Cooling-Off Rule for Consumer Purchases

Categories : Consumer Services

The following is summarized from the U.S. Federal Trade Commission's website: http://www.consumer.ftc.gov/articles/0176-protections-home-purchases-cooling-rule

WHAT IS THE COOLING-OFF RULE?

The Federal Trade Commission's (FTC's) Cooling-Off Rule gives buyers three days to cancel purchases made at the buyer's home, workplace or dormitory, or to sales at any facility rented by the seller on a temporary or short-term basis, such as hotel or motel rooms and convention centers.

TYPES OF SALES COVERED BY THE COOLING-OFF RULE

Under the Cooling-Off Rule, the salesperson must tell a buyer about their cancellation rights at the time of sale. The salesperson also must give the buyer two copies of a cancellation form (one to keep and one to send) and a copy of the sales contract or receipt. The contract or receipt should be dated, show the name and address of the seller, and explain the right to cancel the sale. The contract or receipt must be in the same language that's used in the sales presentation.

TYPES OF SALES NOT COVERED BY THE COOLING-OFF RULE

Some types of sales cannot be canceled even if they do occur in locations normally covered by the rule. The Cooling-Off Rule does not cover sales that:

- are under $25 for sales made at your home; under $130 for sales made at a temporary location
- are for goods or services not primarily intended for personal, family or household purposes;
- are made entirely by mail, telephone or online;
- are the result of prior negotiations at the seller's permanent business location where the goods are sold regularly;
- are needed to meet an emergency;
- are made as part of your request for the seller to do repairs or maintenance on your personal property (purchases made beyond the maintenance or repair request are covered).

Also exempt from the Cooling-Off Rule are sales that involve:

- real estate, insurance, or securities;
- automobiles, vans, trucks, or other motor vehicles sold at temporary locations, provided the seller has at least one permanent place of business;
- arts or crafts sold at fairs or locations such as shopping malls, civic centers, and schools

HOW TO CANCEL A SALE

To cancel a sale, one copy of the cancellation form must be signed and dated. Mail it to the address given for cancellation, making sure the envelope is post-marked before midnight of the third business day after the contract date. (Saturday is considered a business day; Sundays and federal holidays are not.) Because proof of the mailing date and proof of receipt are important, consider sending the cancellation form by certified mail to get a return receipt. Or, consider hand delivering the cancellation notice before midnight of the third business day. Keep the other copy of the cancellation form for a record. If the seller did not give cancellation forms, the buyer can write their

own cancellation letter. It must be post-marked within three business days of the sale.

If the purchase is cancelled, the seller has 10 days to:

- cancel and return any promissory note or other negotiable instrument you signed;
- refund all your money and tell you whether any product you still have will be picked up; and
- return any trade-in.

Within 20 days, the seller must either pick up the items left with the buyer, or reimburse the buyer for mailing expenses, if they agree to send back the items. The Cooling-Off Rule applies even when the salesperson is invited into the buyer's home to make a presentation. A buyer's right to cancel a sale for a full refund extends until midnight of the third business day after the sale.

HOW TO COMPLAIN ABOUT SALE PRACTICES
Consumers who have a complaint about sales practices that involve the Cooling-Off Rule can write: Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington D.C. 20580. The Rule's complete name and citation are: Rule Concerning Cooling-Off Period for Sales Made at Homes or at Certain Other Locations; 16 CFR Part 429. Consumers in Connecticut can also contact the State of Connecticut Department of Consumer Protection to find out what their rights are under state law.

TO FIND PROVIDERS IN CONNECTICUT'S COMMUNITY RESOURCES DATABASE:
Search by agency name: Federal Trade Commission

_____

SOURCE: Facts for Consumers: The Cooling-Off Rule: When and How to Cancel a Sale posted on the Federal Trade Commission's website
PREPARED BY: 211/nl
CONTENT LAST REVIEWED: October2023