
TO: GENERAL COMMITTEE

SUBJECT: DOOR-TO-DOOR SALES

WARD: ALL

PREPARED BY AND KEY CONTACT: D. MCALPINE, CITY CLERK/DIRECTOR OF LEGISLATIVE AND COURT SERVICES, EXT. #4421

SUBMITTED BY: D. MCALPINE, CITY CLERK/DIRECTOR OF LEGISLATIVE AND COURT SERVICES

GENERAL MANAGER APPROVAL: P. ELLIOTT-SPENCER, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That a communications campaign be conducted utilizing existing resources and tools to educate the public regarding a consumer's rights related to door-to-door sales persons.
2. That a letter be sent to the Province requesting it to enact legislation that would prohibit a contract from being signed at a consumer's home for products and services in the home services sector such as heating and ventilation equipment, water heaters, water treatment devices and energy products.

PURPOSE & BACKGROUND

Report Overview

3. The purpose of this staff report is to recommend the implementation of a communications campaign to educate the public regarding their rights related to door-to-door sales including tips and tricks related to dealing with aggressive door-to-door sales persons. In addition, the recommendation includes sending a letter in support of Bill 193, *Door-to-Door Sales Prohibition Act, 2016*. Bill 193 would prohibit the sale, lease, or rental of specific home energy and water related products, in person, at a consumer's home.

Background

4. Media stories from across Ontario have identified concerns regarding unsolicited, aggressive and misleading sales tactics utilized by some door-to-door sales and service persons. The sector that appears to have generated the most concerns regarding misrepresentation or aggressive techniques is generally involved in the selling or leasing of heating and ventilation equipment, water heaters, water filtration systems and other home energy related products and services. There are also allegations that some of the sales people pose as utility inspectors or government agents requiring access to a person's home.

5. Unfortunately, many consumers may feel pressured to allow persons into their homes/access to personal information, sign contracts on the spot with unclear or misleading clauses. In some cases, these contracts can be for long periods of time with challenging language for consumers to understand. There are reports of residents deemed to be vulnerable to these tactics being targeted by businesses in this sector.
6. While many people may not appreciate door-to-door sales or solicitation in general, it is important to note that the complaints reported regarding aggressive or misleading tactics appear to be focused in the one sector and do not apply to the industry as a whole. The concerns also tend to focus on contracts signed at the door under pressure from a sales person.
7. On June 27, 2016, City Council adopted motion 16-G-178 concerning the Options to Implement a Ban on Door-to-Door Sales, as follows:

“OPTIONS TO IMPLEMENT A BAN ON DOOR-TO-DOOR SALES

That staff in Building and By-law Services report back to General Committee on options to implement a ban on the sale or lease of heating, ventilating and air conditioning (HVAC) equipment, water heaters, water filtration systems and other related home energy products and services by door-to-door sales agents.”

City of Barrie Business Licensing By-law

8. The City of Barrie's Business Licensing By-law defines a Door-to-Doors Sales/Service Person as “a person who goes from place to place selling or offering for sale a service of any kind or any goods, wares, merchandise or any item for sale or who carries and exposes samples, patterns or specimens of any goods, wares, merchandise or any item which is intended to be delivered in the municipality afterwards”.
9. Persons conducting a business or selling goods or services door-to-door in the City of Barrie are required to obtain a business licence, whether or not the office for the business is located within the City limits. The City does not regulate or require a business licence for individuals conducting door-to-door services for charitable or not-for-profit agencies.
10. The provisions related to Door-to-Door Sales in the Business Licensing By-law prohibit engaging in, or carrying on business by passing door-to-door within the City before 9:00 a.m. any day or after 9:00 p.m. any day, unless the person is conducting business with a commercial business.
11. The Business Licensing By-law does not regulate when a sales person can ask a consumer to sign a contract as these types of provisions were viewed as exceeding the municipality's authority.
12. In 2016, 10 individuals have been issued licences as Door-to-Door Sales/Service Persons. No complaints have been received by staff regarding any of the Door-to-Door Sales/Service Persons licensed by the City of Barrie.
13. However, staff are aware that individuals operate as Door-to-Door Sales/Service Persons without obtaining a business licence. In 2016, one complaint was received directly by staff regarding individuals attending door-to-door who are not licensed. Staff are aware that members of Council have received calls or correspondence regarding activities of door-to-door sales persons. Whether those individuals are licensed is unknown as based on the information that staff have been provided about these the individuals/activities.

