



## OMVIC Bulletin – April 2005

**TIME SENSITIVE**

### **RE: CONSUMER PROTECTION ACT 2002**

The Ministry of Consumer and Business Services has announced the Consumer Protection Act will become law on July 30, 2005. The Consumer Protection Act (CPA) 2002 was introduced by the Ministry to enhance outdated consumer protection laws and strengthen confidence in the marketplace. It updates and incorporates six existing laws: the Business Practices Act, Consumer Protection Act, Loan Brokers Act, Motor Vehicle Repair Act, Prepaid Services Act and the Consumer Protection Bureau Act.

The CPA should not be confused with the Motor Vehicle Dealers Act (MVDA). Changes to the MVDA are still pending and we expect to see the new Act introduced later this year. To avoid confusion, the CPA governs all Ontario transactions covering goods or services, whereas the MVDA outlines practices specific to our industry.

#### **An outline of the Consumer Protection Act**

The Consumer Protection Act is made up of the following sections:

Part I:	Interpretation and application
Part II:	Consumer rights and warranties
Part III:	Unfair practices
Part IV:	Rights and obligations respecting specific consumer agreements
Part V:	Sectors where advance fee prohibited
Part VI:	Repairs to motor vehicles and other goods
Part VII:	Credit agreements
Part VIII:	Leasing
Part IX:	Procedures for consumer remedies
Part X:	Powers and duties of Minister and Director
Part XI:	General

A copy of the Consumer Protection Act can be downloaded at:  
[http://www.e-laws.gov.on.ca/DBLaws/statutes/English/02c30\\_e.htm](http://www.e-laws.gov.on.ca/DBLaws/statutes/English/02c30_e.htm)

#### **How does the CPA affect the dealer community?**

Rob Harper of the Ministry of Consumer and Business Services says that although there will be some changes that will affect the dealer community, the general standards of the previous Acts will still apply. “The main thing to remember is that the CPA gathers and updates the various statutes that already govern retail transactions. Standards that dealers are already accustomed to in the Business Practices Act and the Sale of Goods Act – like implied warranties and prohibiting unconscionable business practices – will still apply.”

Harper points out the general laws (Parts I to III of the Act) and the sections covering credit agreements and leasing (Parts VII and VIII) will be of most interest to the dealer community.



Some key highlights:

- Rather than 6 months, consumers will now have up to one year to seek rescission in the event a vehicle has been misrepresented.
- Motor vehicle repairs: under current regulations a written estimate for repairs is necessary only if the consumer requests one. Under the CPA a written estimate is required for all customers and you cannot charge for repairs if you fail to provide one. A fee may be charged for preparing an estimate providing the customer is told in advance. If the repair is carried out the estimate fee must be waived and the cost of the repairs cannot exceed the estimate by more than 10 percent. You can charge for repairs without an estimate if: i) you offer to provide an estimate and the customer refuses, ii) instead of an estimate the customer authorizes a maximum amount they are willing to pay and iii) the final cost does not exceed the amount agreed to above. Signs describing the new estimate requirements and the way labour charges are calculated must be posted for consumers.
- Leasing: automatic warranties of reasonable fitness, merchantability and freedom from liens previously seen in the Sale of Goods Act will be extended in the CPA to include leased vehicles. Restrictions will also apply to amount charged on residual obligation (open end) leases. Finally, full disclosure regarding cost of credit must be included in lease agreements and advertisements.
- Some provisions of the CPA (i.e. "cooling off" periods) will be exempt to dealers as there are/will be specific requirements outlined in the Motor Vehicle Dealers Act.

### Interested in learning more?

To learn more about CPA 2002, the dealer community is invited to participate in a Webcast hosted by the Ministry of Consumer and Business Services. The Webcast will be held **April 14, 2005 at 10:00 am**. You must have an email address and Internet access to view the Webcast. Visit [www.cbs.gov.on.ca](http://www.cbs.gov.on.ca) to register. Questions regarding the Webcast can be sent to [CPA2002@cbs.gov.on.ca](mailto:CPA2002@cbs.gov.on.ca). If you are unable to view the Webcast on April 14<sup>th</sup>, it will be available on the Ministry's Web site for the next 90 days.

### Contact Information

#### Ministry of Consumer and Business Services:

1-800-268-1142  
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