

Ministry of Public and Business Service Delivery and Procurement

Business Guide to Consumer Protection

Your Guide to Understanding the
Consumer Protection Act, 2002



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About this Guide

Consumer Protection Ontario is an awareness program of the Ministry of Public and Business Service Delivery and Procurement.

The ministry administers and enforces various consumer protection statutes, notably the Consumer Protection Act, 2002 (CPA).

For your awareness, in 2023, the Ontario government introduced a new Consumer Protection Act, which when it comes into effect, will renew and update Ontario's consumer protection laws. **Until then, the existing Consumer Protection Act, 2002 (CPA), remains in effect.**

This Business Guide to Consumer Protection is offered to help your business understand how to comply with the Consumer Protection Act, 2002 (CPA). We also will refer to this piece of legislation throughout the guide as the "CPA".

The CPA governs most personal and household transactions between consumers and businesses, including buying furniture in a store, shopping for clothes online, buying goods and services sold door-to-door, and renovating homes.

As a business, you must fulfill certain obligations and requirements when engaging in consumer transactions under the CPA. We hope this compliance guide can help you achieve that.

This guide will also help you avoid consumer complaints, the risk of penalties, and ensure that your business complies with its statutory requirements.

- For specific consumer-protection related questions, or our website at [ontario.ca/BusinessCompliance](https://www.ontario.ca/BusinessCompliance) contact the Consumer Protection Ontario hotline at **416-326-8800** or **1-800-889-9768** (Tel TTY: **416-229-6086** and Toll-Free TTY: **1-877-666-6545**). You can also email us at: CPOBusinessEducation@Ontario.ca
- **Disclaimer:** This guide does not constitute or provide legal advice. You may wish to seek independent legal advice to address compliance obligations specific to your circumstances.

NOTE: The ministry also appoints, licenses, and registers the following "regulated-sector" businesses: bailiffs; collection agencies and debt settlement; consumer reporting; and payday loans. The Consumer Protection Act, 2002, applies to these businesses, but they also have their own sector-specific statutes. This document is only for information about the CPA ; for more sector-specific information, please visit this link: www.ontario.ca/BusinessCompliance

Did you know?

The **Consumer Protection Act, 2002** requires that any uncertainty in a consumer agreement must be interpreted in favour of the consumer.

The Consumer Protection Act, 2002

In Ontario, the **Consumer Protection Act, 2002** is the main piece of legislation that sets out the rights of consumers. You can find the legislation at this link: www.ontario.ca/laws/statute/02c30.

For its regulations, you can select the “Regulations Under this Act” tab at the same link. It governs the most common forms of personal and household transactions between consumers and businesses in the province, including: buying furniture in a store; shopping for goods online; buying goods sold door-to-door; and home renovations.



Definitions found in the CPA:

Supplier:

A person who is in the business of selling, leasing or trading in goods or services, reward cards or their agents. A supplier is called a “business” in this guide.

Consumer:

An individual acting for personal, family or household purposes. This term does not include a person who is acting for business purposes.

Consumer agreement:

An agreement between a supplier (referred to as a “business” in the guide) and a consumer in which the supplier agrees to supply goods or services, or gives reward cards for payment.

Consumer transaction:

An act or instance of conducting business or other dealings with a consumer, including a consumer agreement.

Goods:

Any type of personal property, except real estate.

Services:

Anything other than goods, including services, rights, entitlements or benefits.



Key Consumer Protection Concepts

Here are some key concepts from the CPA that will help your business comply with the law. This section also outlines what you need to know to meet your consumer protection obligations under the act.

Information

The products or services you sell, and how and where you do business, will determine what information you must provide to consumers, and more importantly, the rights that consumers have.

For example, a lawn care company whose consumers sign agreements at their home should have a different kind of agreement than a lawn care company that has its consumers sign an agreement at their company's place of business.

A consumer who enters into an agreement at their door for lawn care services is entitled to a **10-day cooling-off period** in which they have the right to cancel the agreement if they change their mind. A person who enters into an agreement at the business' location does not have the same entitlement.

