

# ***DOOR-TO-DOOR SALES: IMPROVED CONSUMER PROTECTION***

## **PROPOSED NEW RULES FOR DOOR-TO-DOOR SALES AND RENTALS OF WATER HEATERS AND FURNACES FOR PUBLIC COMMENT**

### **Ontario Ministry of Consumer Services**

#### **Introduction**

Sales people often approach consumers at their front door, trying to persuade them to enter into door-to-door contracts on the spot. These contracts can be for all types of goods or services, such as water heaters, vacuum cleaners, lawn care, duct cleaning or driveway sealing, just to name a few.

These unsolicited sales pitches are designed to entice the consumer to make an “impulse” purchase – often, one a consumer had not intended to make. Afterwards, consumers may feel that they have made a decision that doesn’t reflect their real wants or needs.

Some contracts that consumers enter into at their door can be quite expensive. So it’s important for consumers to consider carefully whether they really want to finalize a door-to door contract they’ve just entered into.

For example, making the right choice about water heaters is important for every Ontario home owner. Water heaters can be expensive to buy or rent, and most households approached by door-to-door salespeople already have working water heaters. In most cases, there is no need to rush into a decision to replace a water heater.

#### **Help Improve Consumer Protection**

The Stronger Protection for Ontario Consumers Act – Bill 55 – which received Royal Assent on December 12, 2013, protects consumers by curbing aggressive door-to-door sales tactics used in water heater sales and rentals. Key regulations must now be developed so the Act can operate.

New rules would also:

- address when water heaters can be installed, to help ensure that consumers aren’t left without hot water if their heater breaks,
- expand the scope of some or all of

#### **How You Can Get Involved**

The Stronger Protection for Ontario Consumers Act, 2013 (Bill 55), amended the Consumer Protection Act, 2002. Changes to the regulations under the Consumer Protection Act are required to implement the new rules.

Responses and input must be received no later than April 22, 2014, to be included in our public process.

the existing rules as they apply to other goods and services that are sold or rented door-to-door, and

- require companies to make recorded calls to verify contracts, and improve their plain-language disclosure of contract terms.

The Ministry of Consumer Services wants your help as we write these new rules governing the door-to-door sales and rentals of water heaters.

This paper sets out proposed changes to the current rules and tells you how you can participate.

We are also looking for your input on whether these new rules should apply to furnaces or other products that are being offered door-to-door.

Any input we receive on our proposals as outlined in the following pages will help us develop the new rules.

Information about how to submit your ideas is included on page 16, as well as information about your privacy when providing your input to us.

### **What We Mean By Door-to-Door Sales**

A “door-to-door contract” is called a “direct agreement” in the Consumer Protection Act.

A “direct agreement” is a contract negotiated or concluded in person, away from a supplier’s permanent place of business, a trade fair or an auction.

“Supplier” is the term used for any kind of business entering these contracts with consumers.

Door-to-door sales are the most common type of direct agreement. Any type of contract negotiated or concluded in your home worth more than \$50.00, comes under “direct agreement” rules.

### **Ministry of Consumer Services Regulatory Proposals**

Changes under Bill 55 will mean that any work required to install a water heater may not begin for 20 days. This is an expanded cooling-off period for door-to-door contracts of this type. With this in mind, it’s important to understand how the existing cooling-off rule applies in Ontario.

## Current Law for Door-to-Door Contracts

Ontario currently has a 10-day cooling-off rule. Its purpose is to protect consumers who may wish to change their minds about contracts they enter into, and who experience what is sometimes called “buyer’s remorse.”

This rule applies to all transactions of this kind, no matter whether the supplier or the consumer initiates contact. It applies whenever contracts are negotiated or concluded at the consumer’s home, or anywhere else that’s not a place of business, such as a temporary sales location in a rented hotel ballroom. These rules cover door-to-door rental contracts, as well as sales contracts.

It’s important to note that these door-to-door rules **do not** apply to contracts negotiated when the consumer and business are in different places, such as online or telephone purchases.

That said, the Consumer Protection Act door-to-door rules **do** apply to contracts that are partly entered into in an online transaction, or by phone, if they begin as a door-to-door transaction or if they are concluded at the door. For example, if a door-to-door salesperson convinces a consumer to enter a contract by clicking “I agree” on a tablet or computer screen, it is still considered a door-to-door contract with a mandatory cooling-off period.

Similarly, if a consumer agrees to buy something by phone, and a salesperson later has the consumer sign a confirmation of the contract in their home, this is considered a door-to-door contract.

The cooling-off period also applies if door-to-door contracts are changed after the original signing. Once a contract is bound by door-to-door rules, all changes to that original contract remain bound by those rules, regardless of how the changes are made.

## The New Proposals

The new Stronger Protection for Ontario Consumers Act recently put a new 20-day cooling-off period in place for door-to-door water heater contracts. However, this proposal is seeking consumer feedback on expanding the cooling-off period and disclosure requirements to include furnaces.

Just like the current Consumer Protection Act, the new rule will also apply to a current supplier who offers to change a consumer’s existing contract. For example, if a supplier or consumer proposes to replace a tank or make some other change to an existing contract, the law will give the consumer the new 20-day cooling-off period to cancel the contract.

In the following summary, we have outlined and explained the scope of the new rules, how contracts can be terminated, and the language that a consumer must see in the water heater rental or sales contract. The appendices in the latter part of this document also give the proposed cover sheets that would need to be attached to contracts, as well as the scripts that a supplier would need to follow when making a verification call.

