

SHOPPING**1****Common Consumer Questions**

It's tough to be a consumer. Staying on top of rules regarding returns, refunds, deposits, warranties, co-signing, "as is" purchases and private sales can be confusing. Being aware of these rules and how they apply can save you money and help you avoid problems.

Returns and Refunds

Don't count on always being able to return a product you've bought, whether it's from a store or the Internet. There is no law that says all sellers must take back an item. It may not matter that you don't like it, decided you can't afford it or found it cheaper somewhere else.

Every seller has a different return policy. Find out what the seller's policy is before you buy. The return policy is often stated on the back of the receipt and/or posted near the cash register; if not, get it in writing on the receipt. Note that these policies may change during promotions and for items that are on sale or are deemed to be "party wear."

Some stores will allow you to bring goods back but will set conditions. Examples are:

- No returns or exchanges allowed on personal goods such as pierced earrings or swimsuits.
- Products may be exchanged but not returned for cash back.
- Goods must be returned within a set number of days.
- A credit note will be given instead of money returned.
- Goods must be unused and still have all tags, packaging, etc.
- You must have your sales receipt (although this is almost always required, some stores will refund or exchange without a receipt).
- A restocking fee may be charged.

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Your provincial or territorial consumer affairs office may have legislation that gives you the right to return specific products or cancel contracts. Contact them for more information.

Deposits

A deposit is usually a lump sum of money required to reserve or hold a product or service. Whether it's a deposit on a vehicle, a hall rental, a grad outfit or a photographer, be sure that you want the product or service. If you change your mind, you are not, by law, entitled to get your money back. Be sure to ask what the conditions are before you put down a deposit, and only put down the minimum amount required.

Warranties

A warranty is a written guarantee to the purchaser of an article, promising to replace or repair the article, if necessary, within a specified period. All warranties are not the same — read them carefully to find out what is and isn't covered and for how long. Watch for phrases such as “lifetime warranty.” Whose lifetime — yours, the product's or the company's? Also, where do you have to send the product for service? Will the item be replaced or repaired, and who makes that decision? Who is the warrantor — the manufacturer, the seller or someone else? Do you have to register the warranty when you buy the item? Do you pay for shipping and handling?

Some provincial and territorial legislation states that implied warranties apply to every sales contract (unless the seller and buyer both lawfully agree that the warranty does not apply). The implied warranty normally states that the goods be of “merchantable quality” and fit for the purpose for which they were sold. Misleading warranty promises could fall under your jurisdiction's legislation on misleading advertising.

For information on warranties, check with your provincial or territorial consumer affairs office for the provisions in your jurisdiction.

“As Is” Purchases

A product that's sold “as is” doesn't have a warranty. You are buying what you see, whatever its condition.

Used goods are generally sold “as is.” Check these goods carefully to make sure that they will work without costly repairs. “As is” statements may cancel any implied warranty given by provincial or territorial legislation. However, if the salesperson knew the product was defective when he or she sold it to you, you may have some rights under your jurisdiction's consumer protection legislation.

Private Sales

A private sale is between individuals, not between a consumer and a business. Most consumer legislation does not include private sales. If something goes wrong, your consumer affairs office may not be able to get involved. You will need to deal with the seller. If the seller isn't willing, your next step is court action. If the amount of money you want from the seller is under the limit, you could use small claims court. Check with your provincial or territorial consumer affairs office for more information.

Co-Signing

Co-signing is not vouching for a person. If you co-sign a debt, such as a loan or a joint credit card, you are **equally responsible for the whole debt**. If the other person can't pay, the creditor will demand that you pay.

When creditors ask for a co-signer, they are looking for someone else to share the risk. The person you co-signed for may not have a credit history or may have a bad credit history.

As a co-signer, you will be responsible for paying the debt. If someone asks you to co-sign or if you get someone to co-sign for you, think carefully about how this could affect your financial situation as well as theirs.

Contracts

Contract law is a provincial and territorial responsibility. Your province or territory may have legislation that gives you more rights when you buy specific products or services. For example, all jurisdictions in Canada give consumers 10 days to cancel most contracts made with a door-to-door salesperson. To find out what other legislated rights you have, contact your provincial or territorial consumer affairs office.

More Information

Visit www.ConsumerInformation.ca.