If the consumer cancels the agreement, your business must provide a full refund within **15 calendar days** and the consumer must return anything (that can be returned) that your business left with them under the agreement. There is one exception to refund/return in "direct agreements" that cover emergencies, such as home repairs. A "direct agreement" is a consumer agreement that is negotiated or concluded in-person, at somewhere other than your place of business; more information is below in the Type of Agreements section.

Estimates

Does your business include estimates of work to be performed in its contracts with consumers?

If so, you cannot bill a consumer **more than 10% above the estimated price**, unless the consumer agrees to the additional charges in writing. Furthermore, you should make every effort to ensure your estimate is as accurate as possible. If the project changes in a major way, make sure you provide the consumer with a revised written estimate, and we recommend that you both sign off on the new price.

Learn more about consumer rights at:

www.ontario.ca/page/protecting-consumer-rights-and-safety

Did you know?

Consumers in Ontario have one year to withdraw from an agreement based on an unfair practice by a business.

Refunds

There are very specific situations when refunds are required by law. These apply in situations where consumers did not receive their goods or services on time, or did not receive the product that they requested. Please see pages 11-15, and refer to the section that applies to the types of agreements your business requires, so that you know what the timelines are for the repayment.

Unfair Practices

It is an unfair practice for a person to make a false, misleading, or deceptive representation. (Section 14 Consumer Protection Act, 2002)

Here are some examples of false or deceptive representation.

Note that these examples are not an exhaustive list:

- An appliance store salesperson informs a consumer that the model and style of a refrigerator currently on sale is the most eco-friendly, top consumer-rated, newest model the manufacturer makes — but the salesperson knows that information is outdated and no longer true.
- An owner of a spa that provides massage services tells clients that its staff members are all registered massage therapists when they do not possess the designation and have not been appropriately trained.
- A store sells electronics that they advertised as new when they have been refurbished.
- A Heating, Ventilation, and Air Conditioning (HVAC) sales representative presents themselves as being affiliated with government programs, or their products/services to be eligible for government rebates, when they are not.

There is a secondary category of unfair practices, known as unconscionable representations. Examples of these include:

- Asking a consumer who is vulnerable, for example, because of age or language barriers, to sign an agreement for goods or services when they are not able to protect their own interests.
- Selling a water purification system to a consumer for thousands of dollars more than what a consumer could purchase for the same product elsewhere.
- Pressuring a consumer to enter into an agreement.

It is also against the law to pressure someone to renegotiate an agreement when the business has the consumer's goods in its possession. For example, if a moving company is transporting a consumer's goods, it is illegal for the movers to refuse to deliver the goods in an attempt to try to negotiate a higher fee.

These examples are important for every business to understand because consumers have the right to withdraw from – or what the act calls “rescind” – agreements if they entered into the agreement as a result of an unfair business practice. It is also an offence under the CPA to commit an unfair business practice, overall. If the consumer takes the matter to court, and is successful, the court may award damages, including punitive damages. Overall, there are potential penalties for non-compliance which we would highlight in the Consumer Complaints section below.

If a consumer withdraws from an agreement with your business, your business is obligated to provide a satisfactory response **within 30 calendar days**, which may include a refund.

Rules for loyalty reward points

Many businesses offer reward points programs to thank customers for their loyalty. Through these programs, you can:

1. earn reward points based on purchases
2. accumulate the points over time
3. exchange these points for goods or services at a later date

Before consumers can sign up, the business should ensure that the agreement includes:

- how to earn points
- what points can be used for
- any limits or conditions – for example, some programs have blackout periods when consumers cannot use points or require them to stay active in the program

Some points can't expire

On January 1, 2018, rules came into effect that stop the expiration of reward points based only on the amount of time that has passed since they were earned. However, the rules are not an all-out ban on expiring points. In some cases, reward points may still expire, including if:

- the reward program your business created closes accounts when a member is inactive (does not earn or redeem any points) for a long period of time and this is stated in the membership agreement.

