



The Highland Council

Trading Standards

Internet Sales Project 2008-09

Report

Contents

Introduction	1
Summary	2
The Project	3
Conclusions	8
Appendix 1 – Statistics	10
Appendix 2 – Compliance Form	11
Appendix 3 – Test Purchase Details	13
Appendix 4 – Case Studies: types of non-compliance	16
Appendix 5 – Investigation Case Studies	18

Introduction

In 2006-07, Trading Standards Officers working for The Highland Council conducted a detailed project on the sale of goods on the internet. This was carried out in response to the Service receiving increasing numbers of complaints from unhappy internet buyers in the Highlands. As expected, the findings demonstrated high levels of non-compliance. Some of the problems were general matters, such as failing to give cancellations rights. Others were particularly problematical for Highland consumers, such as additional un-stated charges being made to deliver to Highland addresses.¹

The detailed findings and conclusions of the project were reported to the Office of Fair Trading (OFT) and the Government's Business Department, and shared with Trading Standards colleagues. Overall non-compliance was found to hover around the 40% mark.

In addition to the collation and analysis of findings, the project also involved officers carrying out enforcement work, both dealing directly with businesses and liaising with colleagues in the "home authority" Trading Standards departments for the areas in which the sellers were based. A significant number of businesses were "brought into line" as a result, thus benefiting their future customers.

The OFT's very comprehensive market study into internet sales and the subsequent "websweep" in 2008 led by the OFT appeared to further confirm the Highland project's findings and the suspicions of officers. For example, the websweep found 40% of sites failing to properly display charges and 31% offering partial refunds.² Additionally, internet sales figures continued to grow, along with consumer complaints about such purchases. So, in 2008-09, Highland Trading Standards carried out a follow-up project, organised along similar lines to the 2006-07 work.

¹ The Highland Council Trading Standards, "Internet Sales Project 2006-07"
<http://www.highland.gov.uk/yourcouncil/news/newsreleases/2007/June/2007-06-27-01.htm>

² Office of Fair Trading, "Websweep Analysis", March 2008, (OFT ref 982), Page 5
http://www.offt.gov.uk/advice_and_resources/resource_base/market-studies/completed/internet

Summary

The project aimed to both build on past work and address new challenges and opportunities brought by new legislation and the developing internet marketplace. There were several different strands to the work carried out:

- “Inspection” of websites to check for compliance
- Test transactions to check other requirements in practice
- Follow up “enforcement” work to address specific problems and change the practices of non-compliant businesses
- Compilation of statistics
- Publicise findings and activities to raise awareness and attempt to influence interested parties

The main focus of the project was to actively carry out “enforcement” work. It was recognised that the statistical “survey” aspect of the project was less important. Studies from the likes of the Office of Fair Trading and the European Union produce more comprehensive statistics. Nevertheless, our figures are still of interest, especially those linked to test purchasing and other enforcement activities which tend not to be included in these other studies.

The findings suggest high levels of non-compliance, with over 40% of sites failing to offer full refunds, and at least a quarter not indicating prices and charges correctly. These are roughly in line with recent OFT statistics.

As expected, the test transactions both largely confirmed problems identified from inspecting websites **and** uncovered further contraventions. Test purchasing is a crucial tool for Trading Standards to carry out its functions, and we think that the findings from the purchases are particularly significant.

The investigations carried out into the identified non-compliant sites have resulted in a large number changing their practices, to the benefit of their customers. Officers in Highland have liaised with colleagues all over the UK on these inquiries.

We have been encouraged by the positive response of colleagues throughout the country to the matters the project has raised, and with the effectiveness of the enforcement work in improving compliance. However, we would also stress that the project only involved one hundred websites. This is large enough a number for the statistics and enforcement to be significant, but it is only a very small proportion of sites selling to consumers in the UK. We think it is vital that Trading Standards authorities recognise the importance of their role in protecting e-buyers by ensuring compliance by internet businesses.

Further, we would urge authorities to recognise the significance of the new “misleading omissions” regime in the Consumer Protection etc Regulations 2008, which used alongside existing internet legislation, can provide a high level of protection for consumers. We feel the legislative “set” would be “complete” by the introduction of a requirement for sites to prominently indicate cancellation rights on their homepage.

