

Good research paper on cancellation rights in consumer contract

[Business](#), [Customers](#)



Consumer cancellation rights are universal laws that exist throughout the world business practices. The law stipulates that, consumer has the legal right to cancel the contract on goods and services when the goods or service does not fit the consumer's choice and preference. (American Banker 2005). These law is critical in helping the consumer to gain redress without the lengthy and expensive court action. Such consumer law varies from state to state and is applicable in different conditions and situations. A cancellation law enables a consumer to possess a quick and effective means to legal redress. It offers the consumer an opportunity to think and end a contract without liability and in turn get back their money (American Banker 2005). The essentiality of the right is best seen in conditions where the trader unduly forces a customer to buy goods. This law is a trend observed when consumers do not have enough time to compare products in the market. It occurs when the customer does not have the capacity to physically examine goods before they are bought (American Banker 2005).

The relationship between economic business cycles and increase in crime has been under study since the nineteenth century by sociologists.

According to the U. S chamber of Commerce, 30 % of all business failures are due to contract related crime. Contract crime is considered to be a health hazard to businesses just as the crimes associated with shopping which are ranging from shoplifting, fraud, embezzlement and robbery (American Banker 2005). Economic cycles have indicated that criminal activities are likely to increase in times of hard economic difficulties especially during recessionary times. A number of reports have indicated that fraud and embezzlement form the two most active crimes during

recessions besides breach of contracts. Studies indicate that, during the savings and loan crisis in 1990 in U. S, there was an increase by 52% in the arrests for fraud and embezzlement and by 25% in 2000 after the development of commercial Internet. While those related to cancellation of contracts were over 30 % (American Banker 2005).

The susceptibility of companies to a wide range of contractual crime calls for the formulation and implementation of laws that will help guard crime on businesses. This forms of crime impact negatively on the profitability putting the business viability into question (Arvanites 2006). Studies have found that small businesses are the most vulnerable to crime due to their inability to provide measures to safeguard their premises. The estimates on the cost of crime to companies in the U. S have been estimated to be over \$ 128 billion by 1991. It has been noticed that business crimes affect both the customer and the retailer as it can originate from both sides of the trade. As such, this article focuses on the existing legislation controlling the relationships between shopping and business law (Arvanites 2006).

Under the Sale of Goods Act, when something is sold to a customer, an agreement is made with them. The customer is given the legal rights by business law to cancel the agreement if the goods do not conform to the contract. According to the Act, to conform to contract goods or services should bear the following characteristics; they should match their description, be of quality needed in terms of appearance, safety in use, and durability. The goods should also be fit for the purpose for which it is purchased (Arvanites 2006). When an item is bought based on a sample, it must match the model. In a situation where an item appears to be different

the consumer is entitled to a refund. This example also applies in situations where an item does not portray the descriptions that made the consumer order for it. In the case where an item does not work as per the description of the salesperson, the customer has the right to reject the item and demand for a refund (Arvanites 2006).

The rights provided by business law entail, the right to Clear information; before an order is made, the customer has the right to pre-contact information about the supplier. Such information includes the name and address of the trader, product or service description, prices inclusive of taxes, delivery charge details, and mode of payment, delivery arrangements and the information on the rights to cancel. The customer should also be privy to the information relating to the call cost, the length of time special offer provides. The contract length of time as well as the availability of product substitute and the bearer of the cost of return in case the products are rejected by the customer (Arvanites 2006).

Business law also provides that when the customer has placed an order, he/she is entitled to written information about the trader's location, guarantees on the mode of sales and other after sale services. On cancellation rights, the law provides the customer with the right to cancel an order without giving any reason. The cancellation information must be communicated in writing to a trader and the duration of cancellation depends on when the required information was received by the customer. The period of cancellation commences immediately the agreement on a contract is done. For goods/services, it ends after seven working days from the day after the day of delivery. While, for services alone it takes seven

working days after the day of the contract agreement (Arvanites 2006).

However, the law provides protection to the trade through the provision of exemptions upon which the customer does not have the right to cancel an order. The customer cannot cancel a contract on goods and services whose prices depend on the fluctuations in the financial market which the trader has no control over. Contracts on goods made to the specifications of the customer are bound to proceed as the law prohibits the cancellations on such orders since such products are personalized by their very nature.

However, the exception allows for options for upgrade as may be demanded by the customer. Cancellations also do not apply on the goods that by their very nature cannot be returned such as perishable goods (Burrows 2005).

Business law provides cancellation rights on goods and services sold on doorstep sales basis. This law is due to the high pressure selling characteristic of such method of sale. Research by the Office of Fair Trading (OFT) has confirmed that, many consumers have attested to the undue pressure associated with buying goods and services at home. It postulates that purchases are accompanied with intense pressure that may sometimes make a consumer buy what they do not need (Burrows 2005). Besides, the value of such purchases can be higher than those in other settings.

One of the most important issues to traders is the knowledge that a cancellation right does not prevail once the company or the business has provided the consumers with all the necessary information. Failure by a consumer to read or ask for evidence of the truth of what is said on the product has always contributed to the denial of cancellation right to the consumer (Dennis 2008). Some directives often have particular time limit for

the return of goods once sold. As such, the consumer needs to be aware of specific timelines that are available at their disposal. However, in the event that the goods are faulty, it gives provisions for the customer to claim a repair or replacement of the goods. If a customer wishes to reject the good in question, then the customer is entitled to a refund on the proof that the goods were faulty (Dennis 2008).

In conclusion, for both the consumers and retailers to have a harmonious relationship in trade, it is important for the governments to have legislative changes that will enable a quick resolution of disputes when contacting. The consumer groups should find more active and dynamic means of raising data when problems occur in the markets. They need to diversify their source of resources in order to be able to offer competitive representation to the consumer. However, the importance of bringing awareness to companies on the existence of this law is of the essence since it will encourage a mutual trading relationship between retailers and consumers (Dennis 2008).

References

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