Chapter 5

Extended warranties sold with rent-to-own agreements: customer information and deferred opt-in

5.1 Ensuring the customer can make an informed decision

5.1.1 R

(1) A *firm* must give the *customer* the information in (3), at the same time and in the same *document*, when it offers to sell them an *extended warranty*.

(2) A *firm* must ensure that any other *person* to whom it has referred the *customer* or invited or induced the *customer* to obtain an extended warranty from gives the *customer* the information in (3), at the same time and in the same *document*, when that *person* offers to sell the *customer* an *extended warranty*.

(3) The information is:

(a) the total cost of the *extended warranty*, separate from any other prices, in the following terms:

(i) weekly;

annually; and

over the duration of the *rent-to-own agreement*;

(b) the significant features and benefits, significant and unusual exclusions or limitations of the *extended warranty*, with cross-references to the relevant warranty document provisions;

(c) a statement that *extended warranties* may be available from other *persons*;

(d) an explanation of how the *extended warranty* interacts with and compares against any other products sold or offered for sale in connection with the *rent-to-own agreement* (e.g. theft and accidental damage insurance);

(e) an explanation of how the *extended warranty* interacts with and compares against any standard manufacturer's warranty that may apply to the *goods* which are the subject of the *rent-to-own agreement*, given in a way that enables the *customer* to make a clear comparison between the two;

(f) when the *extended warranty* can be concluded, as described in PROD 5.2.1R; and

(g) the date the information in (a) to (f) is provided to the *customer*.

(4) The information in (3) must be communicated in a way that is:

(a) fair, clear and not misleading;

(b) in writing or another *durable medium*; and

(c) made available and accessible to the *customer*.

(5) The information in (3) must be drawn to the *customer's* attention and must be clearly identifiable as key information that the *customer* should read.

5.1.2 G

(1) A *firm* that sells *extended warranties* that constitute *contracts of insurance* must also comply with the *rules* in ■ ICOBS 6 (Product Information).

(2) *Firms* should also take into account the Supply of Extended Warranties on Domestic Electrical Goods Order 2005. Other consumer protection legislation may also be relevant.

5.2 Deferred opt-in for extended warranties

5.2.1 R

(1) A *firm* must:

(a) not conclude the sale of an *extended warranty*; and

(b) ensure that no other *person* to whom the *firm* has referred the *customer* concludes the sale of an *extended warranty*;

until at least two clear *days* have passed since the required information was provided to the *customer* (■ PROD 5.1.1R).

(2) The period in (1) is one clear *day* after providing the information if the *customer*:

(a) initiates the conclusion of the sale of the *extended warranty*;

(b) consents to the conclusion of the sale of the *extended warranty* earlier than provided for in (1); and

(c) confirms that they understand the restriction in (1).

5.2.2 G

For example, if a *firm* provided the required information to the *customer* on Monday, it would not (absent the *customer's* consent) be able to conclude the sale of the *extended warranty* until Thursday.

5.2.3 G

Before the conclusion of the sale of an *extended warranty*, a *firm* should have regard to the information needs of its *customers* and consider whether it would be in the *customer's* interest to receive the information in ■ PROD 5.1.1R again, for example if a long time has passed between the provision of the information and the conclusion of the sale.