The Project

In line with the previous Highland project, ten leading product types were chosen, and ten websites for each product type selected for analysis. Two of the product types from the previous work were omitted; the largely compliant sector of clothing sales³ and the largely-exempt sector of DVD and CD sales⁴. These were replaced with cosmetic products and sports goods.

Another similarity with the previous work was the choice of main legislation used; i.e. the Distance Selling Regulations and the E-Commerce Regulations. A key difference to the previous survey was made possible by the implementation in the interim of the The Consumer Protection from Unfair Trading Regulations 2008. These Regulations created the important new prohibition of “misleading omissions”, whereby a business can be guilty of an offence by misleading consumers by failing to include important information, such as price, delivery charges and full information about the nature of the product. Even where information *is* included, it must **not** be “unclear, unintelligible, ambiguous or untimely”.

The banning of misleading omissions is a significant strengthening of consumers’ rights during internet purchases. It is of immediate practical effect to Trading Standards Officers in two ways. First, the omission of important information is now a criminal offence, whereas previously it was only a civil breach through the Distance Selling Regulations. Second, a business now is not permitted to “hide” important information in obscure parts of its website. Arguably, under the Distance Selling Regulations, as long as the information is **somewhere** on the site, then the business is complying. Under the new regime, the information must be clearly available to consumers; otherwise it is likely to be one or more of “unclear, unintelligible, ambiguous or untimely”, and thus a prohibited “misleading omission”.

In broad terms, then, the project was similar to the previous work. The replacing of compliant product sectors and the using of the new Consumer Protection etc Regulations do however represent significant differences which must be taken into account when making any statistical comparisons between the two studies.

All of the 100 websites chosen were “inspected” for compliance and records made for each. Of these, one-third (34) were found to be either fully compliant, or to have very minor non-compliances that were not worth pursuing. The other two-thirds were found to have significant contraventions. Table 1 below illustrates the basic overall figures by trade sector. See Table 2 in Appendix 1 for fuller details including types of non-compliance.

³ In the previous survey, few problems were identified with clothing retailers. This may be due to the well-established practice of “returns” in mail-order clothing sales. See Highland Council, op cit Page 4.

⁴ Sales of DVDs and CDs are exempt from cancellation requirements if the seal on the packaging has been broken. See Consumer Protection (Distance Selling) Regulations 2000, Regulation 13.
<http://www.opsi.gov.uk/si/si2000/20002334.htm>

Table 1 Compliance Totals

Product Type	Compliant	Non-compliant
Car Parts	2	8
Computer Goods	1	9
Cosmetic Products	3	7
DIY Goods	4	6
Electrical Goods	4	6
Furniture	8	2
Jewellery	3	7
Nursery Goods	4	6
Sports Goods	1	9
Toys	4	6
All Products	34	66

Next, 15 of the non-compliant sites were chosen for test purchases to be carried out. Although the figure of 15 was entirely arbitrary, sites were carefully selected as those which would most likely fail to comply with requirements that can only be checked through a test purchase. An inspection of a website can check whether a business is offering the correct cancellation rights, displaying prices, delivery charges etc. Only a test transaction can check whether it is providing the necessary “durable” information to a buyer and whether prices and charges displayed are those actually charged in practice. These matters are only a sample of the various issues involved; see Appendix 2 for a copy of the “inspection form” used for this project, which lists the requirements.

One further matter that was checked only with the businesses involved in test purchases was whether consumers were receiving their full cancellation rights in practice. Were businesses honouring their obligations to cancel up to 7 days after delivery, were they refunding in full, and were they refunding within 30 days? Officers purchased the products on-line and after receiving them continued to pose as consumers and sought to cancel and return the items. See Appendix 3 for details of the test transactions.