- the program issues a voucher as a reward (for example, a discount on a purchase), that is considered a gift card and cannot expire.
- the reward points cannot be redeemed for any single item over \$50.

Any points (earned at any time) which expired between October 1, 2016, and January 1, 2018, due to the amount of time passed since they were earned, and are not exempt, are required to be returned or reinstated.

Gift Cards, Gift Certificates, and Vouchers

If you sell these products, there are a few legal requirements that you should be aware of:

- Most retail businesses cannot have an expiry date on these products. There are some exceptions, which include: gift cards for one specific service (for example, a gift certificate for a massage at a spa may come with an expiry date and lose its value if not used); or those issued for a charitable purpose.
- These products are not subject to tax when initially sold.

Under the act, your business cannot charge extra fees, such as:

- activation fees or added service fees to purchase the card or to use the card
- fees that reduce the value of the gift card over time, sometimes called dormancy fees

Your business is allowed to charge for:

- customizing a gift card
- replacing a lost or stolen card

For more information on specific rules, including on gift cards, gift certificates and vouchers, visit the Ontario.ca website for businesses, at www.ontario.ca/giftcards



General Information About Agreements

The ministry recommends that businesses use written agreements. They are the best way to ensure a clear understanding between parties. Verbal agreements are not recommended because, in the event of a dispute, it is hard to prove exactly what your business and the consumer agreed to.

In addition, the CPA requires that agreements worth more than \$50 must be in writing. These include direct agreements, future performance agreements, personal development service agreements, internet agreements, remote agreements, and time share agreements.

Avoid the time and cost needed to handle enforcement action by ministry staff and/or courts by understanding the CPA agreement requirements.

Clearly written agreements will help your customers better understand what they are buying and avoid potential confusion, disappointment and litigation. While consumers can dispute verbal agreements through the courts, your business can risk losing your case when you do not comply with the requirements of the CPA. Your business may also face additional compliance action from the ministry, which can include penalties which are highlighted in the Consumer Complaints section below.

Types of Agreements

Requirements for various types of agreements are set out in the CPA. It is recommended that you familiarize yourself with these types of agreements by reviewing the section of the CPA marked "Part IV: Rights and Obligations Respecting Specific Consumer Agreements."

NOTE: Sometimes, a consumer agreement can meet the criteria of more than one type of agreement. In such cases, your business is still expected to comply with the provisions of the CPA and its regulations of each of those agreements. The exception is in cases where the regulations of one of those agreements does not require you to follow certain provisions in the other agreement(s).

Certain kinds of agreements could apply to your business, based on the goods you offer for the type of business you are running.

The following are the most common forms of contracts:

Direct Agreements

If you sell goods or services on the road and enter a consumer's home to sign agreements, you may need to use a direct agreement.

This is a consumer agreement that is negotiated or concluded in person, at a place other than a place of business.

Almost all goods and services that are sold in a consumer's home require a direct agreement. This includes agreements for water heaters, home renovations and lawn maintenance services.

Keep in mind that as of March 1, 2018, certain products and services cannot be offered or sold at a consumer's home unless the consumer initiated the transaction (for example, the consumer called or emailed your business and asked you to come to their home to enter into an agreement). There are some **exceptions** listed at this link:

www.ontario.ca/doortodoor on the Consumer Protection Ontario website if you already have an agreement in place with the consumer. For more information, see Part IV of the CPA and its regulations.



Motor Vehicle Repair Agreements

If you own a garage that fixes cars or other vehicles, you will need to do business using a motor vehicle repair agreement and follow certain procedures.

Before you charge the consumer, you must provide a written estimate, unless the consumer declined it and instead agreed on a maximum amount they are willing to pay for the repair. Also, you cannot bill a consumer more than 10% of the estimate, or if the consumer declined an estimate, more than the maximum agreed amount.

Please refer to the **motor vehicle repair section** of Part VI of the CPA to learn more.



Personal Development Services Agreements

Personal development services agreements are usually used by businesses that offer:

- training, advice or instruction in areas like health, fitness, weight loss and nutrition (the most common type of personal development services agreement is a gym membership agreement).
- modelling and talent services, including related photo shoots.
- facilities for, or instruction in, martial arts, sports, dance or similar activities.