## Summary of Proposals

### Set Scope of New Rules

1. Expand cooling-off period and disclosure requirements to include furnaces as well as water heaters. *See page 6.*
2. Allow installation work to go ahead during the cooling-off period if a consumer's water heater or furnace is broken. *See page 7.*
3. This consumer protection will apply whether it is a rental or sales contract. *See page 8.*

### Control Contracting Practices

4. Make sure that a water heater or furnace rental contract can be promptly terminated by setting a 30-day deadline for a supplier to send their final bill. *See page 8.*
5. Improve disclosure requirements for door-to-door contracts for water heaters and furnaces. *See page 9.*

### Increase Disclosure to Consumers

6. Set out mandatory wording that must appear in water heater and furnace contracts to disclose key consumer rights. *See page 12.*
7. Set out wording for a plain-language disclosure cover page for water heater and furnace door-to-door contracts. *See page 13.*
8. Set out a mandatory script for verification calls that must be completed during the cooling-off period for water heater contracts. *See page 13.*

An additional proposal would give door-to-door suppliers a three-month phase-in period to implement the new rules.

## **Details of the Proposed Direction**

The following nine sections set out proposals in detail for more in-depth review.

When considering the proposals below, you may want to view the amended Consumer Protection Act, 2002 and the changes made by Bill 55. These are found in the link below. The amendments made by Bill 55 are the grey area text in sections 42, 43 and 43.1:

[http://www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_02c30\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_02c30_e.htm)

You can review the existing Consumer Protection Act regulation here:

[http://www.e-laws.gov.on.ca/html/regs/english/elaws\\_regs\\_050017\\_e.htm](http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_050017_e.htm)

### ***1. Expand the new 20-day cooling-off period and disclosure requirements to include door-to-door furnace contracts, as well as water heaters.***

Complaints and inquiries about door-to-door sales and rental contracts for water heaters are common in Ontario. They have been at or near the top of the Ministry of Consumer Services' Top 10 list of complaints and inquiries for several years.

Amendments to Bill 55 provide a 20-day cooling-off period for water heaters that are sold or rented door-to-door. The Consumer Protection Act will give any related contracts the same 20-day cooling-off rights (i.e., other contracts entered at the same time – whether with the supplier or with another business). For example, a consumer who cancels a water heater contract on day 15 will also be cancelling a carbon offset contract they entered into at the same time.

Furnaces, which are also being marketed door-to-door, have also become a common subject of complaints to the ministry. If the upward trend for furnace complaints and inquiries continues, we may see them also reach the Top 10 list within the next two years. Although a furnace can be even more expensive than a water heater, similar issues may be involved. These can include removing a current unit and installing a new one – a process that's not easily undone.

Consumers frequently end up entering more than one door-to-door contract at a time. For example, when buying anything that uses energy they may enter into an agreement to purchase carbon offsets against that energy use.

The ministry proposes that furnaces should also be included in Bill 55's extended cooling-off period and cancellation rights. Proposals 4 to 7 below would also apply to furnace contracts, if this direction is adopted.

However, since door-to-door furnace marketing does not currently cause as many complaints as water heaters, the rules for verification calls set out in Proposal 8 are not proposed to apply to furnace contracts.

Just as there are different types of water heaters, there are a variety of furnaces. The intention would be for Bill 55 to cover all significant appliances without addressing every small heating appliance (e.g., electric baseboards would not be covered). Furnaces would include any fuel-burning or electric space heating appliance that is intended to heat air in a residence.

We welcome your views on this proposed expansion of the rules and whether other products should be considered.

***2. Allow work to go ahead during the cooling-off period only if a consumer with a broken water heater initiates contact with a supplier.***

Most consumers will want to replace broken water heaters quickly. Therefore, we are proposing an exception to the ban on installing a new water heater during the cooling off period, if the consumer's water heater is broken **and** he or she initiates contact with a supplier.

Two conditions would apply to this exception:

1. The consumer must initiate contact with the supplier specifically to replace a water heater; and
2. The water heater:
  - a. is not producing hot water due to its failure, but not because fuel or electricity is not being supplied to the heater, or
  - b. is ruptured or leaking water,
  - c. has been sealed, tagged or its continued use is prohibited by a person permitted by law to limit or prohibit its use (e.g., acting under the Technical Standards and Safety Act, 2000), or
  - d. is subject to a voluntary or mandatory product recall.

An existing or new supplier who knocks on the door, telephones or sends mail asking to visit the consumer to speak to them, or is on the consumer's property for some other purpose, would not be entitled to start any installation work under the exemption.

When the exception applies, consumers would receive a specific plain-language disclosure document to review and sign (see Proposal 7) and a verification call would be made that includes confirmation that the exemption applies (see Proposal 8).

The consumer would benefit from the 20-day cooling-off period. If the consumer uses this cooling-off right to cancel the contract after work starts, the new supplier would be entitled to reasonable compensation for any work already performed. The supplier and the consumer would need to decide whether they would want to enter into business again.

If Proposal 1 is adopted, a similar exception would apply to furnace contracts to ensure homes are not without heat.

***3. The type of contract used (e.g., rental or sale) should not affect this consumer protection.***

Currently, Consumer Protection Act door-to-door rules do not apply to leases or rental contracts that would normally fall under long-term lease disclosure rules. This exception means that certain contracts may not have cooling-off periods – even when they are entered into door-to-door. Water heater rental contracts may be structured to fall under this exception.

The ministry proposes eliminating this exception for door-to-door lease transactions. This would ensure that, regardless of the type of contract, the door-to-door cooling-off period and other rights would apply.

This change would apply to all products, not just leased water heaters. The length of the cooling-off period would depend on the type of product, with water heaters and furnaces getting a 20-day cooling-off period previously mentioned.

If a lease is indeed considered a door-to-door contract, this proposal would require that it comply with the rules for door-to-door contracts (such as a cooling-off period).

***4. Ensure prompt termination of water heater or furnace rental contracts by setting a 30-day deadline – by which time a supplier must send their final bill.***

A consumer terminates a contract when he or she tells a supplier that he or she no longer wants to be bound by it. Many contracts have termination provisions, and the consumer is generally bound by those provisions.

