

Consumer Protection and Business Practices Act

Internet Sales Contracts

This publication or any of its contents should not be considered a statement of law. The relevant sections of *The Consumer Protection and Business Practices Act* should be consulted for any legal interpretation or application.

Shopping on the Internet is different than shopping at your local mall. The legislation establishes rules for Internet sellers and provides some protection for consumers who buy online in Saskatchewan. After reading this tips sheet you will know:

- who is affected by the legislation;
- the information that must be disclosed, before you purchase and be included in the contract;
- how, and under what circumstances, you can cancel your contract;
- how to obtain refunds on credit card purchases; and
- the information you should have in order to make an informed decision.

The tips sheet does not cover all the specific circumstances or unique situations that can arise.

The rules

Who is affected by the legislation?

This legislation applies to residents of Saskatchewan or to people purchasing goods or services from Saskatchewan businesses that sell online. Only goods or services that are bought or sold for personal, family or household use and have a value of \$50 or more are affected by this legislation.

Some types of businesses, otherwise regulated, are exempt from the legislation. For example, the legislation does not apply to financial services and products which will be regulated under existing financial services legislation, and not under the Internet sales contract provisions under *The Consumer Protection and Business Practices Act*.

Also, **the legislation does not apply** if you are buying from a private individual rather than a business.

Disclosure requirements

Before you buy online it is important to know what you are agreeing to in the contract. The legislation states that **before** you make a purchase the Internet seller must give you the following information:

- the business name, address, telephone and fax number, and email address of the supplier;
- a fair and accurate description of the goods or services, including relevant technical specifications;
- an itemized list of the price of the goods or services and any associated and additional costs payable by the consumer, including taxes and shipping charges;
- a description of any additional charges that may apply to the contract, such as customs duties and brokerage fees, whose amounts cannot reasonably be determined by the supplier;
- the total amount that would be payable by the consumer under the contract;
- the currency in which the amount owing is payable;

- the terms, conditions and methods of payment;
- the date on which the goods or services will be supplied and, if applicable, the date on which the services will be completed;
- the delivery date and delivery arrangements;
- the suppliers cancellation, return, exchange and refund policies, if any;
- a description of any trade-in arrangement and the amount of the trade-in allowance; and
- any other restrictions, limitations and conditions that may apply.

The required information must be prominently displayed on the web site. It must be clear and understandable and you must be able to retain and print it.

Entering into the contract

The legislation requires Internet sellers to give you the opportunity to accept or decline the contract, and to correct errors immediately before entering into it. Download or print off any information that you send to the business and retain it as a copy for future reference.

Getting a copy of the contract

Once you have agreed to purchase the good or service, the company must provide you with a copy of the contract in writing, or in electronic form, within 15 days after the agreement was entered into. The contract must include the information originally disclosed to you as well as your name and the date the contract was entered into.

Canceling the contract

The legislation allows you to cancel an Internet sales contract if any of the following conditions apply:

1. You may cancel the contract within 7 days after receiving your copy from the Internet seller if:
 - the disclosure requirements were not met; or
 - you were not given an opportunity to accept or decline the contract, or to correct errors immediately before you entered into it.
2. You may cancel the contract within 30 days after entering into it if:
 - you do not receive a copy of the contract by mail, e-mail or facsimile or some other method, or you are unable to download or print a copy of the contract within 15 days after entering into it; or
 - the copy of the contract does not contain the required pre-contractual disclosure information.
3. You may cancel the contract if you do not receive the goods or services within 30 days of the date specified in the contract, or, if the delivery date is not specified, within 30 days from the date the contract is entered into.

However, if the company attempts to deliver the goods or services and you refuse to accept them, or if you are notified of delivery and no one is there to receive them, this 30-day cancellation right does not apply.

4. You may cancel travel, transportation or accommodation services immediately if those services do not begin on the promised date.

How to cancel the contract

To cancel the contract you must notify the business that you want to terminate the agreement. You can send the notice by any means, including registered mail, telephone, fax, e-mail, courier or personal service. You should be able to prove the

date that the cancellation notice was sent. It is important to keep a copy of the notice and any other supporting documentation relating to your purchase and cancellation.

Getting your money back

If you exercise your right to cancel the contract, the business must return the money paid under the contract within 15 days from the date of cancellation. If the business refuses to refund the money when given proper notice, and you did not pay by credit card, you may consider taking legal action to recover the debt.

Sometimes the goods purchased are delivered even though the contract has been cancelled. If this happens you must return these goods to the business within 15 days from the day you cancelled or the day you received the goods (whichever is later). The Internet seller is responsible for the reasonable cost of returning the goods.

If you purchased by credit card, and properly cancelled the contract, but did not receive a refund from the Internet seller within the required 15 days, the credit card company must cancel or reverse the charges.

Your request to cancel or reverse the credit card charge must include the following information:

- your name, credit card number and the expiry date of the credit card;
- the Internet seller's name;
- the date the contract was entered into;
- the date, method and reason for cancellation of the contract;
- the total amount of the contract;
- a description of the goods and services sufficient to identify them; and
- a statement that you did not receive a refund from the Internet seller following cancellation.