Note: The CPA does not cover all personal development services agreements. The rules do not apply if you are not required to pay in advance. Also, the CPA does not apply to certain personal development services, such as those provided on a non-profit or co-operative basis or by a private club primarily owned by its members. Overall, there are certain exceptions to the CPA that apply to this type of agreement, based on who or how the personal development services are provided

For more information, see the **personal development services section** of Part IV of the CPA mentioned above and the regulations under the act.



Internet Agreements

If you sell goods or services over the Internet, you may need to use an Internet agreement. This is defined as a consumer agreement formed by text-based Internet communications. These include all transactions on the Internet, as long as either your business or the consumer is based in Ontario when the transaction took place.

For more information, see the **Internet agreements section** of Part IV of the CPA mentioned above and the regulations under the act.



Future Performance Agreements

If your consumer must wait to get their goods or services, with a delivery date or payment promised in the future, you may need to do business using a future performance agreement.

These agreements involve providing the goods or services, or payment, in the future or on an ongoing basis, such as for maintenance or cleaning, Internet services and streaming services.

Please note that the requirements for future performance agreements only apply where the goods or services are not otherwise specifically covered by another type of agreement. Also, when a consumer orders a product, and it is not delivered within **30 calendar days** of the agreed-upon delivery date, the consumer has the right to cancel the agreement and receive a refund. If the consumer chooses to accept late delivery of the item, they lose their right to cancel the agreement and get a refund for it.

For more information, see the **future performance agreements section** of Part IV of the CPA mentioned above and the regulation under the act.



Remote Agreements

If you offer goods and services over the telephone or by mail, you may need to use a remote agreement which is a consumer agreement entered into when the consumer and your business are not physically present together. However, this may not be an Internet agreement.

The consumer must be made aware of necessary information before they enter an agreement with your business. Services in remote agreements can be newspaper subscriptions, moving or snow clearing agreements entered over the telephone or through the mail.

There is a requirement that the consumer receive a written copy of the agreement either within 30 calendar days of being billed for the services or goods, or 60 calendar days after the consumer enters into the agreement.

For more information, see the **remote agreements section** of Part IV of the CPA mentioned above, and the regulations under the act.



Time share agreements give the consumer the right to use a property on a periodic basis, when property is shared with others on the same or similar terms. The rules only apply if either the consumer or your business is in Ontario at the time of purchase. For example, vacation properties can range from resort condominiums to campground sites.



For more information, see the **time share agreements** section of Part IV of the CPA and its regulations.

Exceptions

Some transactions by their very nature, or if conducted by various occupations, are not covered by the CPA. Please see the list below, which outlines some of the more frequent exceptions in which your business is exempt from some parts of the act:

- If you offer services as part of a recognized professional group or regulatory body. This would include doctors, veterinarians, architects, engineers, lawyers, or pharmacists, for example.
- If you are selling your goods or services through an auction (only excepted from Part IV of the act).
- If you are selling lottery tickets or similar products and are a charitable or religious organization, you are exempt from some parts of the act.
- If the goods you are selling are perishable goods and if the food is delivered to the consumer within 24 hours after it is ordered – this exception covers activities like ordering a pizza for delivery or a restaurant takeout order (only excepted from some parts of the CPA).
- Regulated sectors covered under another statute.

Note: : For most of these special cases – such as accommodations - businesses may need a specific licence to operate. Keep in mind that the Ministry can only provide information about the Consumer Protection Act, 2002, and not legal advice about your specific circumstances as a business.

If you are not sure which category best applies to your business or you require additional clarification, please call us at: **416-326-8800** or toll-free at: **1-800-889-9768, TTY 416-229-6086** or **TTY Toll-Free: 1-877-666-6545** or email us at **CPOBusinessEducation@ontario.ca**

Consumer Complaints

The ministry receives complaints from consumers about businesses. These complaints are used to identify businesses that are contravening the CPA and to inform any administrative and enforcement action(s) against them.

