



Consumer Rights Bill receives first reading

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Last Thursday, the highly anticipated Consumer Rights Bill received its first reading in the House of Commons, marking a significant step in the development of consumer rights law. The second reading is scheduled for today, which is evidence of how quickly HMG wants to see it become law.

The main focus of the bill is to consolidate existing laws relating to consumer protection and sale of goods law. However, it also introduces significant innovations in respect of, for example, digital content, private law class actions for breach of competition law, and the remedies available to consumer law enforcers.

The key provisions and changes include:

Enforcement powers: regulators and designated enforcers (such as the new Competition and Markets Authority, Trading Standards Services, and *Which?*) are to be given much wider powers to take action following suspected transgressions of consumer law. This would mean that in addition to seeking a court order to stop conduct that breaches consumer law, the court could also order the payment of compensation for consumers who have suffered loss as a result of the misconduct. We are glad to see that a better system of checks and balances has been put in place following pre-legislative scrutiny to limit the use of this new power. However, the bill also includes a provision that could enable this power, as well as others, to be extended to private enforcers such as *Which?*. While the government has indicated that safeguards will be put in place, this is a potential cause for concern and may prove onerous for businesses.

Private actions for breach of competition law: fundamental reforms would introduce an opt-out 'class action' regime for victims of competition law infringements.

Goods, services, digital content:

- Consumers would be given 30 days to reject substandard goods and get a full refund.
- A new statutory right would be introduced meaning that a service must comply with information given by the trader, in certain circumstances. Specific remedies in the event of services falling below the standard expected would also be introduced, for example a reduction in the price the consumer has to pay for the service.
- The sale of digital content would be brought in line with the supply of goods law, but we still see problems with how this is being done.

Unfair contract terms: the bill seeks to streamline legislation governing unfair terms in consumer contracts. Traders would be under an obligation to make contract terms prominent, such as those which apply extra charges or relate to the price or overall subject of the contract. However, the bill no longer contains a requirement for traders to bring particularly onerous or unusual terms to consumers' attention.

Overall we are pleased to see that a number of issues with the draft bill have been addressed at the pre-legislative scrutiny stage. Significant concerns remain, however. We expect the bill to be further refined during the legislative process and will continue to track developments.

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