using a credit card or credit agreement) and cost £100 or more turn out to be faulty or do not match what the consumer was told and relied on when buying them. The credit company is equally liable with the trader for breach of contract or misrepresentation.

A consumer can change their mind if the goods have been paid for by entering into a credit agreement (but not paying by credit card) provided they signed this away from both the trader's and finance provider's business premises. There must also have been face-to-face contact and verbal exchange beforehand between the salesperson or finance provider and the consumer. The trader must give the customer a copy of the unexecuted credit agreement, which must contain notice of the consumer's cancellation rights, when he or she signs the credit agreement. A copy of the executed agreement must be sent through the post to the consumer within seven days of the creditor's signature. The contract is not binding until the consumer receives the executed agreement. The consumer has five days to cancel starting on the day after receiving this second copy.

If a trader is licensed by the Director General of Fair Trading under the Consumer Credit Act, or is acting as an agent of a licensee, the Director General can take evidence of sharp selling practices into account when considering whether the trader is fit to hold a licence.

## **Unfair Contract Terms Act 1977 and Unfair Terms in Consumer Contracts Regulations 1999**

The Regulations aim to ensure that consumers are not disadvantaged by unfair standard terms (not individually negotiated terms) in the small print of contracts. Also, under the Act, traders cannot take away the Sale of Goods Act rights of consumers by putting exclusion clauses into the contract. For example, it is considered to be unfair under the Regulation for the contract to give the trader rights to significantly vary the terms of the contract, such as the agreed price, without giving the consumer the right to withdraw from it.

However, the Regulations do not apply to how much is to be paid unless this is not clear and so does not relate to value for money issues. Only a court can decide whether a particular term is unfair but if it does, the term will be unenforceable. The Director General of Fair Trading, utility regulators, the Consumers' Association, Information Commissioner, Financial Services Authority and local trading standards departments can take action under these Regulations.

## Appendix 2: Legislation to which Stop Now action can be applied

Stop Now action is an enforcement tool that can be used where certain EU Directives in the consumer protection field have been breached by a trader. Some of these Directives have been transposed into UK law through statutory instruments. Both the EU Directive and the relevant UK law relating to it are listed below. Stop Now powers allow for a speedy response where a trader breaks these laws. Action can be taken by the OFT, trading standards departments and other named bodies, such as the sector specific regulators. These enforcement bodies can obtain formal agreements that the trader will stop specific practices that are against civil and/or criminal obligations and which are against the interests of consumers. They can also seek an injunction in the civil courts to make the trader stop, a Stop Now Order.

Under the Enterprise Bill currently going through Parliament it is proposed that this enforcement tool becomes available for a wide range of domestic consumer protection law legislation too.

<b>EU Directive</b>	<b>Subject</b>	<b>Relevant UK legislation</b>
84/450/ECC	Regulation of misleading and comparative advertising except for food and tobacco	Control of Misleading Advertising Regulations 1988
85/577/EEC	Doorstep selling	Consumer Protection (Cancellation of Contracts Concluded Away from Business Premises) Regulations 1987
87/102/EEC and 98/7/EC	Consumer credit	Consumer Credit Act 1974
89/552/EEC	Television advertising	Regulation of the content, amount and distribution of television advertising and of programme sponsorship
90/314/EEC	Package holidays	Package Travel, Package Holidays and Package Tours Regulations 1992
92/28/EEC	Advertising of medical products	Medicines (Advertising) Regulations 1994
93/13/EEC	Unfair contract terms	Unfair Terms in Consumer Contracts Regulations 1999
94/47/EC	Timeshare	Timeshare Act 1992

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97/7/EC	Distance selling	Consumer Protection (Distance Selling) Regulations 2000
1999/44/EC	Sale of goods and associated guarantees	(Draft title- Sale and supply of goods to Consumers Regulation expected to be implemented in 2002)
98/27/EC	Consumer protection element of e-commerce	Electronic Commerce (EC Directive) Regulations 2002

