

### The supply of services

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#### This guidance is for England & Wales

The Consumer Rights Act 2015 sets out rules relating to the supply of services to consumers. The Act also governs the supply of goods and digital content, and it provides a single set of rules for the sale and supply of goods, including where goods are supplied as part of a service or a contract for work and materials.

This is a guide to the rights and obligations that arise when a trader supplies services to a consumer. It answers questions that are commonly raised by traders about their obligations towards the individual consumer.

## **What is a trader?**

If you are a 'person' acting for purposes relating to your trade, business, craft or profession then you are a 'trader'.

A person can mean more than one individual - for example, if your business is a partnership of two or more people. A person can also be a company, a charity (or other not-for-profit organisation), a Government department, a local authority or a public authority.

If you are a trader that allows another person to act in your name or on your behalf you would still be responsible for those contracts - for example, if you employ people to make contracts for selling cars to your customers or you sub-contract with someone else to supply labour when building a wall.

## **What is a consumer?**

For the purposes of this guide, a 'consumer' is an individual who, in their dealings with a trader, is acting for purposes wholly or mainly outside their trade, business, craft or profession. Where a consumer presents themselves as a business (for example, by setting up a business account for buying a service) the law does not consider them to be a consumer.

If the trader claims that the customer is not a consumer and that the customer's rights are therefore limited, it is for the trader to prove this.

## **Formation of a contract**

### **The contract**

When a consumer buys services from a trader, both parties enter into a contract. A contract may be defined as an agreement between two or more parties that is intended to be legally binding. In addition to terms agreed between the parties, the law sets certain standards for consumer contracts.

In order for a term to be binding it must clearly be part of the contract and be legal. Terms given to a consumer after the contract is made (for example, terms written only on the back of a receipt) are not part of the contract and they have no effect.

A contract does not have to be written down, but it is advisable to detail important terms in writing so there can be no dispute later on.

Failure to comply with the terms of the contract is referred to as a breach of contract, and the person committing the breach normally has to correct it in some way.

## How is the contract made?

The essential element in forming a contract is the agreement (consisting of an offer and acceptance). At least two parties are required (such as the trader and the consumer). One of them (the offeror) makes an offer, which the other (the offeree) accepts. An offer is an expression of willingness to contract made with the intention that it shall become binding on the offeror as soon as it is accepted by the offeree.

When a trader advertises services (for example, in a price list) they are usually giving consumers what is referred to as an 'invitation to treat'. The consumer can then make an offer to buy the services. At this point the trader is under no obligation to accept the offer; a contract is made if and when the trader accepts.

Sometimes, the process works the other way round - that is, the trader makes an offer to the consumer and a contract is made when the consumer accepts the offer.

Under the contract, the consumer will agree to pay the trader a sum of money and/or do something else in return for the services the trader supplies. This commitment is known as the 'consideration' in the contract. If there is no consideration (that is, if a trader offers to supply services completely free of any charge or other obligation) there is no contract at all.

## What happens when the consumer changes their mind?

Normally a consumer has no automatic right to change their mind and to cancel a contract; therefore if this happens they are in breach of contract. However, there is an automatic right to cancel in some special cases, including most consumer contracts made at a distance (for example, mail order or internet) or at a consumer's home etc. See '**Consumer Contracts (Information, Cancellation & Additional Charges) Regulations 2013**' below.

If a consumer cancels the contract wrongfully, the trader can claim the reasonable costs incurred. Where the trader cannot recover the lost sale (for example, by making another booking in place of the cancelled one) their claim may include loss of profit. If the consumer has made full or part payment up front, the trader can only retain enough to cover these losses and must refund the difference.

## What the consumer can expect (statutory rights)

Under the Consumer Rights Act 2015, certain standards apply to every contract for the supply of services. A trader supplying a service must meet the following standards:

- **the service must be carried out with reasonable care and skill.** This means that the trader must, as a minimum, work to the same standard as any reasonably competent person in that trade or profession. The law does not imply that any particular result will be achieved (for example, a competent doctor will not necessarily be able to treat every patient successfully) but many contracts will have express terms as to what result the customer can expect from the service. To minimise the risk of disagreement, it is advisable to state clearly where a particular result has been agreed and where there is a risk of the desired result not being achieved
- **information said or written to the consumer is binding where the consumer relies on it.** This will include quotations and any promises about timescales or about the results to be achieved. This applies if the consumer takes account of this information in deciding whether to buy the service or to make any decision about the service subsequently
- **the cost of the service must be reasonable.** A contract will often specify a price, or it will be

clear about how the price will be calculated (for example, an hourly rate). Where the price is not agreed beforehand, the price must be reasonable. Typically, this will be judged against the prices that other similar traders might have charged

