

This tipsheet is intended to provide general information and is not a substitute for legal advice.

Door-to-door salespeople sell everything from encyclopedias and magazines to home improvements. Most businesses that sell door-to-door are responsible and legitimate and provide a convenient service. However, in some cases, problems can arise.

After reading this tipsheet you will know:

- who is and isn't required to be licensed;
- common sales pitches;
- what information must be in the contract;
- when you can cancel a direct sales contract; and
- when you can cancel home renovation, natural gas direct marketing and electricity marketing contracts.

### Who's Licensed?

In Alberta, most companies engaged in direct sales must be licensed under the *Fair Trading Act* and the Direct Sales Cancellation Regulation. Salespersons must carry identification that includes the firm's licence number. Before you allow a door-to-door seller into your home or office, ask for identification.

#### Definitions

**Direct sales contract:** a contract that is negotiated or concluded away from the seller's normal place of business

**Negotiate:** To discuss the terms of a sale

**Conclude:** To settle the terms of a sale in a contract

### Who's not licensed?

Some businesses do not require licensing under the *Fair Trading Act*, although they may be regulated by other legislation. Businesses that do not require door-to-door sales licensing include those selling:

- prearranged funerals and cemetery plots
- insurance
- lightning protection
- well-drilling services
- courses at private vocational schools

- securities
- farms selling Alberta produce
- schools selling magazine subscriptions
- businesses selling to other businesses
- real estate salespeople
- mortgage broker services

**It's important to find out whether a company is licensed, because licensed companies are also required to carry security if the contract is over \$25.** If you make a purchase and later run into problems, you may be able to get some or all of your money back. Before you buy, you may want to call Alberta Government Services to confirm that the business is licensed. You can also find this information at the Alberta Government Services web site.

### Watch out for sales pitches like these:

#### Limited offer

"This is a special price. It's only available today. Tomorrow the price goes up!" The so-called "special price" may really be the standard everyday price.

#### Price advantage

"We'll give you a good deal if we can advertise that you are a satisfied customer." The supposed "deal" may not be in your best interest.

#### Misrepresentation

"I'm doing a survey for (names a company or government department) and wonder if you could answer a few questions?" The salesperson may be lying, and just wants to gain entry to your home.

## What to ask before you buy

Be sure you can answer "yes" to these questions before making a purchase or signing a direct sales contract:

- Have you asked for identification?
- Are you sure you're not being pressured into buying?
- Are you getting quality for your money?
- Have you shopped around and got estimates from other suppliers?
- Have you read and understood the contract?
- Are you familiar with the company's reputation?
- Does the company have a permanent office you can call if you have any problems? Be careful if only a box number is given.
- Will the company provide maintenance and repair services?
- Is the business named in the contract the same firm you have been dealing with?

## The contract

If you decide to buy, make sure you get a signed sales contract and keep it in a safe place. A direct sales contract must include the following:

- full names and addresses for yourself and the business and the name of the salesman if applicable;
- the company's telephone number and fax (if applicable);
- the date and place of the contract;
- a detailed description of the goods or services, and a price breakdown (if applicable);
- a statement of your cancellation rights;
- the total price of the contract and the terms of payment;
- if the goods and/or services are to be provided later, the delivery date for the goods and the start date for the services as well as the date when all services will be completed and goods provided;
- full credit disclosure including details about any security taken for payment;
- if there is a trade-in, the value and a description of the trade-in; and
- your signature and that of the sales representative for the business.

## If you change your mind

The *Fair Trading Act* allows you to cancel the sale if:

- the purchase was for more than \$25;
- the purchase was made from a direct salesperson in your home or away from the seller's normal place of business; and

- the purchase was intended primarily for your personal or household use and not for business purposes.

The direct sales cancellation rights under the *Fair Trading Act* do not apply, to contracts negotiated or concluded at the seller's place of business, a marketplace, auction, trade fair, agricultural fair, or exhibition. (See page 3 for information about the rules for cancelling natural gas, electricity, and prepaid contracting business contracts.)

In some cases, a business has its own cancellation policy. Make sure any cancellation rights are included in the contract.

## Cancellation Information

Reason	Time allowed to cancel
No reason necessary.	Ten days after you receive a copy of the contract.
<b>Extended Cancellation Rights</b>	
The seller was required to be licensed, but wasn't.	Up to one year from the day the contract was signed.
Sales contract does not include all required information (see <i>The contract</i> ).	Up to one year from the day the contract was signed.
The goods are not all provided within 30 days of the delivery date specified in the contract, or an amended date agreed to in writing by the buyer and seller. OR The services are not started within 30 days of the delivery date specified in the contract, or an amended date agreed to in writing by the buyer and seller.	Up to one year from the day the contract was signed.  Note: If the buyer accepts the goods or allows services to begin after the 30-day time period, the buyer may no longer cancel for this reason.

If the last day you can cancel falls on a Sunday or statutory holiday, you have one additional day to reconsider the purchase.

## How to cancel a contract

You can cancel a contract by any means as long as you can prove the date that you cancelled it. Ways to give the cancellation notice include in person, by

registered mail, by fax, and by courier. Keep a copy of your notice.

You can cancel the contract by sending or delivering the notice to the business or the salesperson at any address on the contract. If you don't know how to reach the supplier, contact Alberta Government Services.

Notice of cancellation is considered to be given on the date the letter was postmarked or delivered.

You may keep goods delivered to you under the contract until the seller refunds your money or returns any trade-in you may have given as part of the sale. The seller must provide you with a full refund within 15 days of cancellation. You should then allow the seller to pick up the goods. The business should pick up the goods within 21 days of cancellation.

Sometimes a buyer will sign a contract for services and ask for the work to start before the end of the 10-day cancellation period. If you cancel the contract in this case, the seller must still refund your money. However, the seller can then demand that you pay a reasonable amount for the work that was done up to the time you cancelled.

## Claiming on the security

If you don't receive your refund within 15 days contact Alberta Government Services. You may be able to make a claim against the security if the business was licensed and/or required to submit security.

You may also be able to submit a claim against the security if the seller has not met the terms and conditions of the security. For example, you may claim compensation if you suffered losses due to the seller's fraud, breach of trust, misrepresentation or theft. If you believe that this has occurred you should contact Alberta Government Services, Consumer Services Branch as soon as possible. You have a limited length of time in which to make your claim.

## Cancelling specific types of contracts

The cancellation rights outlined in this document also apply to contracts with **home renovation businesses** if they look for work and discuss a contract away from their normal place of business – for example, in your home. (See the tipsheet Home Renovations and Repairs for more information about hiring a home renovation business.)

If you sign an agreement with a **natural gas direct marketer** for gas supply for your home, or an **electricity marketer** for electricity supply for your home, small industrial or commercial business you have a 10-day cooling off period. You can cancel the contract with no cost or penalty in this 10-day period no matter where the contract was signed.

The extended cancellation rights outlined on page 2 apply to natural gas and electricity contracts if the seller came to your home and the contract was signed in your home.

## For further information

The following Alberta Government Services tipsheets are available at no charge:

- Home Renovations and Repairs
- Natural Gas Direct Marketing: What Consumers Should Know
- Electricity Marketing: What Consumers Should Know

either by calling the Consumer Information Centre or at the department's Web site.

Alberta Government Services  
Consumer Information Centre  
Edmonton: (780) 427-4088  
Toll-free in Alberta 1-877-427-4088  
<http://www.gov.ab.ca/gs>

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A current version of this tipsheet and other tipsheets are available at the Alberta Government Services Web site at <http://www.gov.ab.ca/gs> Most public libraries have Internet access available if you don't have access at home.

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