The ministry proposes that, when a consumer informs an existing supplier that she or he is terminating a water heater rental contract, the supplier must then send its final bill to the consumer within 30 days. This time is to allow the supplier to align the final bill with a regularly scheduled billing date, if that is convenient.

Any payment claims not billed within the 30 days would be void.

The prompt termination requirement would apply to all existing water heater rental contracts, regardless of when they were entered into, including those entered before the new rules come into force.

One of the suggestions we have received from stakeholders is that a new supplier should be obligated to notify the consumer's existing supplier when a consumer signs a contract with them. This would be similar to the requirements currently in place for energy suppliers. However, the ministry does not propose such an obligation. It would remain up to the consumer to decide how to deal with an existing supplier.

The proposed plain language cover sheet for contracts (see **Appendix Two**) advises consumers to get information from their current supplier directly. The proposed verification call script offers the same advice (see **Appendix Three**).

Whether a consumer makes direct contact with their current supplier is a separate issue from whether or not he or she uses an agent to arrange the return of their tank (i.e., a consumer may do both).

### ***5. Improve disclosure requirements for door-to-door water heater and furnace contracts.***

Proposed disclosure rules would require specific information about water heaters to be added to door-to-door contracts. This information would need to be presented in clearly understandable form. If Proposal 1 is adopted, these rules would also apply to door-to-door furnace contracts.

The general disclosure requirements that now apply would continue, such as the need for basic contractual information to include the names of the supplier, consumer, any salesperson, and the contract date. These general requirements include specifying when an item is being leased to the consumer, rather than being sold.

Current disclosure requirements for direct agreements are found in section 35 of the Consumer Protection Act regulation:

[http://www.e-laws.gov.on.ca/html/regs/english/elaws\\_regs\\_050017\\_e.htm#BK53](http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_050017_e.htm#BK53)

The law would continue to require that consumers receive signed copies of written contracts.

Proposed additional disclosures would address full-cost disclosure, supplier change-over issues, and consumer rights. As with all mandatory disclosure requirements under the Consumer Protection Act, the new disclosures would need to be presented in a prominent, clear and comprehensible way. The proposed new disclosures are set out in detail below.

Under the proposed rules, all contracts would also have to record a unique identifier, such as a serial number of the tank being purchased or leased. Tank replacements will continue to be considered as falling under a new contract and will trigger the rules outlined in this proposal (including the 20-day cooling-off period and a requirement for a verification call). This will give consumers time to consider whether they want to continue another long-term commitment with a new tank.

Contract pages would have to be numbered, with each page showing the total number of pages in the contract (e.g., page 1 of 4).

As well, the following information would be required:

### ***Product Information***

- a) A unique identifier for the water heater in question (e.g., serial number) should be included.
- b) If the product is used or reconditioned this should be disclosed.

### ***Single Page of Clear and Full-Cost Disclosure***

Key cost information would have to be disclosed on a single page of the contract. This would have to be the contract's first page after the mandatory disclosure page proposed below in proposal 7.

This key cost information would include:

- all costs the consumer would pay during the normal course of the contract;
- late payment charges; and
- any early termination costs.

The disclosure would include:

- c) Full, all-inclusive, price disclosure, including all one-time costs (e.g., installation) plus the purchase price or monthly rate for leases. Lease contracts would have to give a reasonable estimate of the retail price of the item. All costs incurred at a

point in time would have to be given as all-inclusive totals (e.g., one total for upfront costs, one total for monthly costs).

d) If a contract sets out costs for its entire term, then the amounts to be charged at every point should be indicated. For example, instead of simply disclosing that the initial monthly rate increases by 2 per cent, the contract must set out the dollar amount that must be paid each month for the duration of the contract – such as \$24 per month in year one, \$24.48 per month in year two, etc. The disclosure would specify what a consumer will pay for each bill.

e) If prices are subject to change during the contract's term, and the future amounts are not strictly determined and disclosed under item d), then a contract would disclose:

- i. Any time period during which the initial rate cannot be changed. (For example, notice that the quoted rate is valid for the next 12 months, or there some other time period before it may be changed.);
- ii. The frequency with which the price may be changed; and
- iii. That the consumer must explicitly agree to those changes, such as price increases, with the opportunity to cancel or refuse to verify the contract without penalty as an alternative.

If these proposals are adopted, it is also proposed that contracts disclose the following information together in a single box:

- Retail price;
- Total payments that would be made by the time the water heater reaches the end of its expected life

Most water heaters typically last 10 to 15 years. Consumers should be able to expect that a supplier renting water heaters would be using reasonable estimates of tank life expectancy for the supplier's own business planning and revenue forecasting purposes.

f) A contract must disclose any termination costs that apply under the contract, once the Consumer Protection Act's cooling-off period elapses and the contract has been verified. Similarly, the contract must clearly state any additional costs for related requirements, such as the obligation to return the tank to the supplier; how to fulfill that obligation; and any related costs and contact numbers for the purposes of termination.

### ***Changeover Issues***

g) Contracts would be required to document whether or not there is an existing rented water heater. Its supplier and unique identifier (e.g., serial number) would need to be identified in the contract.

- h) If a new supplier is to handle removal of the existing water heater and return it to its owner (the original supplier) that information would need to be documented, along with an outline of who is responsible for any costs incurred.
- i) Contracts would be required to disclose consumer responsibilities in the event the home is sold (e.g., if the original homeowner would continue to be responsible for lease payments until a new owner accepted responsibility).

### **Consumer Rights**

- j) The consumer would be allowed to provide the names of anyone the consumer authorizes to verify the contract. For example, a homeowner may be willing to permit another family member or person in the household to authorize the contract. If this is the case, that person's name should be documented.
- k) Any related contracts entered into at the same time must be documented in the water heater contract (e.g., a carbon offset contract entered at the same time – see Proposal 1). This provides a clear record of all contracts that would be cancelled if consumers use their cooling-off rights or if consumers fail to verify the contract. This reference is not intended to replace disclosure or other rules applying to those other contracts.
- l) Contracts must disclose details of any warranties provided by section 15 of the Sale of Goods Act and section 9 of the Consumer Protection Act. For example, if a water heater is leased to a consumer, the contract must disclose that it is being warranted as fit for use for the term of the lease.