### Appendix 3: CABx that submitted evidence

#### EAST REGION

Abbots Langley  
 Beccles  
 Billericay  
 Bishop's Stortford District  
 Braintree & District  
 Brandon  
 Broxbourne (Chestnut)  
 Broxbourne (Hoddesden)  
 Bury St Edmunds  
 Bushey  
 Cambridge & District  
 Dacorum  
 Dunstable & District  
 Epping  
 Felixstowe & District  
 Great Yarmouth  
 Harlow  
 Hatfield  
 Haverhill  
 Hitchin  
 Ipswich & District  
 Leighton Linlade  
 Leiston & Saxmundham  
 Lowestoft  
 Luton  
 Marham (Main)  
 Mid-Suffolk (Stowmarket)  
 Norwich & District  
 Oxhey & District  
 Peterborough  
 Rayleigh  
 Rickmansworth  
 Rochford  
 Royston  
 Southend-on-Sea  
 St Neots  
 Stevenage  
 Sudbury  
 Tendring  
 Waltham Abbey  
 Watford  
 Wickford  
 Wymondham & District

#### LONDON REGION

Beckenham & Penge  
 Bexleyheath & Welling  
 Brent  
 Brentford & Chiswick  
 CALL (Citizens Advice for London)  
 Catford  
 Eltham  
 Enfield Town  
 Finchley (Friern Barnet)  
 Fulham  
 Grahame Park  
 Greenwich Money Advice  
 Hampton  
 Harrow  
 Havering  
 Hillingdon (Ealing/Acton)  
 Hillingdon (Hayes)  
 Hillingdon (Ruislip)  
 Holloway  
 Hornchurch  
 Kilburn  
 Orpington  
 Paddington  
 Pimlico  
 Sheen  
 St Helier  
 Sutton  
 Thornton Heath  
 Whitechapel  
 Woolwich

#### MIDLANDS REGION

Ashfield  
 Bedworth & District  
 Biddulph  
 Brierly Hill  
 Bromsgrove & District  
 Burntwood & District  
 Burton-upon-Trent  
 Cannock  
 Chesterfield  
 Coalville & District  
 Congleton  
 Coventry  
 Daventry & District

Dudley  
 East Northants (Rushden)  
 Grantham & District  
 Hinckley  
 Kettering  
 Lichfield  
 Lincoln & District  
 Lutterworth  
 Malvern Hills District  
 Matlock  
 Melton Mowbray  
 Northfield  
 North West Leicester  
 North Shropshire (Market Drayton)  
 North Warwickshire  
 Nottingham & District  
 Nuneaton  
 Ollerton & District  
 Oswestry & Border  
 Redditch  
 Rugby  
 Rugeley  
 Rutland  
 Shirley  
 Shrewsbury  
 Sleaford  
 Smethwick  
 Solihull  
 South Derbyshire  
 South Holland  
 Stamford & District  
 Stone  
 Stourbridge  
 Stratford-On-Avon  
 Telford Town Centre  
 Tipton  
 Walsall  
 Warwick District  
 Wellingborough  
 West Lindsey  
 Wolverhampton (Pendeford)  
 Worcester  
 Yardley

**NORTH REGION**

Batley (North Kirklees)  
 Berwick  
 Blyth Valley  
 Bradford (West Yorkshire)  
 Calderdale (Brighouse, Elland, Halifax, Hebden, Todmorden)  
 Castle Morpeth  
 Craven  
 Durham  
 Easington & District  
 East Yorkshire (Bridlington)  
 Eastern Borders  
 Gateshead  
 Grimsby  
 Hambleton  
 Hebden Bridge  
 Hull City Centre  
 Keighley  
 Leeds  
 Mexborough  
 Middlesborough  
 Newcastle City  
 North Tyneside (The Valley)  
 Otley  
 Pontefract  
 Redcar & Cleveland (Guisborough)  
 Richmondshire  
 Rotherham  
 Ryedale  
 Scarborough & District  
 Sedgefield & District  
 Sharrow (Sheffield)  
 Sheffield Debt Support Unit  
 Stockton & District  
 Information & Advice Service  
 South Elmsall  
 South Kirklees (Huddersfield)  
 South Tyneside  
 Teesdale District  
 Thorne & Moorends  
 Todmorden  
 Wakefield District

