

CREDIT AND LEASE ADVERTISING DISCLOSURE

The *Consumer Protection Act* (“CPA”) has been in place since August 2005 and is administered by the Ministry of Consumer Services. OMVIC has become aware of an increasing incidence of advertising that is not compliant with CPA regulations. This bulletin is a reminder to dealers of what their obligations are under the CPA with respect to advertising. Dealers should ensure that they and their staff are aware of the CPA requirements when placing print and broadcast advertisements.

Credit advertising disclosure obligations:

The *Consumer Protection Act, 2002* requires the following information be disclosed in advertised credit offers:

- the annual percentage rate for the credit agreement (“APR”) - this figure must be disclosed as prominently as the advertised monthly, bi-weekly or weekly payments
- the length of the term of the credit agreement
- the cash price of the vehicle
- the cost of borrowing

What if I’m advertising a variety of credit offers?

If an advertisement refers to various credit offers, a representative example may be used:

Ex: \$20,000 x60 mths @5%=payment \$377/mth, cost of borrowing \$2,645

What if I’m advertising on radio or billboard, where there are time or space limitations?

When advertising a credit offer through a medium with limited space, a cost of borrowing example is not necessary, however the APR, term and cash price of the vehicle are still required.

Lease advertising disclosure obligations:

The *Consumer Protection Act, 2002* requires the following information be disclosed in advertised lease offers:

- that the offer is a lease
- the monthly, bi-weekly or weekly payments
- the term
- the annual percentage rate for the lease, this figure must be disclosed as prominently as the advertised monthly, bi-weekly or weekly payments
- the amount of each payment to be made by the lessee before or at the beginning of the lease, examples include:
 - down payment
 - security deposit
- the amount of any other payment the lessee will be required to make in connection with the lease, if this amount cannot be determined, than dealers must disclose how this amount will be determined, examples include:
 - end of lease obligations
- for leases with kilometre allowances of less than 20,000kms per year, the excess kilometre costs, for example:
 - 18,000kms/year, \$0.20/km for excess

What if I'm advertising a variety of lease offers?

If an advertisement refers to various lease offers, a representative example may be used.

What if I'm advertising on radio or billboard, where there are time or space limitations?

When advertising a lease offer through a medium with limited space, the following information is required, as long as consumers are directed to another source* for the remaining details:

- that the offer is a lease
- the monthly, bi-weekly or weekly payments
- down payment and/or security deposit

Examples of acceptable sources include: dealer website, toll free phone number with a pre-recorded message, advertisement in a local paper this only applies to term and interest rate.

PLEASE NOTE: "see dealer for details" is **not** acceptable, but can include toll free number and say call for details.

Contact OMVIC:

Andrea Korth
Business Standards Coordinator
Andrea.Korth@omvic.on.ca