The credit card company must acknowledge your request within 30 days of receiving it. If your request meets the requirements for cancellation, the credit card company is required to reverse the charges and any associated interest or other charges within 2 complete billing cycles or 90 days (whichever comes first).

Most credit card companies have a toll-free number you can contact if you have any questions. Your credit card statement may contain this number.

Keeping records

Make sure you keep a printed copy of any forms or documents that you filled out and any e-mails you sent and received about the goods or services you purchased. You will need these records if there is any dispute about the sale.

To shop safely online think about:

Protecting your privacy

It is important to protect personal information such as your name, address, telephone number, bank account numbers as well as your Social Insurance Number, date of birth and your mother's maiden name. Businesses often ask for your date of birth and other information such as your mother's maiden name that they can use to identify who they are dealing with. Be careful what you share about yourself because the more information others have about you, the greater your exposure to security risks.

Find out if the company has a privacy policy setting out how it will use the personal information that you provide. Check to see if the policy allows you to decline or opt out of sharing personal information, such as e-mail addresses. Some businesses use this information to develop market profiles or to sell their mailing lists to others.

Ask to see a copy of their privacy policy if you can't find it on the website. If none exists, or you are not comfortable with the policy, you may want to think twice about buying from that business. Reputable businesses will have a privacy policy and post it online.

How secure is the payment system?

Security of credit card details provided over the Internet is a major concern for many consumers. Before giving your credit card number or other financial information to a business, make sure that the merchant has a secure transaction system. Most Internet browsers indicate when you are using a secure Internet link. To check to see if a web site is secure look for:

- a website address that starts with **https://**, or
- an icon, often a lock or an unbroken key, at the bottom of the screen.

Many businesses will post a security statement that explains how the business will protect the data you provide. Companies may also display a seal on their website like WebTrustSM (<http://cpawebtrust.org/>) or TRUSTe (<http://www.etrust.com>), to assure online customers that their business has the ability to maintain privacy and security for Internet transactions. Check to see which organization is awarding the seal and the requirements that a merchant has to meet to be allowed to use that icon.

Check your credit card statement each month as soon as it arrives to make sure there are no charges you can't account for. Your financial liability may be limited if you report fraudulent use of your card to the credit card company immediately.

Is this a scam?

Scams aren't new. If the offer sounds too good to be true it probably is. Be cautious about the promise of a valuable prize in return for a low-cost purchase. These are all good indicators of fraud. Some other clues on how to spot a scam are:

- **Hidden addresses.** Beware of businesses who try to sell goods or services using an anonymous e-mail address or post office box number that make it hard for you to find their actual location.
- **Vague references.** "Thousands of satisfied customers!" This reference sounds impressive but you don't have enough information to check this out.
- **Promises of instant wealth.** If incredible returns are being offered, ask yourself who will provide the money and how will it be generated.
- **"This is not a scam".** A legitimate business does not have to convince you of its legality
- **Hidden expenses.** Be wary of advertisements promising 'no start up costs' and then asking for a one time only fee.

Check the following sites for more information about scams.

Competition Bureau: <http://strategis.ic.gc.ca/engdoc/main.html>

Royal Canadian Mounted Police: <http://www.rcmp-grc.gc.ca/index.htm>

Canadian Anti-Fraud Centre: <http://www.antifraudcentre-centreantifraude.ca>

Internet auctions

Online auctions are a new way to buy and sell goods or services over the Internet. They may not be covered by this legislation. Therefore it is important to verify who is selling the item and to make sure that you know what you are buying. Unsafe or fake goods can be sold at auction so it is important to get a description of the item in writing in case the product does not meet your expectations.

Reputable auctions have rules that govern the sale of goods and often have information on the seller. Check to see if the company has a complaint resolution process if you are not satisfied with the goods, or do not receive the item you purchased. Do not send money to an unknown person without knowing how they can be contacted. Some auction businesses offer an escrow service that holds your money until you confirm you have received the product or service. The money is then released to the seller. There may be a fee for this service.

For more information about shopping on the Internet check the following Web sites:

E-Commerce Code of Practice: <http://www.tico.ca/publications-resources/e-commerce-code-of-practice.html>

Canadian Consumer Information Gateway: <http://consumerinformation.ca>

Canadian Bankers Association: www.cba.ca

Canadian Marketing Association: <http://www.the-cma.org/>

For more information

For more information about the *Consumer Protection and Business Practices Act Internet Sales Contract* regulations contact:

Financial and Consumer Affairs Authority
Consumer Protection Division
Suite 500, 1919 Saskatchewan Dr.
Regina, SK S4P 4H2
Phone (306) 787-5550
Toll free: 1-877-880-5550
Fax: (306) 787-9779

Email: consumerprotection@gov.sk.ca

www.fcaa.gov.sk.ca/cpd

A current version of these and other consumer tips is available at the Consumer Protection Division website and www.fcaa.gov.sk.ca/cpd.

This tips sheet is available for print or copy free of charge. Please check the website or contact our office to make sure you have the most up-to-date copy.

The following businesses are required to hold a licence issued by the FCAA: Auctioneers, for-profit charitable fundraising businesses, collection agents, credit reporting agencies, direct (at your home) sellers, commercial cemeteries and motor dealers. To verify a licensing status go to the Consumer Protection Division website and click on

