CONSUMER AWARENESS SERIES

Door to Door Sales...

What You Should Know

Centre for Public cplea Legal Education Alberta

What is a direct sales contract?

A direct sales contract is a contract:

- for goods or services, or both, that totals more than $25; and
- is negotiated or signed in person somewhere other than the seller's usual place of business or a market place, auction, trade fair, agricultural fair or exhibition.

The seller is called a **direct selling business**.

In Alberta, the legal term for sales of goods or services door to door is a direct sales contract.

What law applies to direct sales contracts?

The *Consumer Protection Act* is the main law that applies to direct sales contracts in Alberta.

There are regulations that set out more rules, such as the licensing process for a direct selling business and types of sellers that do not need a license.

Are direct sales contracts legal in Alberta?

Contracts for the sale of goods or services are legal but must meet certain requirements:

1. a written direct sales contract must include specific information to be valid; and
2. the Government of Alberta must license the seller as a direct selling business.

As of January 1, 2017, the Government of Alberta has banned sellers from going door to door to sell furnaces, air conditioners, water heaters, windows, and energy audits. However, if you invite someone to your home (without them having first come to your home) to discuss buying these goods or services, those transactions are still allowed.

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What information does a direct sales contract have to include?

The *Consumer Protection Act* says that a written direct sales contract must include:

- your full name and address;
- the seller's full name, business address, telephone number, and (if applicable) fax number;
- the salesperson's name (if applicable);
- the date and place where the direct sales contract was signed;
- a detailed description of the goods or services;
- a **statement of cancellation rights**;
- an itemized price of the goods or services;
- the total price of the contract and the terms of payment;
- if the goods/services will be provided at a later date, the delivery date for the goods or the start date for the services;
- the date when all services will be completed or goods will be provided;
- if the purchase is financed (credit is extended), a statement of any security taken for payment and the **disclosure statement** required by law;
- the description and value of any trade-in;
- your signature and the sale representative's signature.

What is a statement of cancellation rights?

Every direct sales contract must include a statement of cancellation rights. This statement sets out when and how you can cancel the contract. This statement must be on the front of the contract or there must be a notice on the front indicating where in the contract the statement is printed. The law sets out what words the statement must include.

What is a disclosure statement?

A disclosure statement sets out the terms of the loan agreement between you and the lender. It includes information such as the amount borrowed, how long the loan is for, the amount and frequency of payments, the interest rate, any other fees charged, and what security the lender is taking. Security could be a mortgage or a registration against personal property you own such as vehicles, holiday trailers, boats, etc.

How do I know if a seller is licensed to be a direct selling business?

You can check with Service Alberta to see if a seller has a direct seller license:

1. Search for a business on the Service Alberta website (select "Direct Seller" as the license type) https://www.servicealberta.ca/find-if-business-is-licenced.cfm; or
2. Call the Consumer Contact Centre at 1-877-427-4088

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The following types of businesses do not need direct seller licenses:

- pre-arranged funerals and cemetery plots;
- insurance;
- real estate agents or brokers;
- mortgage brokers;
- courses at private vocational schools;
- farm products sold by a farmer or family member of employee on behalf of the farmer;
- securities; and
- sales of perishable foods.

What do I do if a sales representative comes to my door?

Before you let the person into your home:

- ask to see the sales representative's identification card. The ID card must show the individual's name as well as the name, address and license number of the direct selling business they are working for; and
- call Service Alberta to confirm the seller is licensed.

Before you sign anything, make sure you review the contract carefully. Do not rely on the sales representative to tell you what the contract says. Read it for yourself!

Do not let the sales representative pressure you into buying the goods or services. You can say no, or you can take time to think about the purchase or shop around.

Can I cancel a direct sales contract?

You can cancel a direct sales contract within 10 days (including weekends and holidays) after you receive a copy of the written contract.

You have up to one year to cancel a direct sales contract if:

- the seller did not have the required license; or
- the direct sales contact does not include all required information; or
- the seller does not deliver the goods within 30 days from the delivery date stated in the contract (or any changed delivery date that you agree to in writing) and you do not accept delivery after this 30-day period; or
- the seller does not begin providing the services within 30 days from the commencement date stated in the contract (or any changed commencement date that you agree to in writing) and you do not authorize the services to begin after this 30-day period.

How do I cancel a direct sales contract?

You can cancel a direct sales contract in a variety of ways so long as you can prove the date that you cancelled it. You can give a written notice in person or by registered mail, courier or fax to the direct selling business. You must clearly state that you are cancelling the contract. Proof of the date of cancellation could be a signed acknowledgement of receipt from the seller, a delivery certificate for registered mail or a fax confirmation.

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What happens after cancelling the contract?

The direct selling business has 15 days to refund you all the money you paid or return any trade-in or an amount equal to the value of the trade-in. If you do not receive a refund within this period, contact Service Alberta.

Once you receive the refund, you must allow the seller to pick up the goods. The sellers should pick up the goods within 21 days of you cancelling the contract. You must keep the goods in good condition during this 21-day period. If you are shipping the goods somewhere, you must make sure the goods will not be damaged in transit. The seller should arrange for and pay for shipping.

If you requested that services be provided within the first 10 days after the contract was signed, you can still cancel the contract. You will have to pay the seller a reasonable amount for the services they already performed.

If you have concerns about a door to door sales, contact the Consumer Investigations Unit.

Toll-free: 1.877.427.4088

Northern Alberta (north of Red Deer): ciu.north@gov.ab.ca

Southern Alberta (Red Deer and south): ciu.south@gov.ab.ca

You can also Report a Rip-Off anonymously. Call 1.877.427.4088 and follow the prompts.

Other Resources:

Canadian Legal FAQs

Consumer Law
https://www.law-faqs.org/alberta-faqs/

Service Alberta

File a complaint
https://www.alberta.ca/file-consumer-complaint.aspx

Filing a Complaint brochure
https://open.alberta.ca/publications/filing-a-consumer-complaint-with-service-alberta

Dealing with Door-to-Door Sales brochure
https://open.alberta.ca/publications/dealing-with-door-to-door-sales

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Funded by:
Alberta Law Foundation
Canada Department of Justice Canada