



Consumer Law Comparison

[name of student]

[case study]

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## Introduction

This study will review all the three laws stated by the United Kingdom's government. Consumers living in the United Kingdom also enjoy these benefits because of the UK government's consumer law act for fair means of trade, especially taking care for the consumers as we all know the famous quote that "Customer is always Right". UK law protects the consumers as in terms of supply of the goods as per demanded, services provided as promised to deliver, including remedies providing in different conditions like a breach of contract, unsatisfied or hidden trade terms. These protections are now spread all around the world and also practised in different law and regulations.

The basic aim of the "*Consumer Rights Act 2015*" (CRA) is to provide the proper rules and fair trade benefits to both parties, i.e. consumers, as well as businesses which mean in this law the consumers and the suppliers, are both enjoying the benefit provided by the UK Government the level of risk in their trade would come below from before as risk cannot be excluded. However, it can be controlled by applying different measures. Somehow, the drafters (middleman) also took advantage of this law and requested the government to make some security for the drafters too not some big demands but to remain up-to-date according to the recent market trends in purchasing a different kind of goods and services. The Act includes the protection of consumers extends to cover the supply of digital content as the trade exist online these days. Secondly, it consolidates and provides remedies and return policies for the consumers as if they receive any kind of defected goods in online trade or if they are not satisfied with the services provided online and it provides clear terms. Condition policy has described with brief and detailed terms if any so that it should be easy for both parties what kind of goods and services will be provided and it should be according to the Act if not than the authorities may take action according to their law.

This Act also creates a dominating challenge for the UK Government as in major increase in market competition as in the form of a private firm, and as well in public firms these competitions exist out of the article, it will be beneficial for all the small scale industries, small scale markets and for small traders. The best thing to boost up this Act as that the firm which has not provided the authentic goods and services cannot survive and the medium scale would be preferred in the market based on their quality of trade.

### *Analysis of 2 consumer rights*

The UK government provided the three basic laws for the consumer's safety in trade and the claim of their rights.

These laws are as under;

#### **Consumers Protection Act of 1987**

The consumer's protection act was introduced in 1987 in the light of business frauds and unprofessional behaviour this law was introduced in favour of the consumers that if the consumers face any kind of damaged, personal loss and face death by using that product than the producer will be liable to compensate for the loss or damage faced by the consumers.

#### **Rules**

- If the property or any source of good which was ordered is damaged and it cost less than £275, then the damaged will not be compensated by the producer.
- If the consumer ordered any kind of product for personal use, and it causes damage in his business by consuming his product, it will not be entertained.
- If any other person rather than the consumer also faces damage due to that product, they can also claim from the producers about their damage/loss.
- The consumers have almost three years' time period from the initial date of damage to sue the case against the manufacturer/producer.
- The claim cannot be submitted after ten years of sold inventory.
- If the product is declared faulty, then the Act gives local authorities the complete Right to seize the trade of that particular goods in the market.

If the case is lost, the consumers are liable for any cost to both parties, i.e. producer and retailer.

#### **Scope:**

The question may occur that if the consumer can make fraud with producers, it's not that easy the consumers can claim their losses according to the rules and obligations that the UK government has set for them. According to section 2(1) *Consumer Protection Act* if damage cost is less than 275 pounds than the consumer cannot claim the damage from the producer, if any

damage mistakenly made by consumers itself, it cannot be claimed and if it does damage in your business which you ordered for personal use if the product was not damaged until it was delivered it will not be entertained according to the law and it will not be compensated.

***Rights and Remedies:***

Nowadays every business either it is a small scale, medium or large scale business every single of them knows to sell the product you have to use the marketing terms as in advertisement too so that every single of them make their logos and brand name accordingly and use them, on their product too so that consumers know which company or which brand product they are using. The procedure to claim in this law is by claiming against the producer of the goods which caused you damaged you can easily find the logo or brand name on the product or on the delivery package it may help consumers to file complaints against the producer of that good; it is up to consumers whom he files against either the producer or the whole company (the compensation will be entertained from a single entity not all of them).

***Case Law: McGlinchey v General Motor***

McGlinchey files the case against general motor by stating she parked her at the gradient of 4% she went out of the car and went around the boot to let her dog out, but after that, the car started moving towards the back as she stated that the car handbrake must defect from the start which causes her damage and pursue a claim against the producer. The claimant referred to a various defect in the testation. Still, the nature of the failure of handbrakes was never found/identified properly according to the court commands and the law they are applying. The testing was done more than 2 to 3 times the brake fails, but it shows in the technical report that the car may have been repaired or have an initial accident that causes the car's failure to handbrake the car was working perfectly while it was delivered.