The most common problems found were:

- No refunds or incomplete refunds
- Delivery charges not displayed or unclear
- Restrictions on Distance Selling Rights
- “Durable information” incomplete
- Unfair Terms

No refunds or incomplete refunds

A whopping 41% of sites were found to either offer no refunds, or to provide partial refunds after deducting various charges. The most common reason for this was the deduction of the original delivery charge, although other excuses included “administrative” and “re-stocking” fees. Whilst sellers may require the consumer to cover the cost of **return** delivery in the event of a distance sales cancellation, the **original** delivery charge must be refunded. This was found to be a significant problem during the previous Highland project, and clearly continues so to be. The perception persists that some sellers are exaggerating the delivery element of a transaction in order to deduct a larger amount from a subsequent refund. These proportions should not matter: the rules require all original charges to be refunded. Note also that the already-very-high figure of 41% probably **underestimates** the real position. This figure comes from the sites which declared that they only offered partial refunds and those who provided partial refunds during the test transactions. It is thought very likely that several others of the sites would in practice provide incomplete refunds, possibly taking the overall non-compliance figure over 50%. Case study examples are in Appendix 4.

Delivery charges not displayed or unclear

Officers were unsurprised to discover that one in four sites did not display delivery information properly. This issue continues to be a problem for Highland consumers and their local Trading Standards Service. A number of factors relating to delivery – chief amongst them cost and expected timescale – are crucial to internet buyers in the Highlands. The project findings appear to confirm the suspicions of both consumers and Trading Standards Officers. At best, this results in a lot of wasted time for consumers. At worst, it involves consumers being misled and deceived out of money. See Appendix 4 for case studies.

Restrictions on Distance Selling Rights

About one in five sites listed terms and conditions which illegally restricted the rights of consumers vis-à-vis cancellation (two examples are illustrated in Appendix 4). Again, this is a figure which, already high enough to give cause for concern, in reality probably underestimates the level of non-compliance. It is likely that some of the other sites conduct restrictive policies in practice while not declaring these in their listed terms and conditions.

“Durable information” incomplete

When a consumer agrees to buy on-line, (s)he must be given a copy of certain important information in a “durable medium”, such as on paper or in an e-mail (listing on a transient internet page is not sufficient). The information includes among other things: the confirmed price including all charges, specific details on delivery and how to cancel, and information about guarantees. It is viewed to be an important part of an equitable distance selling system that the consumer gets this information in a form which they can consider at their leisure and decide whether they wish to continue with the purchase. Additionally, where they have no intention of cancelling – i.e. most cases – it gives them written confirmation of the important features of the contract.

This requirement can only be checked through a test transaction. The findings of the project were that 14 out of 15 completed test purchases involved the “durable information” being incomplete. In most of these cases it was very incomplete with most of the information omitted. See Appendix 4 for case studies.

Unfair Terms

In addition to the restrictions on cancellations discussed above, the findings also show that 15% of sites had other unfair terms, such as failures to meet obligations for faulty goods and the setting of unreasonable timescales. Again, this failure rate is likely to under-state the real level of non-compliance as it is based on openly declared unfair terms listed on sites. Some examples are in Appendix 4.

Other Problems Identified

A range of other problems were identified, but in lower numbers. It is considered appropriate to group these under two general headings: “other information failings” and “other matters”. The additional information issues involved the failure to provide one or more of the following: postal address, e-mail address, VAT number. These may be viewed as less serious than some of the issues discussed above, but nevertheless indicate contraventions of the law. A total of 16% of sites were found to be in breach of these requirements.

The “other matters” involved a total of 23% of sites checked and included the following problems: misleading prices; VAT-exclusive pricing; Sale of Goods Act problems; refunds given outwith 30 day limit; unhallmarked jewellery.

See Appendix 4 for case studies illustrating some of these points.

Further Investigation

Further work was carried out in some cases by Highland officers. However, the focus of the project was for information gathered to be passed to the relevant “home authority” for the business, i.e. the Trading Standards Service that covers the area in which they are based. Information was sent to a total of 44 Trading Standards authorities, detailing problems with 51 websites. Additionally, problems had been identified with six Highland-based websites and these were dealt with directly by officers in Highland. Of the remaining nine non-compliant sites, five became compliant shortly after being inspected, two ceased trading, and two reverted to business-to-business sales only.