You may also consult your provincial or territorial consumer affairs office. A list of consumer affairs offices is available in the "Where to Get Help and Information" section of *Am I Making the Most of my Money?* in this series.

The Province of Quebec's Office de la protection du consommateur (www.opc.gouv.qc.ca) offers additional information in French.

2 Complaining Effectively

Making a Complaint

You have finally saved enough money to buy that new electronic gadget you've been wanting or have your hair cut at the new salon in the mall. What do you do if you are unhappy with the product or service that you paid for? In many cases, your only option is to complain.

If you know how to complain effectively, you have a much better chance of being satisfied. The *Complaint Courier* (www.complaintcourier.ca) can help. It is an interactive tool that guides you through the complaint process, providing you with the resources and advice you need to complain effectively and increase the likelihood that you will receive satisfaction.

The first step in the process is to contact the business.

Use these *Complaint Courier* tips:

- 1. Do not be afraid to complain.** Good businesses will be pleased to correct any mistake on their part. They know that customer goodwill is the best form of advertising.
- 2. Do not procrastinate.** If a product is defective or unsatisfactory, it is important that you return it quickly so that you do not lose the right to get your money back.
- 3. Talk to the right people, in the right order.** Give each person enough time to resolve your complaint. Start with the sales clerk and then move on to the customer service office (if there is one) or the manager. If that still doesn't work, contact the business's head office.
- 4. Be prepared to negotiate realistically.** Businesses that don't give refunds might be persuaded to exchange or repair your purchase or make other arrangements.
- 5. Be polite.** Be calm. You'll get better — and maybe quicker — results if you explain the problem and ask for a resolution without resorting to anger or threats.
- 6. Be clear.** Know your facts — preferably by keeping a file with all the necessary documents — and use them to ask for what you want.
- 7. Keep good records.** Always keep a file of important information. Include the sales receipts, repair orders, warranties, cancelled cheques, contracts and any letters you have written to or received from the company concerned. Note the names of people you talk to, as well as the dates, times and outcomes of the conversations.

If you are unable to get results over the phone or in person, you should then write a letter to someone higher up in the company. The *Complaint Courier's* online Letter Writing Wizard can formulate a letter for you, which you can then print and send by registered mail.

If all else fails, you can use the *Complaint Courier* to submit a complaint form to the appropriate regulatory agency and find advice on your legal options.

3 Be Your Own Financial Manager

Your Bank Account

Taking care of your money is an important responsibility. Having a bank account helps you protect and manage your money.

Managing your bank accounts well allows you to stay in control of your finances and make the most of your money.

Monitoring Your Banking Activities

In order for you to stay in control of your finances, you should be monitoring your banking activities. Check your statements when they arrive, or check your account activities online. Try making a budget every month of what you spend and see if this matches with your statement. This can help you identify areas where you may be overspending and guard against fraud and identity theft. If you notice any large differences between what you thought you spent and what your statements says you spent, contact your bank immediately. For more information on fraud and identity theft, see *Be on Your Guard* in this series.

Service Fees

Like any other business, banks charge fees for the services they provide to customers. The amount you are charged for each service depends on your bank and the type of bank account you have. Here are some tips to help you reduce your service fees:

- Carefully identify and document your needs before shopping for an account.
- Use your own bank's ABM to avoid paying extra fees.
- Make one large withdrawal instead of several small ones.

- It may be less expensive to do some transactions at the bank machine, by telephone or online instead of at the counter in a branch.
- Set up pre-authorized payments to pay monthly bills to avoid late payment charges or postage.
- Many banks waive fees if you maintain a minimum balance in your account.
- If you use your card frequently, consider a monthly flat-fee plan to reduce the cost of transactions.

Credit

Do you have a credit card? Do you use it often? Have you ever taken a cash advance?

Credit can be a helpful tool, but it can also be very habit-forming, and it's a hard habit to break. Learning to manage your credit properly can help you avoid serious trouble in the future. Establishing good credit habits now will last a lifetime.

Credit is paying interest so you can use goods or services before paying for them in full. Some items such as homes, vehicles and post-secondary education are hard to pay for without using credit. It's also difficult to shop on the Internet without a credit card.