***Law Applied***

The law applied in this Act was *Consumers Protection Act 1987* which allows the consumer to file a case against the producer if they receive any kind of faulty goods which were ordered and have a cooling period of 14 days to return as discussed above, Miss McGlinchey sue the case while considering this Act and the court study the case according to the Act on which the consumer applied for the compensation.

**Judgement:**

The judgement according to the Act was tested and analysed several times as the Act is in favour of the consumers, but the judgement was failed against the compliant as the car reports were clear that it may have an initial accident before and the car was delivered perfectly according to the need of the consumers.

**Consumers Credit Act (1974)**

The consumer credit act was introduced in 1974 but amended in 2006 later on; this Act was introduced to ease consumers for the trade-in credit terms according to the UK governments rules and regulations this law applies on financial services and financial markets. Some credit instruments can also be included in this Act but only on the premises of a country that is UK government security bonds or local bonds.

**Rules:**

- The Consumer *Credit Act 1974* (CCA) is a key piece of consumer legislation.
  - Rule of how commercial credit agreements should be conducted is defined in this law.
  - The CCA law does not entertain mortgages or charge cards or any kind of lending instruments.
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- Section 75 of the CCA provides additional protection for purchases made using a credit card that is greater than £100 but no more than £30,000.
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- The CCA allowed consumers to rethink about the credit term agreement during the standard cooling period.

**Scope:**

The scope of this law is to facilitate consumers with the proper knowledge if consumers are trying to enter in credit markets than he should be provided detailed information and procedure about the credit terms, what should be the content and format of the agreement this details should also be provided to the consumers so that they have a basic concept about that, the consumers should also be acknowledged about how the Annual Percentage Rate of interest (APR) is applied according to, what will be the result if the consumer became defaulter or doing early settlement of contract (Contract Breach) or termination of the agreement these conditions should also be

explained to the consumers as they may not face any problems afterwards, another benefit for the consumers in this Act is they can make additional credit around 100- 300 pounds under section 75 of the *Consumer Credit Act*. While, agreeing on the contract the basic information of the consumers will be taken like name, ID card, complete address and such type of things and at the end, the consumers will be briefly informed about the nature of the contract, duration of the agreement and some more basic about the contract. The consumer will be liable for creditworthiness.

***Rights and remedies:***

While making the final agreement, the credit institutions give you a period to rethink your contract this period is called the cooling period; mostly cooling period time is almost five days to rethink your contract. However, some authorities give you around 14 days to rethink and confirm your agreement so that they can move forward with you in the credit terms, for the use of credit cards the cooling periods start when you receive the notification about your credit limitations this cooling period relies between the 14 days after the notification received, while the if due to some sort of issues if the credit agreement is cancelled then the, you have to sort out another mode of finance to fulfil the required amount of your credit term purchasing as cancellation of contract would not affect your purchasing, it will only cancel the credit agreement, but the remaining should be paid. If you think your file contains inaccurate or out of date information, under the CCA “*Regulation Act 2000*” you can ask for it to be amended, the process would require your application to the authority with your basic biodata, and including the point which was missing like date, entry or any other issue, the agency is liable to fulfil your application within 28 days, if the entry or date is amended the agency will send you a copy of the agreement with its seal.

***Case Law: NRAM v McAdam***

This case law consists of the purchasing of the appellant “NRAM” previously known as Northern Rock PLC is the successor company in building different societies in 1997. It was owned by HM Treasury in February 2008 and nationalised at the same year. After the nationalisation, it has not taken any new lending but has a background of residential mortgages and unsecured lending, before nationalisation. Between 1998 to 2008 it entered into many unsecured agreements, also known as “Together mortgag” which let the borrowers borrow house loans up to 95% on their security mortgages. At that time the secured and unsecured loan charged the same rate of interest.

In this mortgage program, the McAdam also borrowed some loan up to 30,000 pounds, after that NRAM received 227 complaints having unsecured loan of 25,000 pounds which was unfair accordingly.

***Law Applied:***

As per the case study it clearly shows that the Act should be applied in the Consumer Credit Act 1974, according to the Act the credit agreement taken place during the period with a limited amount borrowing ratio but McAdam somehow borrowed more than that after the realisation the NRAM complaint against the McAdam for the fraud of taking extra credit on the same agreement agreed upon and on the same interest rate of "Together Mortgage" the NRAM continuously received an application from other borrowers as well as they taught the company had allowed them less borrowing ration than others.

***Judgement:***

Lady Justice Gloster made the judgement that the NRAM would precisely be receiving back the amount from McAdam as he borrowed illegally more than the agreement in the unsecured loan if it was the secured loan than the NRAM would not be able to file a case against him as according to the Act the consumer would receive maximum protection from the as it was in favour of credit agreement.