14. It is very difficult to address unlicensed individuals given the limited resources currently available to cover the entire community at any time and on any day. It is often impossible to tell by driving past a residence, whether a resident is speaking with a neighbour or an unlicensed door-to-door sales person.
15. Typically, staff has relied upon public complaints to determine whether an unlicensed individual is attempting to sell goods or services in a particular neighbourhood. When a complaint is received, staff attend the neighbourhood in question in an attempt to locate the individual and address any unlicensed activities. If the operating name of the business is known, staff will also contact that business directly with respect to the licensing requirements.

Provincial Legislation – *The Consumer Protection Act*

16. Over the years, public concerns regarding aggressive tactics used by some by door-to-door salespersons have increased across Ontario. According to the Province, most of the complaints about door-to-door sales and rentals are about unclear contracts or misrepresentations by sales people.
17. The Province changed the *Consumer Protection Act*, to provide consumers with the right to cancel any contract for a product or service purchased from a door-to-door salesperson within a 10-day cooling-off period. For water heater contracts, there is a 20-day cooling-off period. During the cooling off period consumers can cancel for any reason without having to pay a cancellation fee.
18. Under the *Consumer Protection Act*, a contract must include specific information about the goods or service and the consumer's rights. If the contract doesn't, a consumer can cancel the contract within one year of signing.
19. Earlier this year, one company was charged with 142 counts of violating the Consumer Protection Act following a provincial investigation into hundreds of customer complaints against the door-to-door sales firm.

ANALYSIS

20. There are options available to address aggressive door-to-door sales/service persons ranging from lobbying the Provincial government to ban door-to-door marketing and sales in the home services sectors completely to communications campaigns about a consumer's rights. The following paragraphs outline some of the options:

Lobbying the Provincial Government – Ban of home services sector door-to-door sales/marketing

21. Several municipalities have adopted resolutions urging the Provincial government to ban all door-to-door sales in the home services sector. Typically, the resolutions specify the sale or lease of HVAC equipment, water heaters, water filtration systems and other home energy products and services.
22. Some of the resolutions also include provisions to issue news releases or alerts about door-to-door sales activities and to encourage residents to sign the online petition at Change.org entitled "Stop the Knocks - Ban door-to-door sales activities in the Home Services Sector in Ontario".
23. The terms of any proposed ban are not specified in the resolutions. The specific details were not included as it appears that municipalities were leaving the details to the Provincial government to decide.

24. The original item for discussion that generated this matter was similar to the other municipalities' resolutions. When this matter was considered by General Committee, it was noted that the concerns were focused on the signing of legal agreements at the door versus individuals attending at homes to market products only and requiring an agreement to be signed at the office of the business or completing an agreement online.
25. Another suggestion made during General Committee's discussion, was for a copy of the "sales pitch" to be provided as part of the business licensing process, which would require approval by the City of Barrie as well as a requirement for the sales persons to provide a copy of a "consumer bill of rights" to any consumers.
26. As the *Consumer Protection Act* already requires a contract to include specific information about the goods or service and a consumer's rights, this has been addressed by the Provincial government. A municipality does not have the authority to impose stricter consumer protection standards than those imposed by the Provincial government. As a result, the City would likely be deemed to be exceeding its authority if it enacted and attempted to enforce such provisions through its Business Licensing By-law.
27. Even if such provisions were enacted, staff would likely only be aware of any violations, if a consumer contacted the City. The individuals who are obtaining a business licence for their door-to-door sales or service are not generating complaints regarding their activities or approaches. It appears that the unlicensed individuals are the ones causing the concern. The resources currently available have not been sufficient to track down unlicensed individuals on a proactive basis.
28. The broader issue appears to be that consumers are not aware of their rights and feel pressured at the door to sign contracts with terms that they do not understand or have been misrepresented verbally. These types of matters will not be resolved by adding requirements to the Business Licensing By-law.