Feedback from the “home authorities” has been very positive. Several have visited the businesses in question and taken appropriate steps to ensure future compliance. See Appendix 5 for examples. One of the recommendations contained in the report from the Highland project of 2006-07 was for Trading Standards authorities across the country to give internet sales a higher priority in their work schedules. At that time it was thought that many authorities carried out little “proactive” work on websites based in their area and anecdotal evidence from Highland officers suggested that some authorities were even reluctant to act on reported contraventions. Officers in Highland have noticed a more positive response from the home authorities involved this time.

Conclusions

As with the 2006-07 project, the level of non-compliance discovered was unusually high for a survey involving Trading Standards matters and the “legitimate” trade. Indeed, overall “failure” rates were actually *higher* than before, although this may be due to the strengthening of the consumer’s position via the Consumer Protection etc Regulations.⁵

One of the main areas of concern continues to be the failure of many sites to clearly display all charges, including delivery. Even on many sites which probably technically comply with the law, there is some confusion over exactly how delivery charges apply in different circumstances. We call on all businesses selling to consumers on the internet to have a fully comprehensive and unambiguous list of delivery charges, preferably sited “one click” away from the site’s homepage. Further, delivery charges should be added as soon as possible in the on-line buying process. We feel that these measures are the only way to ensure compliance on this matter, and to ensure consumers are fully informed and not misled.

⁵ The statistics from the earlier project do not record the number of sites with “hidden” key information.

Some matters have improved slightly. For example, the previous project found about one in five sites making no reference at all to cancellation rights. This figure drops to 9% this time around, confirming a perception amongst officers that there has been a general improvement in the overall recognition of distance selling rights by internet businesses. However, the project has shown that significant problems remain and there is still a major job to be done by Trading Standards to improve the situation nationally.

Further, much of the information about cancellation remains less accessible on sites than we would like. Sometimes, this will be a misleading omission under the Consumer Protection etc Regulations, but probably not in all cases. We still think there is a need for consumers to be alerted to the right to cancel in a manner similar to that in “doorstep sales” or timeshare agreements, where UK law specifies a prescriptive “cancellation notice”. We think that there should be a requirement under the Distance Selling Regulations for internet sellers to display a statement about the general right to cancel on the website’s homepage, ideally of a specified size expressed as a proportion of the screen size. Better still would be a requirement that a broad reference to cancellation rights appear on all pages of the site, perhaps with a hyperlink to a detailed explanation. The OFT’s market study found that 56% of consumers were not aware of their cancellations rights under distance selling laws⁶, and it is important that the issue is brought to their attention when buying on the net.

Experience from the enforcement work carried out during this project suggests that much of the non-compliance results from a lack of knowledge of the requirements amongst internet sellers, particularly small businesses. Whilst ignorance of the law is no defence, in most cases businesses will follow instructions given by Trading Standards. Often this is done fairly promptly, and seldom is formal action by Trading Standards necessary. In the majority of cases of non-compliant websites, a little bit of work by Trading Standards can go a long way. Projected nationally, we think that, even within the current local authority circumstances of tight budgets and scarce resources, Trading Standards can provide the input to make a big difference to benefit consumers and promote fair trading on the internet. In these difficult economic times, “every penny counts” and consumers can ill-afford to be misled in their shopping.

The Government’s recent consumer white paper proposes a new national enforcement team to tackle e-crime.⁷ This could be an important development in tackling many of the scams and deceptive practices aimed at internet consumers. However, it is thought likely that the routine “day-to-day” compliance issues of the largely legitimate trade (i.e. the subject matter of this report) will continue to be dealt with by local authority Trading Standards Services. We think it is important that authorities recognise this and continue to see themselves as playing a key part in “e-enforcement”.

⁶ “Internet Shopping: An OFT Market Study” (OFT 921), June 2007, Page 78

http://www.offt.gov.uk/advice_and_resources/resource_base/market-studies/completed/?Order=Text&l=I

⁷ The Government’s white paper “A Better Deal for Consumers” July 2009, plans the creation of a new e-crime enforcement team with input from a range of enforcement bodies (section 3.3.4, page 53).