Managing Your Credit

- Decide what you will use credit for. Generally, it's not wise to use credit for goods or services that will be used up before the debt is paid.
- Make sure you can afford the payments.
- Lower your access to credit by limiting credit cards to one and keeping card limits low. Credit cards make it easy to buy on impulse. If you had to use cash, would you buy the item?
- When borrowing, make the down payment as high as you can manage and the repayment time as short as you can carry comfortably in order to keep your total costs as low as possible.
- **Keep track of what you charge.** Verify the charges listed on your statement are correct. This will help you know what you are spending and it is also a good practice for fraud prevention.

Interest Costs

The most obvious cost of credit is the interest you pay. The amount of interest you pay depends on:

- the amount you are putting on credit (the principle of the loan)
- the interest rate
- how long you take to pay the debt in full
- your credit history

With a credit card, you will pay interest if you don't pay the full balance when it's due. Interest adds up quickly when you are making only the minimum monthly payment on a credit card. For example, if you have a \$1000 balance on a credit card at 21 percent interest and you paid only the minimum monthly balance, it would take six and a half years to pay off the \$1000 and would cost an extra \$454 in interest. If you can't pay your credit card balance in full when due, it may be because you are spending more than you can afford.

Other Costs

Many forms of credit have fees other than interest, such as account fees, transaction fees and overdraft fees. There are other costs too — in time, money, energy and future borrowing power — that can result from too much credit.

What is a Credit Rating?

Credit rating allows financial institutions and others to measure the level of financial risk you represent. It is established from various factors such as your past and current level of debt, your debt repayment or bill payment habits, the number of individual debts, etc. You can also say that your credit rating is a formal evaluation of your ability to pay interest and repay principal on borrowed money, based on the information that is collected about you by a credit reporting agency or service.

Can Poor Credit History Be Fixed?

If you have a poor credit history, credit counselling may be the best answer:

- Credit counsellors in your jurisdiction are listed under “Credit” in the *Canadian Consumer Handbook's* directory of organizations (www.consumer.ic.gc.ca/handbook).
- Beware of offers to “fix” your credit history.

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- Be cautious of loan offers that require you to send money for “administration,” “deposit” or “insurance” purposes. Such companies may charge a lot of money, can’t change your credit history and probably won’t give you a loan.
- Payday lenders offer short-term loans and cheque-cashing services that have extremely high interest rates. Be aware of all terms, conditions and fees before signing a contract. Using these loans can be very costly.

Poor payment history limits your choice of lenders and your ability to borrow. If your debt is too high, bankruptcy may be the only way out, although it is a serious step with many consequences. It may not erase all your debt, and creditors can take secured and other assets that aren’t exempt under your province or territory’s legislation. Bankruptcy can also affect future employment options. The *Take Charge of Your Debts* tool may be able to offer options other than bankruptcy www.consumer.ic.gc.ca/debt.

You can get your credit report by contacting:

- Equifax: 1-866-779-6440
- TransUnion: 1-877-525-3823 (Quebec residents: 1-877-713-3393)

More Information

Read *Dealing With Credit* and *You and Your Money* in **Reality Choices** at www.cmcweb.ca/awareness.

For information on bankruptcy, the alternative consumer credit market (payday lenders), pawnbrokers and methods for managing credit cards and debt, visit www.ConsumerInformation.ca.

You may also consult your provincial or territorial consumer affairs office. A list of consumer affairs offices is available in the “Where to Get Help and Information” section of, *Am I Making the Most of my Money?* in this series.

The *Canadian Consumer Handbook* also lists not-for-profit organizations that can help set up debt repayment plans for a small fee. Consult the “Credit” section in the *Canadian Consumer Handbook*’s directory of organizations at www.consumer.ic.gc.ca/handbook.

Check out *Take Charge of Your Debts* www.consumer.ic.gc.ca/debt and find out what you can do if you are in debt.

BUYING A VEHICLE?



Buying a Vehicle

Buying a vehicle is a big decision. Whether you really need one should be your first question. The best way to ensure that you get the vehicle that is right for you is to do your homework and get as much information as possible. Remember, there are thousands of new and used cars in Canada. The one that is right for you is out there, so don't feel pressured.

If you want some help doing your homework on purchasing a new car, here is a worksheet that will help to put you in the driver's seat.

Compare the different vehicles you would like to purchase.