**6. Set out mandatory wording that water heater and furnace contracts must use to disclose key consumer rights.**

The Consumer Protection Act requires a door-to-door contract to include a mandatory disclosure statement explaining cooling-off rights. It is proposed that this statement be changed for water heater contracts to include an explanation of both the verification process and cooling-off rights. It should also explain how the cooling-off period and verification call are required for any amended contract. Similar changes would apply to door-to-door furnace contracts if Proposal 1 is adopted.

A different mandatory statement is proposed if Proposal 2's exception for a broken appliance applies.

**Appendix One** contains proposed text for these two mandatory contract statements.

## **7. Set out a plain-language cover page for water heater and furnace contracts.**

All contracts used by door-to-door suppliers of water heaters would have a plain language document as a cover page. If Proposal 1 is adopted, this requirement would also apply to door-to-door furnace contracts.

This plain-language document would provide straightforward information addressing some common misrepresentations about these contracts.

This page's content and appearance requirements would be mandatory and not subject to change, except as expressly permitted, such as inserting a supplier name where it is required.

Two proposed "cover page" samples are shown in **Appendix Two** for your comment. The first would be used most frequently, but the second would be used if Proposal 2's exception applied.

## **8. Set out a mandatory script for verification calls to be completed during the cooling-off period for water heater contracts.**

Suppliers would have to call consumers to verify contracts.

This verification call would address possible misrepresentations and help consumers decide whether or not to exercise their cooling-off rights.

Rules proposed for verification calls:

- a) The representative making the call must **not** be an individual who was previously involved in soliciting the consumer or making the contract. That is, the door-to-door salesperson who made, or helped make, the sale cannot also make this call.
- b) The supplier would have to follow a mandatory script, with limited ability to deviate from its content.
- c) The call must not take place the same day the contract is entered into, and must occur at least five days before the cooling-off period ends (the contract and script would disclose the date in question). This would give a consumer time to consider the contract before accepting or cancelling it during the call. Once the

call is concluded, the consumer will still have time to cancel the contract under the cooling-off period.

- d) A consumer could call a verification number provided by the supplier instead of waiting to receive the call. For example, a consumer could choose a time to call, starting the day after the contract is entered, if the supplier chooses to make a telephone number available for inbound verification calls.
- e) A verification call would still be required if Proposal 2's exception applies.
- f) When the exception in Proposal 2 applies, such as a situation in which the consumer has a broken water heater, a verification call could take place on the same day the contract is entered into. This call would still have to take place before work commenced.
- g) Whether the exception in Proposal 2 applies or not, the supplier's representative must not be present at the consumer's residence during the call.
- h) If the verification call is not completed within the required time, the contract will be cancelled under the law.
- i) Verification calls must not market additional goods or services.
- j) Verification calls would also need to verify if any related contracts were entered into at the same time (e.g., a carbon offset or service plan). The same cooling-off rules would apply to these related contracts. For example, if the consumer cancels a water heater contract, he or she would also automatically be cancelling all other contracts made at the same time as long as they are subject to the Consumer Protection Act.
- k) The supplier must record all verification calls, and keep all recordings for at least three years.
- l) Call recordings would have to be produced upon the consumer's request at any point during the time they are retained. The consumer would have the right to receive a copy of the call recording at no cost, whether or not the contract is verified.
- m) Whenever a consumer does not verify a contract, the supplier would have to send the consumer a notice confirming that no contract exists.

A proposed script is attached for comment in **Appendix Three**.

Stakeholders have suggested that verification calls could be made by third parties. The ministry has also received suggestions that the compensation of third-party staff who make verification calls should be regulated. These suggestions are supported by the

idea that these measures would ensure that the person making the call does not try to unduly influence the consumer.

Other notes and suggestions:

- Under the proposal for a script to be set out and calls to be recorded, there should be no opportunity to “upsell” a consumer or influence them about their purchase. Doing so would breach the proposed rule, and the recorded call would be evidence of the breach.
- Allowing businesses to decide who will make their verification calls will allow them to better manage their costs.

The ministry is not proposing additional rules beyond the requirements in proposals (a) through (m) above.

### ***9. Give Suppliers At Least Three Months to Prepare For New Rules.***

How long should suppliers be given to implement these changes?

If the regulation changes are made, the industry will need time to review and update contracts, print plain-language cover sheets, create or update telephone verification systems and train staff.

Therefore, the ministry proposes a phase-in period of three months after the regulation amendments are made.

## **Your Input is Important**

***Please provide your input and comments on this proposal paper no later than April 22, 2014.***

You may send your response by e-mail with “Door-to-Door” in the subject line, to:

[consumerpolicy@ontario.ca](mailto:consumerpolicy@ontario.ca)

You may also mail a response to:

Door-to-Door Consultation  
Consumer Policy and Liaison Branch  
Ministry of Consumer Services  
5<sup>th</sup> Floor, 777 Bay Street  
Toronto, ON M7A 2J3

You may use the response form provided on the Regulatory Registry in connection with this paper at <http://www.ontariocanada.com/registry/> or submit comments directly as you choose.

Thank you for taking the time to review these proposals. We look forward to your response.

### ***Privacy Statement***

Please note that, unless agreed otherwise by the Ministry of Consumer Services, all submissions received from organizations in response to this consultation will be considered public information and may be used and disclosed by the ministry to help the ministry in evaluating and revising its proposal. This may involve disclosing responses to other interested parties.

An individual who provides a response and indicates an affiliation with an organization will be considered to have submitted the response on behalf of that organization.