- **the service must be carried out within a reasonable time.** Often, a contract will specify a date or time for the service to be performed or completed. Where there is no agreement about time, the timescale must nevertheless be reasonable. What is reasonable depends on the type of service and all other relevant circumstances

In addition, there are many cases where goods are supplied as part of a contract for the supply of services. For the rules that apply to the supply of goods in these circumstances, see 'The sale & supply of goods'.

## Remedy for breach

If the trader breaches the contract for the supply of services by failing to meet the standards required under the Consumer Rights Act 2015, the consumer is entitled to repeat performance of the service or to a price reduction.

### Repeat performance

This remedy is available where the trader fails to exercise reasonable care and skill or where they breach a requirement arising from information they have given about the service. The consumer can require the trader to repeat the service in order to complete it properly. This work must be done at no cost to the consumer, within a reasonable time and without causing significant inconvenience to the consumer.

The consumer cannot ask for repeat performance where it would be impossible to finish providing the service to the required standard.

### Price reduction

The consumer can claim a price reduction where repeat performance is impossible or cannot be carried out within a reasonable time and without causing significant inconvenience. A price reduction can also be claimed where the service is not carried out within a reasonable time or where the trader breaches a requirement arising from information they have given about something other than the service itself.

The amount of the price reduction will depend on how serious the breaches were and it can be anything up to 100% of the price. If the consumer has already paid in full or in part for the service, they may therefore be entitled to some money back.

### Other remedies

The remedies under the Consumer Rights Act 2015 do not take away the consumer's existing legal rights, which can include claiming compensation where a trader fails to meet the standards required by the Act or under an agreed term of the contract.

The Act itself does not include a right for the consumer to have someone else complete the service and then to charge this to the original trader.

Normally, a consumer will be happy to let the trader put things right, but there are cases where the service has been performed so badly that it would be unreasonable to expect the consumer to give the trader a second chance. There may also be circumstances where it would be impractical to do so - for example, where the service was a repair to a vehicle, and the vehicle then breaks down hundreds of miles from the original garage due to the work not being done correctly.

In cases like these, the consumer may be entitled simply to claim the cost of remedial work by another trader. However, even in these cases, it makes good sense for them to discuss their concerns and intentions with the original trader first in order to try to come to some sort of agreement about this.

## **Exceptions: when the consumer cannot make a claim**

A consumer cannot make a claim where, despite the service being carried out with reasonable care and skill, it does not achieve the consumer's desired outcome, unless that outcome has been agreed first.

A consumer cannot make a claim where it is the consumer, and not the trader, who is responsible for things going wrong. If, against the trader's advice, a consumer asks the trader to use inappropriate materials or methods or to take short cuts to save money, the consumer has no claim to the extent that these materials, methods or short cuts give a disappointing result. If a trader agrees to do work on this basis, it is advisable to make a written record of what has been agreed and of the risks of poor results.

A consumer cannot claim for damage they cause; nor can they claim if they simply change their mind about wanting the goods or services, unless the contract allows them to do so through a cooling-off period or right to cancel.

A consumer has no rights to claim for faults that appear as a result of fair wear and tear.

## **Dealing with complaints**

Under the Provision of Services Regulations 2009, traders are under a legal duty to respond to consumer complaints as quickly as possible and to make their best efforts to resolve those complaints. This means that traders must respond to emails and letters of complaint and that they must return phone calls. Where a complaint appears to be valid, the trader should put things right promptly. If the trader disputes liability, they should give a clear explanation of their reasons.

If a trader has exhausted their own complaints procedure in dealing with a complaint and the complaint remains unresolved, the trader must provide the consumer with details of an approved 'alternative dispute resolution' scheme and must say whether they agree to the complaint being handled by that scheme. For more information please see 'Alternative dispute resolution'.