Different organizations test vehicles and rate them, usually using a scale ranging from excellent to poor. There is a fee for the information available at some websites. You can find information about different vehicles from the following:

- www.ConsumerInformation.ca
- Automobile Protection Association (www.apa.ca)
- Canadian Automobile Association (www.caa.ca)
- *Protégez-Vous* (French only) (www.protegez-vous.qc.ca)
(There may be a fee to access this site.)
- *Consumer Reports* (www.consumerreports.org)
(There may be a fee to access this site.)
- Insurance Bureau of Canada (www.ibc.ca)
- *Spending Smarter* (www.consumer.ic.gc.ca/spending)
- *The Canadian Red Book* (www.canadianredbook.com) (There is a fee to access online, however go to your public library to look at a copy.)

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	Vehicle 1		Vehicle 2		Vehicle 3	
Safety	Excellent	Good	Excellent	Good	Excellent	Good
	Fair	Poor	Fair	Poor	Fair	Poor
Reliability	Excellent	Good	Excellent	Good	Excellent	Good
	Fair	Poor	Fair	Poor	Fair	Poor
Maintenance	Excellent	Good	Excellent	Good	Excellent	Good
	Fair	Poor	Fair	Poor	Fair	Poor
Fuel consumption	Excellent	Good	Excellent	Good	Excellent	Good
	Fair	Poor	Fair	Poor	Fair	Poor
Insurance industry rating	Excellent	Good	Excellent	Good	Excellent	Good
	Fair	Poor	Fair	Poor	Fair	Poor

Where will the money to buy the vehicle come from?					
Do you have all the money you need to buy the type of vehicle you want (including registration, pre-delivery costs, tax, etc.)?				Yes	No
If not, how much money do you need to borrow?				\$	
What lenders do you want to talk to? Plan to ask each of them the same questions.					
Name of Lender	Interest Rate	Monthly Payment	No. of Months to Pay	Is a Co-Signer Needed?	

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Check out insurance costs.

Insurance rates will vary depending on the type of vehicle you will purchase. Ask insurers for quotes based on the vehicles you would like to buy.

Insurer	Vehicle 1	Vehicle 2	Vehicle 3

Can you afford the vehicle you want? (Be honest!)

The following chart lists the various costs involved in owning a vehicle. To find out if you can afford the vehicle you want, estimate the amount it will cost you annually for each of the items. You should be able to estimate these amounts based on the vehicle information you found while doing your homework. At the bottom, divide by 12 to find out the monthly cost.

If you plan to purchase the vehicle on a payment plan or will be paying back a loan to purchase the vehicle, remember to add the monthly payment to your monthly costs already calculated. This amount will no longer need to be added to your monthly costs once you have completed all of your payments.

If you plan to pay for the car in full, ensure that you have enough money to cover the full price, including taxes. You will not need to include the price of the vehicle as a monthly expense in this case, since it is a one-time expense that you will pay for in full.

Remember that there may be pre-delivery costs such as for freight or tune-up. Set aside enough money to cover these costs.

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Costs	Estimated Amount		
	Vehicle 1	Vehicle 2	Vehicle 3
Maintenance (oil changes, tune-ups, tires and brakes, for a year)	\$	\$	\$
Cost to register your vehicle (for a year)	\$	\$	\$
Fuel cost (amount you will spend each week x 52)	\$	\$	\$
Insurance (for a year)	\$	\$	\$
Unexpected repairs (expect something to happen!)	\$	\$	\$
Parking (at school, movies, sports events, etc. — each week x 52)	\$	\$	\$
Total Costs	\$	\$	\$
	/12	/12	/12
Monthly Cost	\$	\$	\$
Monthly Payment to the Dealer or Bank *Remember if you are paying for the vehicle in full, you do not have to fill in this section.	\$	\$	\$
Total Monthly Cost	\$	\$	\$

Test drive and compare.

You've done your homework, and now it's time to take a couple test drives. Don't be surprised if a seller asks for a deposit and possibly for you to sign a contract before you can take a vehicle for a test drive. If you agree, make sure you will get your deposit back in full and that the seller cancels the contract if you don't buy the vehicle — with no conditions. **Get it in writing**, and don't sign anything without reading every word!