**Consumers Contracts Regulations (2014)**

The consumer contracts regulations were introduced on 13<sup>th</sup> of June 2014, and it implements the consumer's right directive, this Act consist some valid points on online purchasing and selling of goods (also includes foreign trades) In this Act we will talk about some basic trading issues in this online tenure.

***Rules:***

Cancellation valid within 14 days,

- If a consumer purchases a service contract online, which include any sort of services.
- If a consumer purchase contract including services and goods to deliver, but if the taste of a consumer changes, it can be cancelled.

- Purchasing multiple orders from different online shops and delivering on single place also have a period of cancellation within 14 days.
- The sales contract, including a period of delivery for more than a month.

Contract without cancellation,

- A contract of online transportation services or purchasing of the online ticket.
- Medical products or medicines are prescribed only in online shops because all kinds of medicine cannot be sold.
- The purchasing of deteriorating goods (quick expiry) cannot be cancelled.
- The contract includes delivery within 24 hours.

### ***Scope:***

It includes all kind of online transaction taking place all under UK's premises, with legal authorisation and assurance of the quality of goods which has to be traded among parties to parties, as we all know in this digitalisation era every online business is growing with a rapid speed as it is easy for customers as well as producers to purchase and sell goods as many as they want with their payment method ease it can be cash on delivery or online payment methods. These transactions are made under the law which includes all the proper information to be given to the consumers as it is a distance trade in which the seller should provide every detail including proper images of the product and video I possible so that it makes consumers easier to purchase with their required and satisfying goods, it may include additional delivery charges if a consumer ordered it in urgent basis. The online purchasing also includes the proper and complete details of producers/sellers with their authentic address of shops so that if there is any sort of damage product or product not up to the mark as written and ordered can be compensated easily.

### ***Rights and Remedies:***

The consumers have the right for the cancellation of their placed order within the cooling period of 14 days if the delivery of that particular goods is more than 15 days; these 14 days' consumer has the right to think about the cancellation product if confused, after that the consumer also has the beneficial right to return the good within 14 days. If the producer has promised to return the amount of the goods returned than he is liable to pay the amount within 14 days as it is

the standard period of transaction in the market, the big transaction in the market are done in the credit terms that's why the 14 days' time period is standard. There are some major points as well where consumers cannot cancel or return the goods purchased as if you ordered CD, DVD or USB or any portable devices and removing their seals while unwrapping than the good cannot be returned as the Act doesn't allow the consumers to return the unsealed goods. The consumer should read terms and conditions properly, as mentioned in the online trading agreement before making a purchase order.

### **Comparison with European Laws**

The European law includes the "Faulty goods repaired and replaced." Under this law, the consumer can claim their faulty goods to be repaired and replaced with another good as per the European laws are maintained on the other hand UK "Consumer Protection Act." If the terms and conditions are agreed upon, and still causes damage to the consumers or other parties, the producer will have to compensate a huge amount according to the Act. However, suppose the property or any source of good which was ordered is damaged, and it cost less than £275. In that case, the damaged will not be compensated by the producer. The UK Government is providing more benefit here in favour of consumers as compensate more than Replacement secondly EU another law is "Contract without Unfair Clauses." in which the European governments are strictly conscious about their trading area with a fair means of trading no hidden charges and proper information about the product which has to be sold as the trade is existing from person to person, mostly transaction are held in credit terms.

In contrast, the UK government imposes "Consumer Credit Act." The CCA allow consumers to rethink about the credit term agreement during the standard paying period, helping consumers in their credit period. If you decided to pay all the credit amount in one full payment than the interest of other months would not be included in that only current month interest. As per CCA, the settlement of credit would be done. According to CCA, this process is called (Less Interest on Early Payment).

Moreover, the European government provides more benefit to consumers than the UK's. EU law also includes "Return most goods purchased online." within 14 days, they talked about the consumers' taste. Fashion can be changed at any time as it is not constant, so the consumers have a cooling period for cancellation of their order. There are high chances of fraud in online trading

as online trading is a trust buying without knowing the seller even just on the name of the stores/product the transaction is done while comparing to the UK, people have “Consumer Contract Regulation.” The Act also includes the details about returning goods if the consumer changed his mind than who will pay the return charges as applied according to the agreement between both parties., here both the government are providing almost the same services to the consumers as a benefit. If the product is out of stock, and the producer accepts the order and cannot deliver on the given period, the producer will bear the cost according to the Act rules. Or if a consumer is Purchasing multiple of orders from different online shops and delivering on the single place, it can also be cancelled by the consumer if he/she changed their mind. Overall, both laws favour the consumers as consumers are treated as the main key in the markets, and all the laws are securing consumers. Both comparing laws are suitable for the consumers who are willing to trade in their country premises; governments provide the best policy for the consumer’s safety.



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