Responses received from individuals who do not indicate an affiliation with an organization will not be considered to be public. Responses from individuals may be used and disclosed by the ministry to help evaluate and revise the proposal. Any personal information, such as an individual's name and contact details, will not be disclosed by the ministry without the individual's prior consent, unless required by law.

If you have any questions about the collection of this information, please contact [consumerpolicy@ontario.ca](mailto:consumerpolicy@ontario.ca).

## **APPENDIX ONE – Mandatory Text in Contracts**

### **See Proposal #7**

These statements would have to appear next to the consumer's signature on the contract, or the consumer would have to sign next to them.

The statements would have to appear exactly as presented below.

#### **Always required:**

#### **YOU HAVE A 20-DAY COOLING-OFF PERIOD TO CANCEL THIS CONTRACT.**

Cancelling this contract also cancels all contracts that you entered into at the same time.

You also gain a new 20-day cooling-off right to cancel this contract whenever the supplier seeks to amend it. To amend this contract, the supplier must obtain your signature on the new contract.

#### ***If a verification call requirement applies, the following is required:***

#### **A VERIFICATION CALL IS REQUIRED DURING YOUR COOLING-OFF PERIOD.**

#### **IF YOU DO NOT VERIFY THE CONTRACT, IT IS AUTOMATICALLY CANCELLED.**

A verification call to confirm this contract must take place. The supplier cannot have anyone present with you during the call. The call can be placed with you or with someone you have designated, in writing, in the contract. You may also have someone help you with the verification call.

[Optional – if the purchaser or lessee may call the supplier to verify the contract"] Or you may choose to place the call yourself to \_\_\_\_\_ [*supplier to insert telephone number the consumer may call at no charge*]

If the call does not take place by \_\_\_\_\_ [*supplier to enter day of week and date five days before the end of the 20-day period from date contract entered*] then your contract is automatically cancelled. The supplier must then send you a notice to confirm this cancellation.

Note that rather than simply saying "in 20 days," the mandatory statement requires that the supplier enter the actual date of the last day to cancel. This is the 20<sup>th</sup> day, counting forwards from the day on which the contract is entered into.

The last day to cancel cannot be on a statutory holiday. Ontario's Legislation Act outlines how deadlines set out in law are measured in this case. If the 20<sup>th</sup> day lands on

a holiday, as defined in the Legislation Act, then the last day to appear in the contract would be the next day that is not a holiday.

For example, if a contract is entered on June 11<sup>th</sup>, the last day to cancel would be July 1<sup>st</sup>. However, since July 1<sup>st</sup> is a statutory holiday listed in the Legislation Act, the last day to cancel would instead become July 2<sup>nd</sup>. July 2<sup>nd</sup> would be the date used in the statement.

**Required when the rule against installation during cooling-off period applies:**

If Proposal 1 to expand the scope of cancellation rules to include furnaces is adopted, then the words “water heater” can be replaced by the word “furnace” where applicable.

**NO WORK CAN BE DONE TO REMOVE YOUR CURRENT WATER HEATER OR INSTALL A NEW ONE UNTIL THIS COOLING-OFF PERIOD ENDS.**

You may cancel this contract at any time, up to and including \_\_\_\_\_ [*supplier to enter day of week and date that 20-day cancellation period ends on*]. You will not have to pay any costs, charges or fees, nor do you need to give the supplier a reason for cancelling during this period.

To cancel this contract, give notice to \_\_\_\_\_ [*supplier to enter name of supplier*]. This is best done by sending a written statement indicating that you wish to cancel the contract, to the address set out in the contract. The contract is cancelled when you give this notice. Please keep a copy of your cancellation notice as proof for your records.

If there is no address set out in the contract, contact the Ministry of Consumer Services for assistance.

If you have not yet received your verification call, you can also cancel when that verification call takes place. If you have already received a verification call, you can still cancel until \_\_\_\_\_ [*supplier to enter date cancellation period ends*], using the suggested process outlined above.

If you cancel this contract, the supplier has 15 days to refund any payment you have made and to return to you all goods delivered under “a trade-in arrangement” (or refund an amount equal to the trade-in allowance).

Assuming that Proposal 2 is adopted, work could proceed during the cooling-off period because a water heater is broken.

In that case, alternative mandatory text would be used.

If Proposal #1 to expand the scope of cancellation rules to include furnaces is adopted, then the words “water heater” can be replaced by the word “furnace” where applicable.

**SINCE YOUR WATER HEATER IS BROKEN, WORK CAN PROCEED TO REMOVE ANY CURRENT WATER HEATER AND INSTALL A NEW ONE ONCE THE VERIFICATION CALL IS MADE. THIS CAN BE THE SAME DAY.**

**HOWEVER, YOU MAY STILL BE LIABLE TO PAY COSTS TO THE SUPPLIER FOR WORK DONE, IF YOU CANCEL USING YOUR 20-DAY COOLING-OFF RIGHT.**

You may cancel this contract any time in the next 20 days. You do not need to give the supplier a reason for cancelling during this period.

To cancel this contract, give notice to \_\_\_\_\_ [*supplier to enter name of supplier*]. This is best done by sending a written statement indicating that you wish to cancel the contract, to the address set out in the contract. The contract is cancelled when you give this notice. Please keep a copy of your cancellation notice as proof for your records.

If there is no address set out in the contract, contact the Ministry of Consumer Services for assistance.

If you cancel this contract, the supplier has fifteen (15) days to refund any payment you have made, and to return to you all goods delivered under a trade-in arrangement (or refund an amount equal to the trade-in allowance).

However, the supplier is entitled to reasonable compensation for the goods and services that you received before either the cancellation period’s end, or the date on which you gave notice of cancellation to the supplier – whichever is earlier - except goods that can be repossessed by or returned to the supplier.