<http://www.berr.gov.uk/whatwedo/consumers/consumer-white-paper/>

With all the numbers related to internet selling appearing to continue to rise⁸, a similar increase in demand for Trading Standards Services' activities in this field is likely. With finite resources only stretching so far, authorities may have to make difficult choices and focus priorities more on internet work, and away from some of the more traditional Trading Standards activities. However, now armed with the new "tools" from the Consumer Protection Regulations to accompany the existing distance selling laws, we think there is a real opportunity for trading Standards Services to make an impact and ensure that consumers are fairly treated. Highland Council's Trading Standards team intends to continue to give internet enforcement a high priority.

⁸ i.e. numbers of internet buyers and sellers, total amount spent on-line, etc. The OFT Market Study, op cit, Chapter 2, lists detailed information demonstrating such increases up until 2005. "Information society services" statistics from the EU's statistics body Eurostat suggests an increase in internet buying from 22% to 34% of consumers across the EU from 2004 to 2008, with the UK figures being 37% to 57%. http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=TIN00096

Appendix 1 – Statistics

Table 2 Overall Non-compliance List

Note: a total of ten websites were chosen for each product type

Issue	Car Parts	Computer	Cosmetics	DIY	Electrical	Furniture	Jewellery	Nursery	Sport	Toys	TOTAL
No refunds or incomplete refunds	6	3	6	4	3	0	3	4	8	4	41
Delivery charges not displayed or unclear	6	5	0	1	4	1	2	0	1	4	24
Restrictions on Distance Selling Rights	1	4	3	3	1	0	0	5	1	1	19
Unfair Terms	2	2	0	3	1	1	1	2	0	3	15
“Durable information” incomplete	2	2	3	1	1	1	1	0	1	2	14
No cancellation rights information	1	2	0	1	0	0	3	2	0	0	9
Other information failings*	4	1	2	0	2	1	2	1	2	1	16
Other Issues**	5	3	0	1	1	0	4	0	4	5	23

* Including failure to provide: postal address, e-mail address, VAT number

** Including: Misleading Prices; VAT-exclusive pricing; Sale of Goods problems; Refunds given outwith 30 day limit; unhallmarked goods

Appendix 2 – Compliance Form

Website Chosen	
Products Sold	
Requirement	Comments
Seller's name, address, registration number, VAT number to be indicated (state name and address)	
Seller must provide e-mail address for quick communication	
Information on licences and professional qualifications	
Main characteristics of the goods or services	
Prices to include all taxes	
Prices to include all other charges	
Delivery charges to be clearly indicated	
Arrangements for delivery and payment to be clearly indicated	
Right to cancel to be clearly indicated	

After contract is formed, buyer to get full information in a “durable medium”	
Buyer to get full details of how to cancel	
Buyer to get details of any guarantees	
Seller to give refunds as required by Distance Selling Directive	
Is any material information unclear, unintelligible, ambiguous or untimely?	
Recommended Action	

Appendix 3 – Test Purchase Details

Table 3

No	Product Type	Item Purchased	Problems from website inspection**	Problems from test purchase process***
1	Electrical Goods	Camcorder Case	Delivery charges unclear & contradictory. Website states that refunds will be minus delivery charge. No e-mail address for rapid contact.	Info sent in durable form incomplete. Refund incomplete.
2	Furniture	Pillow	Delivery charges unclear & contradictory. VAT number not stated.	Info sent in durable form incomplete.
3	Toys	Toys Storage Box	Delivery charges unclear. Various sale of goods and unfair terms issues in T&C.	Info sent in durable form incomplete.
4	Jewellery	Bracelet	Website states that refunds will be minus delivery charge.	Info sent in durable form incomplete. Unhallmarked jewellery supplied.
5*	Toys	Toy Camper Van	Delivery charges unclear. Website states that refunds will be minus delivery charge.	Charged higher amount for delivery than indicated on site and during buying process.
6	Toys	Dalek Toy	Delivery charges unclear.	Delivery charge indicated late in buying process. Info sent in durable form incomplete. Refund sent after 30 days and after reminder.

