

Chapter 15

Cancellation

15.2 The right to cancel

Cancellable contracts

15.2.1

R

A consumer has a right to cancel any of the following contracts with a *firm*:

Cancellable contract	Cancellation period	Supplementary provisions
Life and pensions:		
<ul style="list-style-type: none">• a <i>life policy</i> (including a <i>pension annuity</i>, a <i>pension policy</i> or within a <i>wrapper</i>)• a contract to join a <i>personal pension scheme</i> or a <i>stakeholder pension scheme</i>• a <i>pension contract</i>• a contract for a pension transfer• a contract to vary an existing <i>personal pension scheme</i> or <i>stakeholder pension scheme</i> by exercising, for the first time, an option to make <i>income withdrawals</i>	30 calendar days	<p>For a <i>life policy</i> effected when opening or transferring a <i>wrapper</i>, the 30 calendar day right to cancel applies to the entire arrangement</p> <p>For a contract to buy a <i>unit</i> in a <i>regulated collective investment scheme</i> within a <i>pension wrapper</i>, the cancellation right for 'non-life/pensions (advised but not at a distance)' below may apply</p> <p>Exemptions may apply (see COBS 15 Annex 1)</p>
Lifetime ISAs (advised but not at a distance):		
<ul style="list-style-type: none">• a <i>non-distance contract</i> to open or transfer a <i>lifetime ISA</i>	30 calendar days	<p>These rights arise only following a <i>personal recommendation</i> of the contract (by the <i>firm</i> or any other <i>person</i>).</p> <p>Exemptions may apply (see COBS 15 Annex 1)</p>
Cash deposit ISAs:		
<ul style="list-style-type: none">• a contract for a <i>cash deposit ISA</i>	14 calendar days	<p>Exemptions may apply (see COBS 15 Annex 1)</p>
Non-life/pensions (advised but not at a distance): a <i>non-distance contract</i> :		

Cancellable contract	Cancellation period	Supplementary provisions
<ul style="list-style-type: none">• to <i>buy a unit</i> in a <i>regulated collective investment scheme</i> (including within a <i>wrapper</i> or <i>pension wrapper</i>)• to open or transfer a child trust fund (CTF)• to open or transfer an <i>ISA</i> (other than a lifetime ISA)• for an <i>Enterprise Investment Scheme</i>	14 calendar days	<p>These rights arise only following a <i>personal recommendation</i> of the contract (by the <i>firm</i> or any other <i>person</i>).</p> <p>For a <i>unit</i> bought when opening or transferring a <i>wrapper</i> or <i>pension wrapper</i>, the 14 calendar day right to cancel applies to the entire arrangement.</p> <p>Exemptions may apply (see COBS 15 Annex 1).</p>
Non-life/pensions (at a distance): a <i>distance contract</i> , relating to:		
<ul style="list-style-type: none">• <i>accepting deposits</i>• <i>designated investment business</i>• <i>issuing electronic money</i>	14 calendar days	Exemptions may apply (see COBS 15 Annex 1)

[Note: article186 of the *Solvency II Directive* and article 6(1) of the *Distance Marketing Directive*]

15.2.2 G

- (1) If the same transaction attracts more than one right to cancel, the *firm* should apply the longest cancellation period applicable.
- (2) A *firm* may provide longer or additional cancellation rights voluntarily, but if it does these should be on terms at least as favourable to the *consumer* as those in this chapter, unless the differences are clearly explained.
- (3) If the right to cancel applies to a *wrapper* or *pension wrapper* and underlying investments, the *firm* may give the *consumer* the option of cancelling individual components separately if it wishes.

Start of cancellation period

15.2.3 R

- The cancellation period begins:
- (1) either from the day of the conclusion of the contract, except in respect of contracts relating to *life policies* where the time limit will begin from the time when the *consumer* is informed that the contract has been concluded; or
 - (2) from the day on which the *consumer* receives the contractual terms and conditions and any other pre-contractual information required under this sourcebook or the *PRIPs Regulation*, if that is later than the date referred to above.

[Note: article186 of the *Solvency II Directive* and article 6(1) of the *Distance Marketing Directive*]

- 15.2.4 **G** If a *firm* does not give a *consumer* the required information about the right to cancel and other matters, the contract remains cancellable and the *consumer* will not be liable for any *shortfall*.

Disclosing a right to cancel or withdraw

- 15.2.5 **R**
- (1) The *firm* must disclose to the *consumer*:
 - (a) in good time before or, if that is not possible, immediately after the *consumer* is bound by a contract that attracts a right to cancel or withdraw; and
 - (b) in a *durable medium*;

the existence of the right to cancel or withdraw, its duration and the conditions for exercising it including information on the amount which the *consumer* may be required to pay, the consequences of not exercising it and practical instructions for exercising it indicating the address to which the notification of cancellation or withdrawal should be sent.
 - (1A) If the *firm* offers to facilitate, directly or through a third party, the payment of *adviser charges* or *consultancy charges*, it must disclose to the *consumer* at the same time as it makes the disclosure in (1):
 - (a) whether any refund will include an *adviser charge* or *consultancy charge*; and
 - (b) that the *consumer* may be liable to pay any outstanding *adviser charges* or *consultancy charges*.
 - (2) This *rule* applies only where a *consumer* would not otherwise receive similar information under a *rule* in this sourcebook or in a *key information document* from the *firm* or another *authorised person* (such as under the distance marketing disclosure rules (■ COBS 5.1.1 R to ■ 5.1.4 R), ■ COBS 14 (Providing product information) or the *PRIPs Regulation*).