Consumer’s Signature \_\_\_\_\_

#### **Final paragraph to be used in all cases:**

#### **Your Other Rights to Cancel the Contract under the Consumer Protection Act, 2002**

In addition, you may have other rights, duties and remedies at law that allow you to cancel this contract. For more information, please contact the Ministry of Consumer Services [supplier insert the current website address, email address and toll-free number for contacting the Ministry of Consumer Services, *currently*: [www.ontario.ca/consumerservices](http://www.ontario.ca/consumerservices), [consumer@ontario.ca](mailto:consumer@ontario.ca), 1-800-889-9768].

## APPENDIX TWO A - Proposed Mandatory Cover Page of Water Heater Contracts (Normal) (See Proposal 8)

### Water Heater Contracts – What You Need To Know

#### Before You Sign This Contract:

- You are not required to enter into or sign this contract at this time. You may wish to take some time to make a decision.
- Any salesperson must leave your home immediately after you ask him or her to leave.
- Have you considered the costs and benefits to purchasing vs. renting a water heater?
- Consider asking the salesperson to give you their business card, a copy of the proposed contract, and their promotional material to review before signing a contract.
- The salesperson and this offer are not associated with your utility company, municipality or any government agency or regulatory body.
- Do not rely on a salesperson's opinion that your water heater should be replaced or is unsafe.
- The contract you are about to sign is with [*insert name of new supplier in a larger font and bold*] who **[IS or IS NOT]** your current supplier.
- If you sign this contract, you may have to pay termination fees to your current supplier. Find out what those costs may be before signing a contract with a new supplier.

#### After you sign this contract:

- You must be given a copy of this cover page and the signed contract after you sign it.
- You have a 20-day cooling-off period to change your mind about your purchase and to cancel without penalty. After that cooling-off period, the contract sets out the applicable termination charges that you will need to pay.
- The company will call you at least five days before the end of the 20-day cooling-off period to confirm you want to keep this water heater. If you do not confirm your desire to keep this water heater, the contract is **cancelled**.
- If you choose not to cancel this contract, your old water heater may be removed and your new water heater may be installed after the 20-day cooling-off period ends.

I acknowledge that I have read and understand this information.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Questions About Your Rights?  
Ministry of Consumer Services  
[www.ontario.ca/consumerservices](http://www.ontario.ca/consumerservices)  
416-326-8800  
1-800-889-9768  
[consumer@ontario.ca](mailto:consumer@ontario.ca)

## APPENDIX TWO B - Proposed Mandatory Cover Page of Water Heater Contracts (Exception)

### Water Heater Contracts – What You Need To Know

**This contract is only to be used if your water heater is broken.**

#### **Before you sign this contract:**

- If you did not call this supplier or salesperson to come to your home, DO NOT sign this contract. Ask the salesperson to leave immediately.
- If your water heater is working, DO NOT sign this contract.
- Have you considered the costs and benefits to purchasing vs. renting a water heater?
- Do not rely on a salesperson's opinion that your water heater should be replaced or is unsafe.
- Be aware that the salesperson and this offer are not associated with your utility company, municipality or any government agency or regulatory body.
- The contract you are about to sign is with [*insert name of supplier*] who **[IS or IS NOT]** your current supplier.
- If you rent your water heater, you should check whether your current supplier is willing to repair it under your existing contract before you decide to replace it.
- If you sign this contract, you may have to pay termination fees to your current supplier. Check first to see what those costs may be before signing a contract with a new supplier.

#### **After you sign this contract:**

- You must be given a copy of this cover page and the signed contract after you sign it.
- You have a 20-day cooling-off period to change your mind about your purchase and to cancel without penalty. After 20 days, the contract sets out the applicable termination charges that you will need to pay.
- If you cancel during the 20-day cooling-off period, you still must pay for any work done within that cooling-off period.
- A verification call must take place before work proceeds. The call must be recorded and available to you on demand. The salesperson must leave your home before you receive this call.

I acknowledge I have read and understand this information.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Questions About Your Rights?  
Ministry of Consumer Services  
[www.ontario.ca/consumerservices](http://www.ontario.ca/consumerservices)  
416-326-8800  
1-800-889-9768  
consumer@ontario.ca

## **APPENDIX THREE – Proposed Script of Verification Calls**

### **See Proposal 9**

The script below would have to be used as provided. Changes to the script would be permitted only where indicated below.

During the call, the consumer must provide a clear “Yes” or “No” to the questions posed.

“Representative” refers to the individual acting as the supplier’s representative for the call.

#### **General Rules for Calls:**

- All calls are to be recorded in full, and no part of any communication between the consumer and the representative may be excluded from the recording.
- A representative may vary from the required script to add terms of conversational politeness, such as “please” and “thank you,” as long as their use does not affect the meaning of statements or solicit a particular response to a question.
- If the consumer indicates this is not a good time to speak, the representative may ask if there is a convenient time to call again, before terminating the call. If the consumer indicates they do not wish to speak at any another time, the verification call has failed, and the contract is cancelled.
- The supplier may refer to “rental” or “lease” as convenient, as there is no difference between the two for the purposes of the Consumer Protection Act.
- Where the script calls for the consumer to answer Yes or No, the answer must be one of those terms. Any other response must be clarified, asking “Did you mean ‘yes’ or ‘no’?”
- A representative may ask a consumer to repeat or clarify a response but not make leading statements. For example, the representative could say, “Could you please repeat that?” or “I would like to confirm your last answer, so I will repeat the question for you.” A representative cannot suggest or prompt an answer by saying, “Did you just say yes?” or “Did I just hear you say yes”?
- If a disclosure references the consumer’s contract, then the representative may refer the consumer to a particular page, paragraph number, or other part of the document to help them locate the information in their contract.
- If, at any time, the consumer says they have decided not to verify the contract, then the representative must acknowledge the decision, tell the consumer that a notice confirming cancellation of the contract will be sent, and terminate the call. The contract is then cancelled.

