

MONEY LESSON PLAN: When things go wrong – dealing with consumer problems

Learning objective

- To help students understand more about the legal protection available to consumers in a number of everyday settings.

Learning outcomes

All students should be aware that legal protection is available to consumers.

Most students will be able to explain how consumers can use their rights in a variety of situations including online transactions.

Some students will be able to suggest measures that may be taken to avoid disappointment or difficulties with purchases.

Resources

- **YCP** – pages 54–58
- **Starter** (p.5) – Quiz, quiz sheet
- **Main** (p.6) – Consumer rights, case studies
- **Plenary** (p.6) – case study

Curriculum references

England: Citizenship: **KS3**, the legal and human rights and responsibilities of citizens; the roles of the law and the justice system; **KS4**, the legal and human rights and responsibilities underpinning society and how they relate to citizens, the roles and operation of civil and criminal law and the justice system; the rights and responsibilities of consumers.

Wales: PSE Framework, 7- to 19-year-olds: **KS3**, how to become competent at managing personal finances; **KS4**, their rights as consumers; **Post 16**, the moral and ethical problems faced by society and individuals and reflect upon how such issues may be resolved.

Activities

Starter

- Open the session by asking students to outline difficulties that they, their parents, or friends have had with things that they have bought that have been faulty, unreliable, or disappointing in some other way. Take two or three examples, make a note of each, and ask students to describe briefly the action that they took, and whether there was any kind of satisfactory outcome.

Now draw their attention to the law surrounding this area, outlined on pages 54–57 of the *YCP*. Ask students to read through these four pages and to identify any further issues that people have over unsatisfactory or faulty goods. Add these to the existing list.

- Unless students are already familiar with this area, use pages 54–55 of the *YCP* to clarify the basic law covering the purchase of everyday goods and services. Emphasise that the sale of goods and services must meet three general criteria, as outlined in the guide.
- Explain that you would now like them to decide how these laws apply in a number of different situations.

Give each student, working individually or in pairs, a copy of the quiz on page 5. Unless they are already familiar with this area of law, they will also find it useful to have access to pages 54–58 of the *YCP*.

Ask them to go through each question and ring what they believe to be the correct answer.

As you go through the answers, given below, encourage students to explain the reasoning behind their decision.

1 True 2 False 3 True 4 False

- You may find the following information helpful in the discussion that follows:
 - **Question 1:** Contrary to the *Sale of Goods Act 1979*, Jess's MP3 player is neither of satisfactory quality nor apparently fit for use, as the manufacturer claims. Assuming that Jess can prove when and from where she purchased the player, and has not misused it in any way, *she is entitled to a full refund*.
 - **Question 2:** In buying the phone for his girlfriend, Dan made a contract with the company from which it was purchased. In return for payment, they provided him with a perfectly serviceable phone, as described and as requested.

As explained in *YCP*, page 54, once a contract has been made, neither side is free to change it on their own. Although some shops in these circumstances allow customers to return goods by agreeing to provide an exchange item, credit note, or refund, they are not obliged to do so in law.

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Dan is therefore not entitled to his money back.

- **Question 3:** The retailer gave no indication to Steve that there was anything wrong with the game other than the damaged box; and, until he had bought the game and taken it home, Steve had no opportunity to check that it was fully functional. *He is therefore entitled to a refund* – and it makes no difference that he bought the item in a sale or for a reduced price.
- **Question 4:** Although the hi-fi system is now out of guarantee, it is not reasonable for a major fault with the CD player to have developed so soon. Assuming that Stacey has not misused the system *she is entitled to a repair, replacement or partial refund.*

If the shop denies responsibility because the product is out of guarantee, and Stacey wishes to pursue her case, she will probably have to do one or more of the following:

- ask to see the manager or use the store's complaints procedure to state her case
- obtain some form of expert evidence that it is not reasonable to expect a problem of this kind within thirteen months of purchase
- seek help from a consumer advice group
- if the company fails to come up with a suitable offer, consider taking her claim through the small claims procedure, see the YCP, page 58.

Main

- The case studies in this next section are a little more complicated, consumer rights, dealing with a number of issues arising from online shopping. In many ways, the law is exactly the same for buying goods online or by mail order as it is for making purchases face-to-face, with extra protection provided for buyers who do not have an opportunity to see the goods or visit the seller. They are based on rules agreed by the European Union and designed to protect consumers across Europe.