Bill 193, the *Door-to-Door Sales Prohibition Act, 2016*

29. Earlier this year, Bill 193, the *Door-to-Door Sales Prohibition Act, 2016* was introduced. On June 9, 2016, the Bill was referred to the Standing Committee on Regulations and Private Bills.
30. If the Bill was passed, it would prohibit the sale, lease, rental or offers of the same, of air conditioners, water heaters, furnaces, water treatment devices and any other prescribed product in person, at a consumer's home.
31. Individual sellers could face fines ranging from \$500 for a first offence, \$1,000 for a second offence, to \$2,000 for a third and subsequent offences. Businesses could face fines of \$5,000 for a first offence, \$10,000 for a second offence, to \$25,000 for a third and subsequent offences.
32. Under the Bill, a contract entered into at a consumer's home would be deemed to be void, even if the consumer had already paid for the product and it had been delivered. In addition, if a contract was deemed void, the person or corporation would be required to re-pay the consumer the money he/she had paid and any costs incurred in removing and returning the product as well as obtaining and installing a replacement. The consumer would also not be liable for any obligations under the contract, such as cancellation charges, administration charges or penalties.
33. If a consumer did not receive the refund, he/she would have the option of taking their cases to court, and if successful, double the amount of the contract would be owed plus legal fees.

Communications Campaign – Consumer Rights

34. As noted earlier, many consumers are not aware of their rights related to products or services purchased under a contract through door-to-door sales. The Ministry of Government and Consumer Services provides suggestions related to a consumer's right and avoiding common door-to-door scams for water heaters, home heating and other services on its website. Examples of the information provided by the Ministry and the Federal-Provincial-Territorial Consumer Measurers Committee are included as Appendix "A" to Staff Report LCS010-16.
35. Staff have previously communicated information to advise that the City does not undertake sales of water-related systems and products door-to-door in response to calls from residents about individuals posing as City inspectors or City affiliated contractors. Similar education initiatives with additional information regarding consumer rights and tips related to dealing with aggressive sales person have been undertaken in communities such as Markham and Guelph.
36. Staff are proposing that a communications campaign be undertaken to educate consumers regarding their rights and suggestions related to addressing aggressive door-to-door sales persons. Existing tools such as the City website, social media, Barrie Digest (eNews) and the This Week in Barrie (TWIB) page in the Barrie Examiner would be used for this campaign.

Letter to the Province – prohibiting contract signing at the door

37. In addition, staff are proposing that a letter be sent to the Province on behalf of City Council requesting it to enact legislation that would prohibit a contract to be signed at a consumer's home for products and services in the home services sector such as heating and ventilation equipment, water heaters, water treatment devices and energy products.
38. This would not prohibit a door-to-door sales person from marketing a product or service as it would only address signing of a contract. While many people may not appreciate door-to-door solicitation still occurring, it focuses the legislation to a prohibition on signing contracts under pressure at the door. The consumer would have a chance to review the contract terms and would decide whether to attend at the office of the business or sign up for a service on line.

ENVIRONMENTAL MATTERS

39. There are no environmental matters related to the recommendation to undertake a communications campaign and send a letter to the Province about signing contracts at the door.

ALTERNATIVES

40. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could recommend that a letter be sent to the Province either requesting a ban on door-to-door sales or supporting Bill 193.

When a similar motion was considered by General Committee, there were concerns that this approach was too heavy handed and local alternatives should be explored. A communications campaign would inform consumers of their rights and requesting legislation to prohibit entering into contracts at the door would address concerns that consumers were under pressure when signing legally binding agreements.

Alternative #2

General Committee could recommend amending the Business Licensing By-law to include provisions for Door-to-Door Sales/Service Persons to provide a copy of a standard contract to be approved as part of the business licensing process along with a requirement that a copy of a “consumer bill of rights” be provided prior to signing of a contract.

The Consumer Protection Act already requires a contract to include specific information about the goods or service and a consumer’s rights. As such, the City would likely be deemed to be exceeding its authority if it enacted and attempted to enforce such provisions through its Business Licensing By-law.

Alternative #3

General Committee could choose to receive Staff Report LCS010-16 and not take any further action.

Undertaking a communications campaign would provide the public with an understanding of their rights related to door-to-door sales. Sending a letter to the Province requesting legislation prohibiting the signing of contracts would, if such legislation was enacted, address the pressure at the door to sign contracts.

FINANCIAL

41. There are no direct financial implications for the Corporation resulting from the recommended actions as the communications campaign is to be undertaken utilizing existing resources and tools.

LINKAGE TO 2014-2018 STRATEGIC PLAN

42. The recommendation(s) included in this Staff Report are not directly related to the goals identified in the 2014-2018 Strategic Plan.

APPENDIX "A"

Ministry of Government and Consumer Services information concerning door-to-door sales

Door-to-door sales and home service contracts

Know your rights when you sign a contract at your door. Learn about avoiding common door-to-door scams for water heaters, home heating, and other services.

