

New Consumer Protection Act

The Consumer Protection Act, 2002, which came into effect on July 30, 2005, is being hailed by the provincial government as the most significant changes to consumer protection laws in more than 30 years.

The new act simplifies consumer protection legislation by updating and bringing together 6 existing laws [*The Business Practices Act, The Consumer Protection Act, The Consumer Protection Bureau Act, The Loan Brokers Act, The Motor Vehicle Repair Act and The Prepaid Services Act*] into one *Consumer Protection Act, 2002*. The “six pack” has been transformed into a “kegger”.

The new act applies to both goods and services involved in consumer transactions if either the consumer or the business is in Ontario. A consumer is defined as an individual acting for personal, family or household purposes and does not include a person who is acting for business purposes. The act does not apply in an area of exclusive federal jurisdiction such as banking.

The Consumer Protection Act, 2002 provides many protections for consumers. Some of the main protections include:

A Cooling-off Period

If you make a purchase or sign a contract worth more than \$50 in your home and then change your mind, you have the right to cancel within 10 days. It's best to cancel by registered mail or fax, to get your money back.

Consumer Agreements must disclose all details

If a company isn't delivering on its consumer contract with you, or if the company doesn't disclose required aspects of the deal, you have the right to cancel within one year.

Prepaid Goods or Services

Written contracts are required for goods or services worth more than \$50 where some part of the contract occurs in the future (e.g. a gym membership). The contract must contain complete details of the transaction.

Full Disclosure of Credit Terms

Anyone providing goods or services on credit must give the consumer a written statement showing all financing charges and the annual percentage rate of the credit transaction. It must also explain how any extra charges would be calculated if you failed to make the payments.

Unsolicited Goods

If someone sends you goods, which you didn't ask for, you don't have to accept or pay for them. In fact, you can use them or throw them out. You're not responsible for an unsolicited credit card either – **unless you buy something with it.**

Deliveries must be made on time

If the goods don't arrive within 30 days of the promised date, you can cancel the contract by sending a cancellation letter, but you lose the right to cancel the contract if you accept delivery after 30 days.

Personal Development Services

Joining a fitness club, or a club that teaches you to dance or martial arts? If so:

- You get a cooling-off period. If you don't like the facilities, or find that tae kwon do is not for you, you have 10 days to cancel the contract and get your money back.
- Club memberships are limited to one year. That way, if the club folds, you haven't paid for a worthless lifetime contract.
- Clubs must give you the option of paying monthly. Even though this allows the club to charge up to 25% more, paying by the month means you lose less if the club should suddenly close.

Loan Brokers

If you decide to answer an ad promising to obtain loans “even for people with poor credit rating”, you should know that it's illegal for anyone to demand payment in advance for helping you get a loan.

The foregoing are examples of consumer protection initiatives contained in the newer, bigger and more comprehensive *Consumer Protection Act*. The act is only effective if consumers know about the protections available. More information is available from the legal clinic or the Ministry web site at www.cbs.gov.on.ca.

Peter Graham
Lawyer