Again, refer students to the YCP, page 58, where the law surrounding buying goods online is further explained.

In some cases, however, students will not have all the information they require. For example: it is important to know whether **Sam** unwrapped or broke the seal on the CD; and whether **Paul** specified, or the seller agreed, that the book would be delivered before Christmas. (More details of these are given in

the answers below.) Encourage students to draw out those circumstances in which the buyer does, or does not, have redress.

- The following information provides further guidance on each case.

Sam: Although Sam clearly made a mistake when ordering the CD, she will almost certainly be entitled to a refund if she has a) not opened the wrapping or broken the seal, b) returns the CD to the seller within seven working days of receipt, and c) bought the item from a UK-based company.

Under the *Distance Selling Regulations 2000*, online shoppers have a seven-day cooling off period, from receipt of the items, during which they are entitled to return the goods, and receive their money back.

However, there are some goods that are exempt. These include perishable food, concert and theatre tickets, flowers, personalised goods, and audio or software where the package or seals have been open or removed.

Paul: Online retailers must deliver their goods within 30 days of the order being placed, unless it has been otherwise agreed.

If the seller offered to deliver all goods by Christmas, or it was specifically agreed that the book would arrive before this date, the seller will almost certainly be in breach of contract, unless the book is delivered on Christmas Eve. If this is the case, and the book does not arrive before Christmas, Paul is entitled to cancel the order, and ask for his money back. If, however, no such undertaking was given, Paul cannot complain about late delivery until around 08 January (30 days after he placed his order).

If the book arrives, for example, on 28 December, and pre-Christmas delivery had been agreed, Paul has seven working days, under the *Distance Selling Regulations 2000*, to return the book and ask for his money back.

Sometimes delays of this kind, particularly in the winter, are caused by bad weather, and sellers may wrongly claim that this kind of problem exempts them from any kind of breach of contract. If this is the cause of the delay, and the book does not arrive until after

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Christmas, Paul is still entitled to return the book (within seven working days of receipt) and receive his money back.

Jess: Jess' contract is with the online store, which has undertaken to provide her with a make-up case that is of *satisfactory quality, fit for its intended purpose, and matches the description* i.e. one that conforms to the requirements of the *Sale of Goods Act 1979*. The case that Jess has received clearly does not, and the store is therefore not correct in telling her to take up the matter with the delivery firm.

Jess should therefore be given her money back, or sent a new case (her choice). The question of who pays for the damaged goods is a matter to be settled between the online store and the delivery company.

Mia: Under the *Distance Selling Regulations 2000*, Mia has more rights by shopping online (particularly if she pays by credit card) than had she been shopping in person.

In most cases, online shoppers have a cooling off period of seven working days, from receipt of the items, during which they are entitled to return the goods, and receive their money back. This means that Mia can either cancel her order now or wait until the set is delivered, and then cancel – as long as she does so, within the required time.

John: John's concern that his games console has failed to arrive is quite reasonable, assuming that he had not been warned that delivery would take at least a month.

The law covering online auctions is complex, so probably the first thing he should do is to contact the seller to check if and when the console was dispatched, and whether it was sent by recorded delivery. If it has been lost, the seller may be able to obtain compensation from the delivery firm, or – if the goods were insured – via post or freight insurance. If there has been a problem with the post, the seller should arrange for the money that John paid to be returned to him immediately.

Ideally, before buying the goods, John should have checked whether the seller was a private individual or a business trader. Buying from a business trader gives John more rights than

from a private individual; in fact, the same rights as if he had bought the goods in a shop.

If John had accepted the second chance offer within the internet auction site, he would have also been able to ask for his complaint to be investigated by the site's resolution centre. If the centre had then found in John's favour, and had a good payment protection scheme, he would probably have received a full refund. His position could have been further strengthened if he had paid with a credit card or certain debit cards, as the card company could also be liable.

However, this protection is not available when the transaction takes place outside the internet auction site, and in these circumstances, John's options are rather limited.

He can continue to try to persuade the seller to send the goods or to refund his payment; but if, as is likely, this fails, he may just have to take the loss and put the whole thing down to experience.

However, if the amount of money involved is quite substantial, John may decide to take his claim through the small claims procedure in the local county court. The charge for this is relatively low – as little as £30 (2012), but John will need to track down the seller's name and address, have evidence to support his claim, and be prepared to argue his case in front of a judge (in a fairly informal setting).

The seller's name and address may be available from the auction website, but the site is not required by law to pass on these details in the event of a dispute.

