

# Consumer Rights Act 2015 (Act)

## What has happened?

On 1 October 2015, the Act came into force with immediate effect. The Act consolidates a number of pieces of UK legislation dealing with a consumer's legal rights when buying goods and/or services from businesses. It also recognises, for the first time under UK consumer law, digital content.

## Does the Act apply to me?

If you sell goods, services or digital content to consumers, the Act will apply to you.

The Act defines a 'trader' as a person acting for purposes related to their business, trade, craft or profession and a 'consumer' as a person who is not acting for the purposes of a business, trade, craft or profession.

## What do I need to know?

### The need to be transparent

The Act requires the trader to ensure that the written terms in a consumer contract are transparent and prominent. For a term to be "transparent" it must be in plain and intelligible language and be legible. A term is "prominent" if it is brought to the consumer's attention before they enter into the contract.

### Contract terms must be fair

A term that is found to be unfair will not be binding on the consumer.

A term will be considered to be unfair if it causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer.

A term of the contract will not be considered unfair simply because the consumer thinks the product represents poor value for money, or it sets a price that is higher than the price charged by other businesses for the same goods, services or digital content.

## Sale of goods

The Act applies to various goods contracts, including contracts for the sale of goods, the hire of goods and hire-purchase agreements. There are now statutory terms under the Act stating that goods must:

- be of a satisfactory quality;
- be fit for a particular purpose;
- be as described;
- match a sample;
- match a model seen or examined by the consumer; and
- be installed correctly (where installation is agreed as part of the contract).

You **cannot** contract out of these statutory terms.

## What are the remedies if goods don't comply with the Act?

If the goods do not comply with the Act, a consumer can:

- reject the goods within 30 days of buying/receiving delivery of the goods. This is known as the "short-term" right to reject. Where the short term right to reject is exercised, the consumer can ask for a full refund. The refund must be given without delay and, in any event, within 14 days from the date you agree the consumer is entitled to a refund;
- seek repair or replacement of faulty goods. The consumer must choose between repair, replacement or the short term right to reject; and
- if repair or replacement is not possible, the consumer has a final right to reject the goods and claim a full refund or ask for a price reduction of up to 100%.

## Supply of services

Under the Act, services must be:

- carried out with reasonable care and skill;
- performed for a reasonable price (if the price is not agreed in advance); and
- performed within a reasonable time.

In addition, any information given to the consumer relating to the service (verbally or in writing) is binding if they rely on it (including quotations and promised timescales).

### What are the remedies if services don't comply with the Act?

If the services do not comply with the Act:

- the consumer can require a repeat performance of the service;
- if repeat performance is not possible or not completed within a reasonable time scale, then the consumer has a right to a refund, of up to 100%; and
- if the work has been completed so badly in the first place, or it is impractical for the consumer to give you a second chance, they can claim compensation for work to be completed by another trader.

### Digital Content

The Act now also recognises (for the first time under UK law) digital content. The digital content must be:

- of a satisfactory quality (as judged by the standard expected by a reasonable person);
- fit for a particular purpose i.e. if a consumer makes you aware of a particular purpose; and
- as described (the main characteristics, functionality and compatibility of digital content must be given to consumers before they buy).

Digital content includes both paid for and free content, provided that the free content accompanies something that the consumer has already paid for (this includes virtual currency or a gift voucher which was originally purchased with money). Be aware that if free content is supplied alone and it causes damages to a consumer's device then you may still be liable to the consumer if the fault is due to your negligence.

If you supply content that you do not have the right to supply and a consumer pays for it, then it will be treated under the Act as if you did have the right to supply it and the relevant remedies for the consumer will apply.

### Remedies where digital content does not conform to the contract

Consumers have a right to require the trader to repair or replace the digital content. Such repair or replacement must be carried out within a reasonable time and the trader must bear all costs incurred in doing so.

If repair or replacement is not possible (or repair/replacement has been attempted and failed) then the consumer has a right to a price reduction of up to 100% of the price paid. The trader cannot charge a fee to the consumer for facilitating the refund.

There is no requirement for a consumer to delete the content from their device.

### What about mixed contracts?

If you supply goods, services and digital content i.e. the delivery (service) of a CD (goods) containing music (digital content) to a consumer then the remedies applicable to 'goods' as set out above will apply to the digital content.

### Selling to consumers online

When selling to consumers online, you must also comply with the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013, which govern the rules on distance selling (i.e. online).

### What do I need to do now?

You should carry out a review of your standard terms and conditions to ensure that they are fully compliant with the Act. In addition, consider that your current practices are compliant with the Act (e.g. your refund policy).

You also need to ensure that your employees and staff are fully aware of the Act to ensure they are not acting in breach of it.

### I would like some more information

**If you feel that you need further advice on the Act, or if you have any specific queries, please contact:**



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