- The call must also be terminated if the representative knows or ought to know that the consumer is not reasonably able to protect their own interests by reason of their inability to understand the language of the call. In this case, before terminating the call, the verification representative must explain to the consumer the reason for not proceeding with the verification process.
- In all cases, where a call does not result in verification of the contract, the contract is treated as cancelled. The supplier will be required to send the consumer a confirmation of cancellation that includes the date and call time, the name of the supplier and the name of the salesperson.

If a call is broken off and has to be made a second time, the second call must start from the beginning of the script. A verification call must address all the required elements for it to be valid.

## **SECTION 1 A: Introduction for a Business Calling the Consumer**

1. **Option A (3<sup>rd</sup> party employed by supplier to make verification calls)** – As necessary for the purpose of ensuring compliance with Canadian Radio-television and Telecommunications Commission (CRTC), telemarketing rules about identifying oneself when calling:

**“Good [morning / afternoon / evening], my name is [representative’s name] from [name of direct employer]. I am calling you on behalf of [supplier name].”**

**Option B (Supplier themselves)** – If the supplier does not consider Option A to be necessary for the purpose of ensuring compliance with the CRTC’s telemarketing rules:

**“Good [morning / afternoon / evening], my name is [representative’s name] and I am calling on behalf of [supplier name].”**

2. **“May I please speak with [name of person who entered contract or is designated to verify under the contract]?”** Yes/No.

If necessary, the representative may explain that they may only conduct the call with the person authorized and ask them to verify that they are speaking with the authorized person.

If a new person gets on the phone, the representative should verify the new person’s identity.

Until the representative is certain that he or she is speaking with the person named in the contract, the representative should not reveal the purpose of their call out of respect for privacy concerns.

The representative may indicate that the named person “**Should be expecting my call,**” and may leave a number for the consumer to call back.

3. “**I am calling to verify the contract entered on [date of contract] to [purchase/lease] a water heater from [supplier name].**”

## **SECTION 1 B: Introduction for the Consumer Calling a Business**

1. “**Thank you for calling [supplier name], my name is [representative’s name].**”

The next item may be skipped if the consumer has already sufficiently identified themselves as the person authorized in the contract. The onus is on the supplier to ensure the call recording clearly identifies the speaker as being a consumer who the contract authorizes by name to deal with the verification call.

2. “**I need to ensure by law I am speaking with the right person. Can you please identify yourself?**” If the name of a person authorized to act on the contract is given, the representative may proceed. In addition to a name, the supplier may also ask for information to identify the contract, such as the date it was entered, the consumer’s address, or a contract identification number – as necessary – to verify caller identity and authorization.

If the caller is not identified as a person recorded on the contract with authority to verify the contract, the representative shall indicate to the caller that the verification process cannot proceed because that consumer does not appear to have the authority to verify the contract. The call must then be terminated.

3. “**Can I please confirm that you are calling to verify a contract with [supplier name] for the [purchase/lease] of a water heater, entered on [date]”? Yes/No**

## **SECTION 2 – BODY OF CALL**

4. “**Are you comfortable if we continue this call in English/French [language of call]?” Y/N**

If “Yes,” proceed to the next question.

If “No” – “**Is there someone present who speaks English/French with whom you wish to help you with this call?” Y/N**

If “Yes,” the representative can permit another person in the household to help with the call. If that person speaks for the consumer while on the call, their name should be obtained as part of the call record.

If “No” – “**Is there a more convenient time when we can call back when there will be someone who speaks English/French and can help you with this call?” Y/N**

If “Yes,” the representative can confirm the alternate time and end the call, thanking the consumer for his/her time.

If “No,” the call must be terminated, the contract then is cancelled, and the supplier sends a notice to that effect.

**5. “This call is being recorded. You can receive a copy of the call recording if you desire.”**

If the consumer has a question about why the call is being recorded, the representative may explain that the Consumer Protection Act requires the recording for consumer protection purposes. Similarly, if a consumer has a question about the privacy of his/her information, the representative may explain the supplier’s privacy policy and duty to comply with the federal Personal Information and Protection of Electronic Documents Act.

If the consumer requests a copy of the call recording at this or any other time during the call, the supplier should advise the consumer, **“A copy of the call recording will be sent to you within 10 days of this call.”**

The copy of the recording shall be sent to the address in the contract.

**6. “Did you sign a contract on [date] that had a cover page entitled, Water Heater Contracts, What You Need To Know?”**

If “Yes,” the call proceeds.

If “No,” or if the consumer does not recall whether he or she received and signed the contract and cover page, the representative may offer to send a copy of the signed contract to the consumer by any mutually acceptable means of delivery. The representative may also ask the consumer if there is a convenient time to call again, once the copy of the contract has been received by the consumer. The call must then be terminated.

If “No,” and if the consumer indicates that they did not receive and sign the contract or cover page, the representative must explain to the consumer why the verification process cannot proceed. The call must then be terminated, the contract then is cancelled, and the supplier sends a notice to that effect.

**7a** To be used when contacting a consumer with whom the supplier did not have an existing water heater rental contract.

**“Do you currently lease your water heater?”**

If the consumer does not know whether or not they are leasing their water heater, the representative may direct them to review the proposed new contract as it should disclose whether or not this is the case (see Proposal 5).

If the consumer is still uncertain, the contract is not verified, as it was deficient.

The representative must explain to the consumer why the verification process cannot proceed. The call must then be terminated, the contract then is cancelled, and the supplier sends a notice to that effect.

If “No,” the call may continue.

If “Yes,” and if the contract is not with the existing supplier, **“Do you understand that [supplier name] is not your current water heater supplier; and that by ending your current lease,**

- [If a new supplier’s contract sets out that the company will pay termination costs] [Supplier name] **is promising to pay those termination charges for you.”**

OR:

- [if a new supplier’s contract does not set out that the company will pay termination costs] **you are responsible for your current supplier’s termination costs.”**

If “No,” then the representative must explain that the salesperson who negotiated the contract should have drawn these facts to the consumer’s attention when the contract was first entered. The verification call cannot proceed and must then be terminated. The contract is cancelled, and the supplier sends a notice to that effect.