Finally, if John suspects that the seller is dealing fraudulently, he may wish to report the matter to his local trading standards office or to the Citizens' Advice Bureau. It is unlikely that any of these organisations would take action directly on John's behalf, but the police and trading standards officers can caution or prosecute rogue traders, leading to a fine or, in very serious cases, imprisonment.

Plenary

- Use this final part of the lesson to emphasise some of the key aspects of law that have been covered:
 - the contractual relationship between the customer and the seller

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- the three key requirements that goods should be of satisfactory quality, be fit for all their intended purposes, and match their description, and
 - the further protections available to the consumer buying goods online.
- If you have time, you may wish to close the lesson with one further example – that of Trevor, see bottom of page 6, who suspects that the fish that he has bought at his local fish and chip shop is not cod, as described.

All the cases that have been provided in this unit raise questions of *civil* law; where the law is designed to put the aggrieved party in the position that they were in before the transaction took place. This final example, however, raises a further element – that of fraud (i.e. wrongly describing the goods), which is of a *criminal*, rather than civil nature.

Ask students to suggest how Trevor should respond to the feeling that he was not being sold cod, but something cheaper and inferior.

If his suspicions are correct, clearly Trevor and other customers are entitled to their money back for being sold something that is not as *described*.

Ask students how this case differs from others that they have discussed, and what action Trevor might consider.

In fact, he reported the matter to his local trading standards department (an office run by the local authority which checks that shops and businesses are not breaking the law in the way that they trade). Trading standards officers visited the shop and bought fish and chips on two occasions. The fish was taken away for analysis, and found not to be cod, but panga – a South African name for a fish caught in the South Atlantic Ocean.

The owner of the shop pleaded guilty to the offence of selling food that was not of the quality demanded by the purchaser, and fined £1,000 with £1,000 costs, plus a £15 victim surcharge.

Finally, you may wish to discuss if Trevor has a *duty* to take action or report the matter, given his suspicions of malpractice.

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Starter

Quiz

1

Last week, Jess bought a new MP3 player which, the manufacturer claimed, was suitable for people who go jogging. However, when she used it for the first time yesterday on the running machine in the gym, it started to skip songs.

Jess is entitled to a refund.

True / False

2

Dan bought a new mobile phone for his girlfriend's birthday, only to find that her mum and dad had given her exactly the same present. 'No worries,' he said, 'You've not opened it. I'll take it back to the store and ask for my money back.'

Dan is entitled to his money back.

True / False

3

Steve bought a new computer game from a local store. The box that it was in had been damaged – but the price had been reduced, with a sticker saying 'sold as seen'. When Steve took it home and began to play it, the game kept freezing.

Steve is entitled to his money back.

True / False

4

Stacey bought a new hi-fi system, which came with a 12-month guarantee. Thirteen months later, the CD system stopped working.

Stacey is not entitled to a replacement.

True / False

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Main

Consumer rights

Sam buys a CD online. When it arrives, she realises that she already has a copy, and must have made a mistake when she placed her order.

She wonders whether it would be worth trying to get her money back.

Paul orders a book online as part of his Dad's Christmas present. Two weeks later – on 23 December – the book still hasn't arrived.

Paul wants to cancel the order.

Jess orders a make-up case online. She opens it when it arrives only to find that the mirror is broken and several of the items inside are damaged. She immediately emails the shop, where she bought the case, explaining that it has been damaged. A day later Jess receives a reply telling her to take up the matter with the courier company which has responsibility for safely delivering the goods.

Jess phones the delivery company, which denies all responsibility.

Mia needs a new television, and decides to buy one online, with delivery within five to ten working days. The day after placing the order a friend at work tells her that he is moving in with his girlfriend and selling his TV. 'It's almost brand new,' he says, 'It's yours for £50.'

Mia is not sure of her legal position.

John bids for a games console on an internet auction site, but is not successful. Soon afterwards he receives an email offering him the console, as the successful bidder had not paid. John accepts, and pays the money to the seller using an external money site outside of the auction room.

It has been a month and there is no sign of the games console. John contacts the auction site, which has no record of this transaction.

Plenary

Trevor goes to his local fish and chip shop and orders cod and chips. The meal tastes fine, but Trevor has his doubts as to whether the fish is actually cod. A week or so later, he goes in again and places the same order. As before, he suspects that the fish is not cod, as claimed.

Trevor is not sure what he should do next.