Wansbeck  
 Washington  
 Wear Valley  
 York

**NORTH WEST REGION**

Altrincham  
 Anfield  
 Atherton  
 Barrow-in-Furness  
 Bebington  
 Birchwood  
 Blackburn  
 Bradford (Gtr Manchester)  
 Burnley  
 Bury  
 Carlisle  
 Chester  
 Chorley & District  
 Crewe & Nantwich  
 Crosby  
 Eccles  
 Formby  
 Halton District  
 Harpurhey (Collyhurst)  
 Hazel Grove  
 Heywood  
 High Peak  
 Hindley  
 Liverpool City Centre  
 Longsight  
 Lymm  
 Lytham St. Annes  
 Macclesfield & Wilmslow  
 Marple & District  
 Nelson (Pendle District)  
 Old Trafford  
 Penrith & Eden  
 Preston & District  
 Sale  
 Southport  
 St Helen's  
 Stockport  
 Stretford  
 Walkden  
 Wallasey  
 Walton  
 West Kirby

Whitehaven  
 Withington  
 Workington  
 Wythenshawe

**SOUTH REGION**

Alton  
 Amersham  
 Andover  
 Ash  
 Ashford  
 Banbury & District  
 Basingstoke  
 Bicester  
 Bognor Regis  
 Bracknell  
 Brighton & Hove  
 Buckingham, Winslow & District  
 Camberley  
 Canterbury  
 Caterham & Warlingham  
 Chichester & District  
 Cosham  
 Crawley  
 Crowborough  
 Dartford  
 Didcot & District  
 Dorking  
 Dover  
 East Grinstead  
 Eastleigh  
 Edenbridge & Westerham  
 Esher & District  
 Fareham  
 Farnborough  
 Farnham  
 Faversham & District  
 Fleet & District  
 Gosport  
 Guildford  
 Hailsham  
 Hastings & Rother  
 Haywards Heath  
 High Wycombe  
 Lancing & Sompting  
 Leatherhead  
 Lewes (Peacehaven)  
 Littlehampton



Lymington  
 Maidenhead  
 Maidstone  
 Malling  
 Medway (Chatham and Gillingham)  
 Milton Keynes (Bletchley)  
 Newbury  
 New Milton & District  
 Oxford  
 Paddock Wood  
 Petersfield  
 Reading  
 Redhill (Reigate & Banstead)  
 Ringwood & Fordingbridge  
 Rochester  
 Romsey & District  
 Runnymede  
 Sevenoaks  
 Shoreham & Southwick  
 Sittingbourne & Isle of Sheppey  
 Staines (Spelthorne)  
 Sunbury & Shepperton  
 Surrey Welfare Rights Unit  
 Swanley WRU  
 Tonbridge  
 Tunbridge Wells  
 Waterlooville  
 West Berkshire  
 Whitehill & Bordon  
 Winchester  
 Witney  
 Woking  
 Wokingham  
 Worthing & District

### **WALES**

Abergavenny  
 Abergele  
 Cardiff City Centre  
 Cardigan & District  
 Chepstow  
 Colwyn Bay  
 Conwy  
 Cynon Valley  
 Flint

Merthyr Tydfil  
 Montgomeryshire  
 Neath  
 Newport  
 Pontypridd  
 Port Talbot  
 Prestatyn  
 Risca  
 Ruthin  
 Swansea  
 Torfaen (Cwmbran)  
 Vale of Glamorgan  
 Ynys Mon (Holyhead)

### **WEST REGION**

Barnstaple (North Devon)  
 Bath & District  
 Bristol  
 Bournemouth  
 Bridport & District  
 Camborne (Kerrier)  
 Cheltenham & District  
 Christchurch  
 Dawlish  
 Dorchester & District  
 East Dorset  
 Exeter  
 Exmouth  
 Frome & District  
 Honiton  
 Ivy Bridge  
 Kennet (Devizes, Tidworth)  
 Mid Somerset (Shepton Mallet and District)  
 Mid Devon District  
 Newquay (Restormel)  
 Newton Abbott (Teignbridge)  
 North Cornwall (Bodmin)  
 Paignton (Torbay)  
 Poole  
 Salisbury & District  
 Sherborne  
 South Hams (Dartmouth)  
 Stroud  
 Taunton & District  
 Thame

Torquay (Torbay)

### **N.IRELAND**

Ballymena  
 Bangor & District  
 Coleraine  
 Suffolk/ Andersonstown (Belfast)