	Vehicle 1	Vehicle 2	Vehicle 3
Options Included			
Price			
Your Notes			

A Few Precautions

- If you are purchasing a used vehicle, get an independent mechanical inspection before you buy.
- Check with your provincial or territorial consumer affairs office to find out if there are any liens registered against the vehicle. A lien means that someone owes money on the vehicle. If you buy a vehicle with a lien against it, you may be responsible to pay the money that someone else owes.
- If you choose to purchase a vehicle through a private sale instead of from a dealership, it's a "buyer beware" situation. Make sure that the person who is selling the vehicle is the registered owner. If you have problems after the deal, you may have to go to court to resolve them. Also note that in various provinces there is certain information that a seller must provide. Check with your provincial or territorial consumer affairs office to find out.
- Ask about a warranty. Even if you buy from a dealer, there may not be a warranty included with the vehicle.

Time to sign on the dotted line?

If you haven't done all your homework, don't sign on the dotted line. **Do not sign or make any deposit on a vehicle until you are completely satisfied with the deal.** Once you have signed the contract, it's unlikely that you will be able to change your mind. Even if the seller agrees, you may lose any deposit you've made.

- Read everything.
- Is the description of the vehicle accurate, including all optional features and promises you discussed with the seller?
- Check that the Vehicle Identification Number (VIN) on the contract matches the VIN on the vehicle.
- Confirm your warranty coverage.
- Check the math. Make sure the numbers add up properly and that your deposit is accounted for.
- Confirm all credit arrangements.

Leasing

When you lease a vehicle, you are not purchasing a vehicle. Leasing a vehicle means that you make monthly payments to own the vehicle for a certain amount of time. Leasing may be a convenient way to get a vehicle, but it may not be the cheapest.

Compare costs and think about your needs and choices before you lease. Be sure to ask about and understand what fees you'll pay at the beginning of, during, and at the end of the lease. Make sure you consider the same factors when you are comparing leasing with buying. Remember that a lease is a contract; you will have to keep paying for the duration of the lease, even if you decide you no longer want or need the car.

Make sure to read your lease agreement before signing, as it outlines the terms and conditions of the agreement and your rights and responsibilities. If you don't understand something, ask for an explanation. If the dealer promises you something, get it in writing.

More Information

Visit www.ConsumerInformation.ca to find out what you can do if you believe there was misrepresentation by the seller.

You may also consult your provincial or territorial consumer affairs office. A list of consumer affairs offices is available in the “Where to Get Help and Information” section of *Am I Making the Most of my Money?* in this series.

Check out *In the Driver’s Seat* in **Reality Choices**, available at www.cmcweb.ca/awareness for more information on purchasing and leasing a vehicle.

5 Cellphones

You couldn’t survive without your cellphone! But it’s your responsibility to choose and pay for your cellphone and cellphone plan. Do your homework, and decide what you want and need. It will take time, but you will save money by being informed.

Answer the following questions to help determine what you want and need. Keep your answers handy when you talk to the salesperson so that they can help you find the best cellphone and cellphone plan for you.

- How many minutes do I need during the day (weekly)? _____
- How many minutes do I need during the night (weekly)? _____
- How many minutes do I need during the weekend? _____
- Features I would like on my phone are: Voice mail _____
Call display / Caller ID _____
Internet _____
Text messaging _____
Others _____
- I am willing to commit to a contract (monthly payment plan). _____
- I don’t want to commit to a contract.
(You will probably need to buy a prepaid card.) _____

If you are willing to commit to a contract, you can choose a monthly plan for cellphone service. Remember that if you commit to a contract, you must continue to pay for service from the provider until the end of your contract. Some service providers may allow you to break the contract, but usually for a large fee. If you do not want to commit to a contract, you can consider purchasing prepaid cards.

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More Information

For more information on choosing a cellphone and cellphone service plan, check out *Cellphone Choices for Canadians: A Checklist* and *Cellphone Choices for Canadians: A Guide* at www.ConsumerInformation.ca.

Consumer protection remains an important part of the federal, provincial and territorial governments' agenda. In a spirit of co-operation and to improve efficiency on the consumer front, the Consumer Measures Committee (CMC) was created under Chapter Eight of the Agreement on Internal Trade. The Consumer Measures Committee has a representative from the federal government as well as every province and territory. The CMC provides a federal–provincial–territorial forum for national co-operation to improve the marketplace for Canadian consumers, through harmonization of laws, regulations and practices and through actions to raise public awareness.

