

CONSUMER RIGHTS ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1: Consumer Contracts for Goods, Digital Content and Services

Chapter 2: Goods

What remedies are there if statutory rights under a goods contract are not met?

Section 20: Right to reject

106. This section serves to explain the remedies of short-term right to reject, final right to reject and the right to reject under section 19(6), and how these operate.
107. The section establishes that when the consumer has one of these rights to reject and chooses to exercise it, this means rejecting the goods and terminating the contract. The section also provides what the consumer must do to exercise the right.
108. *Subsection (5)* sets out what the consumer must do to exercise one of these rights: they must indicate to the trader that they are rejecting the goods and treating the contract as at an end.
109. *Subsection (6)* clarifies that, as long as the meaning of the indication is clear, it does not matter what form it takes.
110. *Subsection (7)* provides that when the right to reject is exercised by the consumer, the trader has a duty to refund the consumer and from this time the consumer must make the goods available for collection by the trader, or if agreed, return the rejected goods to the trader.
111. *Subsection (8)* clarifies that any reasonable costs of returning rejected goods to the trader (except where the consumer returns the goods in person to where they obtained physical possession of them) is to be borne by the trader. This includes the trader paying postal costs. This applies whether or not the consumer has agreed to return the goods, as mentioned in *subsection (7)*.
112. *Subsection (8)* does not prevent a consumer from pursuing a damages claim. For example, a consumer might wish to do so in circumstances where returning the goods to the place that the consumer obtained physical possession of them does incur quite substantial costs for the consumer.
113. *Subsection (10)* provides that where a refund is to be provided and the original payment (or part of it) was made with money, the consumer is entitled to money back for the money they paid, so the trader may not substitute store vouchers, credit or an equivalent in place of the required monetary refund.
114. If money was not used to pay for the goods, under *subsections (11)* and *(12)*, the consumer is not entitled to money back but the “refund” would be a return of whatever the consumer gave in exchange for the goods (see examples below). If this cannot be

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returned to the consumer due to the nature of the exchange, then, under *subsection* (18) and (19), the consumer may not demand a refund but may pursue a damages claim. The consumer still has a “right to reject” (that is, to reject the goods and treat the contract as at an end) in this situation, but the means of obtaining money back is different. Examples of situations where these subsections may apply include:

- A toy “bought” with vouchers collected from cereal packets. In this case it would be possible to return equivalent vouchers (even though they would not necessarily be the actual vouchers that the consumer cut out) and a “refund” could therefore take that form under *subsection* (11).
- A microwave supplied to the consumer by a trader specialising in refurbishment of white-goods, in exchange for the consumer’s old fridge-freezer. In this case, if the fridge-freezer was still available in an unchanged state, then this could be returned to the consumer as a “refund” under *subsection* (12), but if it was no longer available, or had been refurbished, then a refund would not be possible.

115. Where money formed part of what the consumer used to pay for the goods but the rest was “paid for” with something else (something non-monetary), the consumer is still entitled to a refund for the money that they paid and return of the other property transferred if possible. The consumer may pursue a damages claim for any loss for which they cannot claim a “refund” (of money or property) under section 20.
116. *Subsection* (13) provides that, in the specific case of hired goods, the consumer may not claim a refund on any money paid (or whatever was transferred in place of money) for hire that the consumer enjoyed. Any refund will only cover money paid for a period of hire that was lost due to the contract being ended. For example, if a consumer hired goods for 1 month and paid in advance, but after 3 weeks a fault manifested so the consumer exercised their short-term right to reject, the consumer would only be able to seek a refund for the remaining 1 week when the goods would not be used. The consumer may also have a claim in damages to compensate them for some of the hire charges paid during the period in which the consumer had the faulty goods but before they rejected them. Under *subsection* (18)(c), if something other than money was transferred in exchange for the hire of the goods, and this cannot be divided to account for the time that the consumer has not had use of the goods, no refund may be pursued. The consumer could instead claim damages. If what the consumer transferred can be divided but not into the portion to which the consumer would be entitled under *subsection* (13), a refund of the division can be pursued, even if this is less than the proportional amount transferred by the consumer for the period of use of the goods. The consumer could then claim damages for the remainder.
117. *Subsection* (14) establishes that for contracts other than hire, and where payments for the goods are made over time (conditional sale and hire purchase contracts), any claim for a refund can only be made against money that has already been paid up to that point. For example if a £500 washing machine was found to be faulty after the consumer had paid £350, the maximum refund would be £350.
118. *Subsection* (15) requires a trader to provide any refund due to the consumer without undue delay and at the latest within 14 days from when the trader agrees that the consumer is entitled to it. For example, if a consumer rejects goods because of a technical fault which cannot be seen without testing or detailed examination, the 14-day period would start once the trader had carried out the appropriate tests and found the goods were indeed faulty. In contrast, if it was clear from looking at the goods that they breached the relevant requirement under the Act, there is unlikely to be any reason for the trader not to agree immediately that the consumer is entitled to a refund. In any case, there must be no undue delay, so the trader could not delay payment unnecessarily, for example in order to wait for time-consuming tests which are completely irrelevant. *Subsection* (16) provides that, where the consumer paid money under the contract, the refund must be given in the same form as the original payment unless the consumer agrees otherwise. For example, a consumer who paid cash should receive cash rather

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than, say, a cheque unless they agree to this. Under *subsection* (17), no fee may be charged for the provision of a refund.

119. *Subsections* (20) and (21) clarify how rejection of goods works where a contract is severable. That is where the contract was intended to be divisible, so different parts of the consideration can be assigned to different parts of the performance – e.g. an agreement to pay pro-rata for some goods supplied, no matter whether others are supplied.
120. Where a contract is severable, if the fault is with goods in one part of the contract, the consumer has a right to reject those goods and effectively terminate that part of the contract. Beyond that it is a question of the circumstances as to whether the consumer may or may not reject other goods and effectively terminate the whole of the contract.
121. *Subsections* (20) and (21) do not apply in relation to Scotland.