If a consumer makes a complaint against your business, we will review the matter. If there appears to be a contravention under the CPA, we may take action to resolve the complaint.

We may contact you to learn more about the transaction that led to the complaint and to relay the consumer's concerns. If the consumer and business cannot resolve the matter themselves, then the ministry may pursue mediation where we may assist in reaching a resolution. Note that the ministry's mediation is free-of-charge, voluntary, and an alternative to taking the matter to court.

In addition, the ministry may conduct an inspection to verify compliance with the CPA .

The ministry's inspectors may conduct an in-person or remote inspection of your business to:

- check for compliance with the CPA's legal requirements (for example, requirements related to signage and contracts)
- follow up on a prior inspection where violations or problems were recorded.



During an inspection, an inspector may examine anything they believe may be relevant to the inspection, such as sample agreements, receipts, etc. They may also question any of your employees on matters that relate to the inspection. Inspections also provide an opportunity for your business to ask questions on compliance and you can request clarification throughout the process.

In some cases, for the ministry's regulated sectors, inspectors could issue administrative monetary penalties if a contravention prescribed under regulation had been found (e.g., under the Collection and Debt Settlement Services Act, 1990, or the Payday Loans Act, 2008).

Additionally, if your business has been the subject of multiple complaints and the behaviour continues, the matter may be referred for additional compliance action (e.g., a Ministry investigation could lead to charges under the CPA and/or the issuance of Notices).

Orders from the Director under the CPA may be issued that legally require your business to comply.

For example, your business may receive an Order to stop distributing materials that are believed to be false, misleading or deceptive, and to retract or correct the misrepresentation. If these Orders are not complied with, or notices of contraventions were not addressed following an inspection, your business could be added to the **Consumer Beware List** - a searchable public record of businesses that failed to comply with certain provisions of the act.

The ministry also may initiate an investigation, which could lead to charges and prosecution against an individual associated with your business. When determining whether such action is needed, we may take into consideration many factors, including, but not limited to, the volume of complaints against your business, the accumulated dollar value of complaints, the nature of the allegations against your business, and the deterrence value of enforcement action on your business and the broader marketplace.

In some cases, information about a complaint can be shared with other regulators. For example, if the ministry concludes that a contravention of the CPA was likely or if we successfully prosecute your business for such a contravention, we may contact other regulators that license or provide oversight for your business to advise them of our findings.

Note that the purpose of any enforcement action by the ministry, including prosecution, is to respond to risk of harm to the broader public and to deter those responsible for that risk from violating the law.

Consumers who desire a specific remedy from the business may wish to retain independent legal counsel and initiate civil actions regardless of any actions that may be undertaken by the ministry.

If found guilty under the Consumer Protection Act, 2002, your business may be fined up to \$50,000 (for an individual) or sentenced to a term of imprisonment of not more than two years less a day. For corporations, the maximum fine is \$250,000.

When a charge is laid by the ministry, an Order is issued against your business, contraventions were not corrected during an inspection, or a business failed to respond to the substance of the complaint after we contacted it twice, the business name may appear on the Consumer Beware List and remains there for 21 to 27 months. Information related to a charge will be removed if your business has been found not guilty of that charge.

Building Trust with your Consumers

This guide provides a summary of some of the actions your business needs to undertake to comply with the CPA in Ontario.

Learning about these requirements helps build positive consumer experiences, maintain your business reputation, and minimize potential conflict in a dispute with a consumer.

Please take our **self-assessment quiz** to test yourself and also gain a better understanding of key concepts and obligations related to the CPA.



Get in Touch with Us!

We are interested to hear more from you about your questions on concerns about business compliance. Please see the contact information below. Note that the ministry can only provide information about the CPA, and not legal advice.



416-326-8800

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Check out these links to help you understand consumer protection as a business!



ontario.ca/laws/statute/O2c30

ontario.ca/BusinessCompliance

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[Self-Assessment Quiz Link](#)



Scan here to learn more about business responsibilities for consumer protection.