7	Car Parts	Fuel Filter	Initial price exclusive of VAT (eventually added after step 2 in buying process). Delivery charges are unclear.	Refund incomplete. Info sent in durable form incomplete (link to website).
8	Car Parts	Seat Covers	Do not refund delivery and will charge a handling charge of 15% of the order value.	Info sent in durable form incomplete.
9	Sports Goods	Polo Shirt	Info regarding delivery charges is unclear. Prices given excl of VAT. T&C's state delivery charge won't be refunded	
10	Sports Goods	Heart Monitor	No refund of delivery charges.	Info sent in durable form incomplete.
11	DIY Products	Garden Shears	Goods priced excluding VAT which is added on at checkout. Allow cancellations but state you must return goods within 7 days of the date of delivery. Delivery charge won't be refunded. State in T&C's failure to sign for delivery results in a £12 charge to compensate carrier for having to return the goods to the trader	Info sent in durable form incomplete (link to website).
12	Computer Products	Printer Ink Cartridges	Returns policy – only accept return of faulty goods and then states non-faulty goods will be accepted at seller's discretion within 7 days of delivery. Conditions on return e.g. unopened, unused and in perfect condition. Prices are subject to change without any notice - seller reserves the right	Test Purchase refunded in full but outwith 30 days and only after email reminder. Lack of durable written info.

			to change the advertised price before you place an order. No refunds for faulty goods – replaced	
13	Computer Products	Digital Camera	T&C indicate that refunds will not be full.	Refund incomplete – delivery p&p not refunded. Lack of durable written info.
14	Cosmetics	Perfume	General lack of information on website.	Refund incomplete – delivery p&p not refunded. Lack of durable written info.
15	Cosmetics	Set of Hairbrushes	Postal address not given on website	Refund incomplete – delivery p&p not refunded. Lack of durable written info.
16*	Cosmetics	Makeup	General lack of information on website.	Refund incomplete – on order P&P free for orders over £25, however on cancellation refund was minus £3.50 for P&P. Lack of durable written info.

* Total of 16 includes one attempted test purchase (no. 5) where the company eventually refused to sell after we disputed the increased delivery charge.

** These problems identified from simply inspecting the website and without any contact with seller.

*** Further problems identified during test purchasing, and which could not be established by simply from looking at site.

Appendix 4 – Case Studies showing types of non-compliance

No refunds or incomplete refunds

Company A sells car parts. Its website states that delivery charges will not be refunded on cancellations under any circumstances. The site also states that there will be a further deduction from the refund in the event of cancellation: i.e. a “re-stocking fee” of 15% of the total order before the delivery element has been deducted. Suspicions confirmed by test purchase, which also involved incomplete “durable information” being sent.

Company B sells sports goods. Its terms and conditions list no fewer than four matters for which deductions will be made from a refund in the event of cancellations. These are: postage, packing, insurance and re-stocking. No amounts or percentages are given for these matters. Additionally, site does not have a postal address for the business and lists various restrictions on distance selling cancellations such as removal from original packaging.

Delivery charges not displayed or unclear

Company C sells toys. Delivery charges on the website are contradictory, with different rates listed for apparently the same circumstances. During test purchase, actual price for delivery is only indicated late in the buying process and the actual amount subsequently charged for delivery is twice the amount confirmed at time of purchase (due to “remoteness” of buyer, i.e. Inverness). The website for this business also indicates that delivery charges will not be refunded on cancellation.

Company D sells computer products. The site has no listing of delivery prices. The delivery charge is eventually indicated very late in the buying process, and after registering with the site. This site also lists various unfair terms restricting consumers’ sale of goods rights.

Restrictions on Distance Selling Rights

Company E sells baby products. It applies detailed, unlawful restrictions on distance selling cancellations, including the requirement to have the item returned with original packaging intact and *within seven days* (there is a significant difference between *cancelling* within seven days and the seller actually *receiving* the returned item within such a period). Additionally, the company fails to refund delivery charges and lists some unfair terms on its website.