If “Yes,” **“Do you know the amount of the termination costs required to end your contract with your current supplier?”**

If “No,” **“It is a good idea to check what those costs are and be sure you want to change suppliers. Would you like to end this call to do that and verify your contract later?”**

The representative may arrange a time to call back; or, if the supplier offers in-bound verification, the representative may also invite the consumer to call back when they are ready.

If the consumer wishes to proceed with the call, the representative may do so.

OR:

**7b** To be used if the consumer currently leases their water heater from the same supplier now contacting them to verify a new contract, **“Do you understand that you are entering into a new contract with [supplier name]”?**

If the answer is “Yes,” the call may proceed.

If “No,” then the representative must explain that the salesperson who negotiated the contract should have drawn this fact to the consumer’s attention when the contract was first entered. The verification call cannot proceed and must then be terminated. The contract is cancelled, and the supplier sends a notice to that effect.

## **BROKEN WATER HEATER EXCEPTION TEXT**

Questions 8-11 are to be used if the supplier is acting under the exception for broken water heaters.

### **8. “Did you contact [name of supplier] because your water heater is broken?”**

If “Yes,” the call may continue.

If “No,” the representative must explain to the consumer why the verification process cannot proceed, and the call must then be terminated. The contract is then cancelled, and the supplier sends the consumer a notice to that effect.

### **9. “Is anyone from [supplier name?] in your house at this time?”**

If “No,” the call may continue.

If “Yes,” the supplier is in breach of the rules, the representative must explain to the consumer why the verification process cannot proceed, and the call must terminate AFTER asking question 10 and providing the consumer with the information it includes.

If the consumer indicated they do not lease their water heater at Question 7, or the new supplier is also the existing supplier, skip Question 10.

### **10. “Have you contacted your current supplier to find out if they will fix the problem under your current contract?”**

If “Yes,” the call may continue. If the consumer decided not to continue that relationship, that is the consumer’s choice.

If “No,” **“You may avoid unnecessary expenses by first checking with your current supplier to see if they will fix the problem without charge. Do you want to suspend this call and do that first?”**

If “Yes,” the call must end, but the supplier may ask if there is a good time to call back. The contract is not verified, but the representative may call again to resume the verification call from the beginning.

If “No,” the call may continue. If the consumer wants to ignore that opportunity, it is his or her choice.

If the consumer asks for information about contacting their current supplier, the representative may advise them to look at the contact information on their monthly bill or on the water heater tank itself.

## **END OF BROKEN WATER HEATER EXCEPTION TEXT**

**12.** (If there are related contracts), **“Are you aware that you also entered into [insert number of related contracts such as one, two, three, etc.] additional contracts, when you signed your water heater contract?”**

For each related contract, the representative should indicate the subject matter [e.g., carbon offset] and [supplier name under additional contract].

If “Yes,” **“If you cancel your water heater contract, these additional contracts are automatically cancelled as well.”**

If “No,” “The salesperson should have ensured that you were aware of these additional contracts that you entered into.”

The call is then terminated, and the contract is not verified, as the requirements for completing the contract have not been met.

**13.** “[supplier name] is not associated with your utility or any government or regulator. Did you have any reason to think they are associated with the government or a regulator?”

If “No,” continue.

If “Yes,” the representative must state, **“The salesperson should not have been wearing any badge or identification suggesting they were affiliated, or make any claim that they were. Did the salesperson do any of these things?”**

If the consumer advises that the salesperson did any of the things in question, the representative must state:

**“The salesperson may have misrepresented matters. The contract cannot be verified. You will receive a notification of contract cancellation, and you may wish to contact the Ministry of Consumer Services at [provide the Ministry’s toll-free consumer inquiry number].”**

**14.** **“Do you understand that, under this contract, you are to pay [insert monthly charge, and if there are installation charges, insert these as well], and that the contract does not promise any savings on energy bills.”**

If “Yes,” the representative may continue.

If “No,” the representative should say the contract is cancelled; and the consumer will receive notification of cancellation.

**15. “You are under no obligation to proceed with this contract. [in exception situation]: You will be liable for [name of supplier’s] reasonable costs [as disclosed in the contract] if installation work proceeds.”**

**16. “The 20-day cooling-off period will end on [supplier insert the day of week and calendar date that the cooling-off period ends on]. After that date, you will be bound by the contract and will not be able to end it without paying the termination costs specified in the contract.”**

**17. “You may cancel this contract now or at any time up to and including that day without any penalty. Would you like to cancel the contract now?”**

If “Yes,” the representative should say that the contract is cancelled, and the consumer will receive notification of cancellation.

If “No,” the representative may continue.

**18. “Do you agree to verify this contract and proceed with the [purchase/rental] and installation of the water heater?”**

If “Yes,” the representative may continue.

If “No,” the representative should say that the contract is cancelled, and the consumer will receive notification of cancellation.

If the consumer states that he or she wants more time to make a decision, the representative may ask if there is a convenient time when the representative may call back. The representative may remind the consumer how long remains in the time to verify the contact.

**19. “Thank you for your time. If you have questions or if you wish to ask for a copy of the recording of this call, please contact us at the contact information provided on your contract. Alternatively, you may call us at our toll-free number, which is [number]”.**

This final statement (#19) must be made at the end of all calls, whether verified or not.

If the contract is verified, the supplier may, at its option, state, “**You will be contacted about installation of your water heater on [insert when consumer may expect to be**

contacted]. **You still have until [insert final day of cooling-off period] to cancel the contract without penalty, if you so choose.”**

If the contract is verified, for the consumer’s convenience, the representative is also permitted to transfer the consumer to another representative in the company to handle any other details of proceeding.