Your rights when you buy at the door

Most complaints about door-to-door sales and rentals are about unclear contracts or misrepresentations by sales people, and tend to be expensive consumer goods and/or services like:

- water heaters
- furnaces
- air conditioner units

The Consumer Protection Act (CPA) gives you special rights when you buy something in your home that costs more than \$50.

As a consumer, you:

- have the right to cancel a contract for any reason within a 10-day cooling-off period. For water heater contracts, there is a 20-day cooling-off period
- must get a written contract: under the CPA, a consumer contract has to include specific information about the goods or service and your rights as a consumer. If it doesn't, you can cancel the contract within 1 year of signing

If you have questions or concerns about any door-to-door experiences you have had, call us at 416-326-8800 (GTA) or toll-free at 1-800-889-9768. TTY users call 416-229-6086 (TTY GTA) or 1-877-666-6545.

Before you hear a sales pitch

When you open your door to a salesperson, remember:

- ask for photo ID and get the name of the person and the business
- never share personal information (For example, an electricity or gas bill)
- if you ask a salesperson to leave, they must leave right away. If you feel unsafe, call local police
- look at the company name on the salesperson's business card and promotional material and see if it matches the company name on the proposed contract
- do not rely on a salesperson's opinion that your water heater is unsafe or should be replaced
- local utility companies, municipalities, government agencies or regulatory organizations don't send salespeople door-to-door
- you do not have to sign a contract at that time

Know the term of a contract before you sign

Read a contract carefully and know your rights under the Consumer Protection Act.

Ask these questions before you sign any door-to-door contract.

- how long is the contract for?
- will the business automatically renew your contract without your consent? For example, does it say "without your prior consent"?
- when and how can you get out of the contract?
- are there any cancellation fees or other added costs?

APPENDIX "A" Continued

Water heater sales and rentals

Most complaints about water heater sales and rentals are about unclear or misleading contracts. Many consumers in Ontario are tempted to rent a new water heater from door-to-door salespeople who offer deals that sound too good to pass up. The Ministry of Government and Consumer Services asks consumers to beware — complaints about water heater rental businesses continue to increase year-to-year. Most of these complaints are about unclear or misleading contracts.

Here are some tips to keep in mind:

Don't sign on the spot. If the salesperson pressures you to sign on the spot, insist you need more time to read the contract and the cover page, including the fine print.

Get it in writing. Ask about the rental fees, installation, repair and extra service charges and promises, such as warranties — and get these details in writing.

Ask for identification. Ask for photo identification, the name of the company the salesperson works for and to keep a copy of any sales material that the salesperson shows you.

Be sure before you sign. After the 20-day cooling-off period is over you will have to pay some costs if you change your mind. These costs may include:

- the rental payments, which are still due if you terminate
- the expenses the rental company has to pay to remove the water heater, and
- charges for unreasonable or excessive wear or use of the water heater

Check your contract carefully. All door-to-door water heater contracts must have a specific cover page attached that outlines your rights. This cover page, which includes the name and contact information of the company you are dealing with, must be attached to the contract before you sign it. Once you agree to a contract, you must sign both the contract and the attached cover page. You will also have to sign a mandatory statement.

Get the information you need. The salesperson should also give you information about your rights, and examples of the costs of long-term leasing of water heaters.

Ontario's Consumer Protection Act protects consumers who buy and rent water heaters. Before doing so, be aware of your rights.

You have the right to **cancel** a contract if:

- you change your mind within 20 days of signing your water heater contract. Water heaters cannot be installed within that 20-day cooling off period, except under limited circumstances. These include recalls, safety issues with your existing water heater, or if your existing supplier is handling the replacement
- the business or salesperson who you've signed your contract with has made a false, misleading or deceptive statement. In this case, you can cancel an agreement for up to 1 year after you signed it
- the agreement does not meet all the requirements of Ontario's Consumer Protection Act. In this case, you have up to 1 year to cancel the agreement, and
- you do not have clear information about your rights in the contract or the cover page

Remember, if you initiated the call for a new or replacement water heater, the company is permitted by law to install it within the 20-day cooling-off period. Remember, if you called for a new or replacement water heater, you also must sign a contract (and cover page) before any installation work can be done. Once you have signed a water heater contract and a cover page, you should know that you will receive a scripted verification call from the company or its representative between the second and fifteenth day of signing your contract. You cannot get the call on the same day that you signed the contract. You still have the right to cancel your contract within the 20-day cooling-off period, even if you agreed to the sale in the verification call.