Company F sells car parts. It refuses to accept cancellations on a significant proportion of its stock, such as all electrical items. These are not permitted exemptions. Other problems with this business are VAT-exclusive price displays and a refusal to refund delivery charges.

“Durable information” incomplete

Company G sells DIY products. When dealing with a purchase, the business does not send any of the required information in “durable form”. Instead, it e-mails a link to its website. Whilst better than nothing, this does not comply with the requirements as the website information is not “durable” and could change at any time. This company also had a number of other failings: VAT-exclusive pricing, no refund of delivery charges, unfair terms (including returns required within seven days).

Company H sells cosmetics. A test purchase resulted in the company failing to provide the required “durable information”, or even a link to the website. Additionally, the company deducts “postage and packing” from refunds.

Unfair Terms

Company I sells computer products. Its website lists a number of unfair contract terms. Chief amongst these is the right for the business to change prices without giving any reason and regardless of any agreements made. Additionally, faulty goods must be reported within seven days and will only be replaced or repaired and not refunded. The site also lists various unlawful restrictions on distance selling cancellations.

Company J sells furniture. In an otherwise apparently fully compliant site, the terms state that faulty items must be reported within seven days. This restriction is not permitted and may be a particular problem regarding large expensive items such as those commonly sold by this business, where it may be several weeks before the buyer realises there is a fault.

Other matters (late refunds and VAT-exclusive pricing)

Company K sells toys. The general delivery information on its website is unclear and confusing. Actual delivery charges are only indicated late in the buying process. A test purchase revealed that “durable information” supplied was incomplete, and although a refund was given after cancellation, it was not received until well outside the 30-day limit, and only after several e-mail reminders.

Company L sells sports goods to consumers. Its website lists prices for goods and delivery charges which are VAT-exclusive. Other problems with the site include a general lack of clarity over delivery charges.

Appendix 5 – Investigation Case Studies

Case 1

A company that sells electrical items had contradictory delivery charges and declared that delivery charges would not be refunded on cancellation. Further, the site did not list an e-mail address for quick contact. A test purchase was carried out, uncovering further problems, including a lack of durable information and a further deduction from the amount refunded on cancellation, due to “administration costs”. All information was sent to the home authority in the Midlands of England.

An officer from the home authority visited the business and obtained assurances from the owner as to future compliance. Further monitoring by the home authority indicates the assurances are being honoured by the company.

Case 2

A company that sells cosmetics indicated on its website that refunds would be minus the delivery charge. Additionally, there was some confusion and general lack of clarity over some of the terms and conditions. A test purchase was carried out, resulting in an incomplete amount being refunded on cancellation and insufficient durable information being sent. Details of the findings were sent to the home authority at a Scottish council.

An officer from the home authority visited the business and immediate changes were made to the website to remove references to prohibited refund policies and clarify other matters. Assurances were also given as to the supply of full refunds and full durable information in future.

Case 3

A firm selling cosmetics was identified as having a number of problems with its website. These included: various restrictions on distance selling rights; several apparently unfair terms; lack of contact information. In this case, a test purchase was not carried out but the information from inspection of the site reported to the home authority in the North of England.

The home authority wrote a detailed and comprehensive advisory letter to the business and spoke to the owner on the telephone. A number of changes were promptly made to the website to make it fully compliant.

Case 4

A variety of problems were found on the website of a business that sold baby products. These included restrictions on distance selling rights, incomplete refunds and some terms and conditions that may have been deemed unfair. The information was sent to the home authority which has not responded. A subsequent re-check of the website showed that some of the matters had been remedied.

Case 5

A Highland-based business which sells a wide range of products (DIY goods being the main type) to both business and consumer buyers was found to have a website with no terms and conditions at all, and so no reference to cancellation rights under the Distance Selling Regulations. After receiving a visit from an officer from Highland Council Trading Standards, the company decided to suspend its site, pending a full review of its contents, with the intention of including full terms and conditions and complying with all legal requirements.

David MacKenzie

The Highland Council
Transport, Environmental & Community Services
Trading Standards
38 Harbour Road
INVERNESS
IV1 1UF

November 2009