

Cold call telemarketing sales: new law from June 2014

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Speed read

This is the fourth article in our special series on the big B2B and B2C law changes from 17 June.

Cold call sales will have major new obligations under the June changes to the Fair Trading Act. That includes:

- Requirements to verbally advise detail such as the 5 working day cooling off period after a written copy of the agreement is received (the customer can cancel during that period);
- Follow up by sending confirmation of the agreement to the customer;

Those requirements also apply where the supplier calls existing customers and moves them on to different products. The new regime applies to door to door sales too but we focus in this article on telephone sales. Online sales are covered instead by the Unsolicited Electronic Messages Act.

A check list for telephone sale compliance includes:

- Establish processes and training for phone sales, not only as to new customers but also as to existing customers being migrated to goods or services that are not similar to the original goods or services;
- Monitor staff performance to ensure compliance;
- Update sales agreements to ensure they comply with the new law.



The new obligations under s 36K-S of the Fair Trading Act apply when suppliers approach customers uninvited by phone and the goods and services are priced at over \$100, or the price is uncertain when supplied. Provisions extend this, for example, to cover calls to a customer contact where the contact details were provided for another purpose such as a competition.

Particularly relevant may be a call to an existing customer where the service sold is materially different from the current service (eg a phone line plus internet when the original contract was for the phone only). If the contract is renewed for similar or the same goods and services, the new regime does not apply.

If the regime applies:

- On the phone, the sales person must inform the customer of their right to cancel the agreement (and how to exercise that right);

- The supplier must send a written copy of the agreement to the customer within 5 working days. This must be in plain language, legible and clear, plus the front page must contain key details such as a description of the goods or services and the rights to cancel.

Customers have the right to cancel their agreements within 5 days of getting the written copy of the agreement.

There are details around what the customer and the supplier must and can do, enforcement of the agreement, etc.

We welcome your feedback on this article and any enquiries in relation to its contents. This article is intended to provide a summary of the material covered and does not constitute legal advice. We can provide specialist legal advice on the full range of matters contained in this article.