The verification call will not take place for safety or product recall water heater installations, or if the consumer initiated the transaction.

APPENDIX "A" Continued

You should also remember that if you sign a new water heater rental contract, you will have to end your existing contract with your current supplier. There may be fees for ending your current contract and having your existing water heater removed.

Remember, you may also be eligible for a water heater upgrade from your current supplier. Call them and check your options before upgrading with a new supplier.

When you buy a home, you may be taking on the responsibility for an existing water heater contract that comes with the home. Ask your real estate agent or your lawyer.

Heating and energy

You do not have to sign a home energy contract. However, you should know who supplies your electricity or natural gas and how much energy you use every month.

The [Energy Consumer Protection Act](#) protects consumers from unfair or misleading energy companies. Companies that sell energy contracts must be licenced by the [Ontario Energy Board](#) (OEB) and must obey Ontario's laws and rules.

The OEB also has information on:

- what to consider before signing an energy contract
- your rights and responsibilities
- the rules around how energy contracts can be renewed

Your rights under the *Consumer Protection Act*

Learn about your consumer rights and the protection available to you under the *Consumer Protection Act*.

In Ontario, many of your rights as a consumer are set out by the [Consumer Protection Act](#) (CPA) and other [consumer protection legislation](#) that cover the most common consumer transactions.

Review your rights if you feel that you've been wronged by a business. It's the first step before you can [file a complaint with the business or with the ministry](#).

Cooling-off period

You have a cooling-off period when you sign contracts:

- for a [product or service you buy from a door-to-door salesperson](#) (also called a direct agreement)
- to pay in advance to [join a fitness club or gym](#) (also called a personal development contracts)
- to [buy a newly-built condo](#) (under the *Condominium Act*)
- to [get a payday loan](#) (under the *Payday Loans Act*)
- to [purchase a time share](#)

You can cancel the contract anytime within the cooling-off period [by writing a cancellation letter to the business](#). Any agreements you made with the purchase, like financing plans, will also be cancelled.

You don't need to give the business a reason for cancelling. For most contracts, the company has 15 days to return your money. For payday loans, the company has to give you a refund within 2 days. If the contract was for a product, they are responsible for picking up the product or paying for it to be picked up if they want it back.

Misrepresentation

[It's illegal for the business or individual to give you false information](#) about themselves or the product or service they offer. Some examples of misrepresentation include:

- claiming that they have licences, accreditation or certification when they don't
- showing fake safety certification or accreditation for an item
- stating that the product is a certain grade, style, model, or quality when it isn't
- promising to deliver a service or product when they know or should know that it's not possible
- recommending unnecessary repairs or replacements to items

If you have a contract with a business or individual that has misrepresented their product or service, [you can withdraw from the contract within 1 year](#).

Delivery of goods

Under the *Consumer Protection Act*, when you order a product, it must be delivered within 30 days of the promised delivery date or you can ask for a refund. However, if you choose to keep the item that was delivered late, you lose your right to get a refund for it.

You also can't be charged for receiving an item or service that you did not request. You can use the item or throw it away.

Your rights under a contract

When you sign a contract with a business or individual to buy or lease products or services, the [Consumer Protection Act protects you from unfair practices](#).

But always remember to read and understand the terms and conditions before signing.

Federal-Provincial-Territorial Consumer Measures Committee information concerning door-to-door sales

Door to Door Sales

This method of selling is not as popular as it used to be, but if you do receive a door-to-door salesperson in your home, remember the following tips:

- Ask to see the salesperson's company issued identification and seller's license or registration. Make note of his or her name, the name and address of the company, and whether the salesperson carries proper identification.
- Don't be pressured into buying anything. Watch for the warning signs: an offer of a free gift if you buy a product, an offer that is only good that day or a claim that a neighbour just made a purchase.
- If you are interested in the product, ask for sales literature and then call or visit local stores that sell the same merchandise to compare prices. Some door-to-door products may be overpriced.
- If you feel threatened or intimidated, ask the person to leave. Don't leave the person unattended in any room of your home. When you are suspicious, immediately report the incident to the police.

Every province and territory gives you a specified number of days (a cooling-off period) during which you may cancel a contract you make with a door-to-door salesperson for any reason. To find out the length of the cooling-off period where you live, contact your [provincial or territorial consumer affairs office](#).