

Extended warranties sold with rent-to-own agreements: customer information and deferred opt-in

Chapter 5

Extended warranties sold with
rent-to-own agreements:
customer information and
deferred opt-in

5.1 Ensuring the customer can make an informed decision

- (1) A *firm* must give the *customer* the information in (3), at the same time and in the same *document*, when it offers to sell them an *extended warranty*.
- (2) A *firm* must ensure that any other *person* to whom it has referred the *customer* or invited or induced the *customer* to obtain an extended warranty from gives the *customer* the information in (3), at the same time and in the same *document*, when that *person* offers to sell the *customer* an *extended warranty*.
- (3) The information is:
 - (a) the total cost of the *extended warranty*, separate from any other prices, in the following terms:
 - (i) weekly;
annually; and
over the duration of the *rent-to-own agreement*;
 - (b) the significant features and benefits, significant and unusual exclusions or limitations of the *extended warranty*, with cross-references to the relevant warranty document provisions;
 - (c) a statement that *extended warranties* may be available from other *persons*;
 - (d) an explanation of how the *extended warranty* interacts with and compares against any other products sold or offered for sale in connection with the *rent-to-own agreement* (e.g. theft and accidental damage insurance);
 - (e) an explanation of how the *extended warranty* interacts with and compares against any standard manufacturer's warranty that may apply to the *goods* which are the subject of the *rent-to-own agreement*, given in a way that enables the *customer* to make a clear comparison between the two;
 - (f) when the *extended warranty* can be concluded, as described in ■ PROD 5.2.1R; and
 - (g) the date the information in (a) to (f) is provided to the *customer*.
- (4) The information in (3) must be communicated in a way that is:
 - (a) fair, clear and not misleading;
 - (b) in writing or another *durable medium*; and

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- (c) made available and accessible to the *customer*.
- (5) The information in (3) must be drawn to the *customer's* attention and must be clearly identifiable as key information that the *customer* should read.
- (1) A *firm* that sells *extended warranties* that constitute *contracts of insurance* must also comply with the *rules* in ■ ICODS 6 (Product Information).
- (2) *Firms* should also take into account the Supply of Extended Warranties on Domestic Electrical Goods Order 2005. Other consumer protection legislation may also be relevant.

5.2 Deferred opt-in for extended warranties

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(1) A *firm* must:

- (a) not conclude the sale of an *extended warranty*; and
- (b) ensure that no other *person* to whom the *firm* has referred the *customer* concludes the sale of an *extended warranty*;

until at least two clear *days* have passed since the required information was provided to the *customer* (■ PROD 5.1.1R).

(2) The period in (1) is one clear *day* after providing the information if the *customer*:

- (a) initiates the conclusion of the sale of the *extended warranty*;
- (b) consents to the conclusion of the sale of the *extended warranty* earlier than provided for in (1); and
- (c) confirms that they understand the restriction in (1).

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For example, if a *firm* provided the required information to the *customer* on Monday, it would not (absent the *customer's* consent) be able to conclude the sale of the *extended warranty* until Thursday.

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Before the conclusion of the sale of an *extended warranty*, a *firm* should have regard to the information needs of its *customers* and consider whether it would be in the *customer's* interest to receive the information in ■ PROD 5.1.1R again, for example if a long time has passed between the provision of the information and the conclusion of the sale.