

Report to the Tyne and Wear Trading Standards Joint Committee

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Update on the Consumer Rights Act 2015

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Purpose of the report

To notify the committee of the change in the legislative framework surrounding contractual issues which are changing on 1 October 2015 when the Consumer Rights Act comes into force.

1. The law will be clearer and easier to understand. On the rare occasions when problems arise, they will be able to sort out disputes more quickly and cheaply. The changes are relevant to all consumers and every business which sells directly to consumers.
2. It is estimated that UK consumers spend £90 billion a month. It is viewed that more transparent rights will help them to make better choices when they buy and save them time and money.

Why is this important now?

3. Consumers will have enhanced, easy to understand consumer rights following the implementation of the Act. This will change core consumer rules around what to do if, for example, goods or services as bought and which are faulty.
4. The updated rights will help consumers and businesses to avoid disagreements. But when a problem does occur, changes are also being brought in to make disputes easier to settle. Alternative Dispute Resolution, for example through an Ombudsman, can offer a quicker and cheaper way of resolving disputes than going through the Courts.

What do consumers and businesses need to know?

5. In October, when the Act comes into force, it will cover:
 - what should happen when goods are faulty;
 - what should happen when digital content is faulty;
 - how services should match up to what has been agreed, and what should happen when they do not, or when they are not provided with reasonable care and skill;
 - unfair terms in a contract;
 - what happens when a business is acting in a way which isn't competitive;
 - written notice for routine inspections by public enforcers, such as Trading Standards Officers; and

- greater flexibility for public enforcers, such as Trading Standards, to respond to breaches of consumer law, such as seeking redress for consumers who have suffered harm.
6. Most of these changes are important updates to existing laws. But there are two new areas of law.
 7. This will be the first time that rights on digital content will have been set out in legislation. The Act gives consumers a clear right to repair or replacement of faulty digital content such as online film and games, music downloads and e-books. The law here has been unclear up until now and this change brings us up to date with how digital products have evolved.
 8. For the first time, there are clear rules for what should happen if a service is not provided with reasonable care and skill or as agreed. For example, the business that provided the service must bring it into line with what was agreed with the customer or, if this is not practical, must give some money back.
 9. The Act stands alongside Regulations to create a greatly simplified body of consumer law. Taken together, they aim to set out the basic rules which govern how consumers buy and businesses sell to them in the UK.

Alternative Dispute Resolution

10. Alternative Dispute Resolution will be available to all businesses to help when a dispute with a consumer cannot be settled directly. Up until now, the service has only been available in certain sectors. A business which is involved in a dispute will need to make the consumer aware of a relevant certified Alternative Dispute Resolution provider. The business should also let the consumer know whether or not they are prepared to use the Alternative Dispute Resolution provider to deal with the dispute. A business does not have to use Alternative Dispute Resolution unless it operates in a sector where existing legislation makes it mandatory (for example, financial services).

Letting Agents Fees

11. The duty placed on letting agents to display fees came into effect under the provisions of the Act.

12. Letting agents must display fees:

- on each of their premises where they deal face to face with persons using, or proposing to use, services to which the fees relate,
- the list must be displayed in a place where it is likely to be seen,
- they must also display the list on their website, if they have one.

13. The list of fees displayed must include:

- a description of each fee to enable a person who is liable to pay it to understand what it is and its purpose,
- an indication of whether each fee relates to each dwelling house or to each tenant,
- applicable tax and, where the fee cannot be determined in advance, how it might calculated.

14. In addition in England, letting agents engaging in letting agency or property management working relating to dwelling houses must display:
 - a statement of whether they are a member of a client money protection scheme, if they hold client's money,
 - a statement that they are a member of a redress scheme, and the name of that scheme, if they are required to be a member.
15. The duty to display fees, applies to fees, charges or penalties payable to the letting agent by a landlord or tenant in connection with letting agent or property management work or otherwise in connection with an assured tenancy.
16. However the duty does not apply to the following:
 - the rent payable under the tenancy,
 - any fees, charges or penalties or penalties which the letting agent receives from a landlord under a tenancy on behalf of another person,
 - a tenancy deposit within the meaning of Section 212(8) Housing Act 2004,
 - any other fees, charges or penalties specified in regulations

What should the Consumer do?

17. When the new law comes into force in October, consumers should be able to learn much more easily what their rights entitle them to. Consumers are advised to bear in mind their rights when they are researching purchases and when they decide between various businesses. Consumers should be clear where they go for more information in advance of a purchase and what to do if a problem arises.
18. From October 2015, Citizens Advice will be the primary source of information and advice on the new laws for consumers. Go to the Citizens Advice website for more detailed information: <https://www.citizensadvice.org.uk/>

Recommendation

19. The Committee is asked to note the information as contained within the report.