## **Time limits for court action**

Where goods are installed as part of a service, consumers can expect those goods not to fail prematurely, even if the reasonable life expectancy of those goods is several years. However, there is a time limit that eventually prevents consumers from making a claim through the courts.

For a breach of contract, a consumer cannot normally bring a claim to court more than six years after the breach (for example, this would be the date of installation if sealed window units failed). However, if you have offered a guarantee on the work then you have to honour the guarantee (and if you fail to do so, the consumer can make a claim up to six years from that date instead).

This does not mean all goods have to last this length of time, but this is the time limit that the law gives a consumer to take legal action. Where a trader has been negligent, longer time limits sometimes apply.

## Unfair contract terms

The Consumer Rights Act 2015 covers the use of unfair terms in consumer contracts. For more information please see 'Unfair contract terms'.

In addition, any attempt to mislead the consumer about their rights is an offence under the Consumer Protection from Unfair Trading Regulations 2008. See 'Consumer protection from unfair trading' for more information about these Regulations, which cover traders' duties towards consumers in general.

## Other rules affecting consumer contracts

### Consumer Contracts (Information, Cancellation & Additional Charges) Regulations 2013

These Regulations provide consumers with a 14-day cooling-off period for most 'distance contracts' (those made via the internet etc) and 'off-premises contracts' (those made, for example, in a consumer's home). They also require certain information to be given to consumers, not only for off-premises and distance contracts but also where consumers make an agreement on a trader's business premises. Traders cannot make hidden charges, and additional charges can only be made with the consumer's express agreement.

For more information see:

- 'Consumer contracts: distance sales'
- 'Consumer contracts: off-premises sales'
- 'Consumer contracts: on-premises sales'

## Negligence

Where a trader supplies a service, they owe a duty of care to the consumer and to others who might be affected by their work. If their work is substandard, the duty of care may be breached and the person who suffers a loss may be able to make a claim. This applies even where there is no direct contract between the parties - for example, where the claim is made by one of the consumer's friends or relatives, or where the trader is a subcontractor who is not working directly for the consumer. The duty of care is similar to the standard of 'reasonable care and skill' (see '**What the consumer can expect (statutory rights)**' above), and it applies to the standard of work rather than guaranteeing a particular outcome.

## Misrepresentation

A misrepresentation is a false statement of fact made by a person or their agent that induces someone else to make a contract with them.

Dependent upon whether the misrepresentation was made fraudulently, negligently or innocently, the party that has relied on the misrepresentation will be entitled to a remedy that may include rescission

(which means unwinding or cancelling the contract), refund and/or compensation.

## **Consumer Protection from Unfair Trading Regulations 2008**

These Regulations provide an additional and alternative right of redress for consumers. Where a trader has used misleading or aggressive selling practices, the consumer may be entitled to claim compensation and/or a reduction in price or to cancel the contract completely.

The Department for Business, Energy and Industrial Strategy (BEIS, which was known as the Department for Business, Innovation and Skills at the time) has produced guidance on consumers' right to redress under the Regulations: *Misleading and Aggressive Commercial Practices: New Private Rights for Consumers*.

## **Contracts (Rights of Third Parties) Act 1999**

This legislation gives rights to anyone who was intended to benefit from the transaction. For example, if someone buys a service as a gift for a friend and the service is done to a poor standard, either the recipient or the buyer of the gift can take action for breach of contract (as long as it was made clear that the service was a gift). Traders can use contract terms to exclude the rights of third parties, but in practice it will often be simpler (and provide a better customer experience) for the trader to deal directly with the recipient of a gift.

## **The trader's identity**

The consumer needs to know, or be able to find out, who they are dealing with. A trader's identity and address must be displayed at their place of business, on key business documents and on websites. This information must also be made available to consumers before a contract is made and whenever a consumer requests it. See 'Company & business names'.

If a trader fails to disclose that they are a limited company and there is then a breach of contract, the consumer may be able to claim against the directors of the business as individuals. If a trader fails to disclose that they are acting as an agent for someone else, then the consumer may be able to make any claim directly against that trader.

## **Uncollected goods**

Occasionally, consumers fail to collect their goods after having them repaired or forget to pick up dry-cleaning.

Section 12 of the Torts (Interference with Goods) Act 1977 sets out what action a trader should take to get the goods collected and makes it clear what they can do if they are not.

It is sufficient for traders to have a notice, which is easily visible to consumers, stating how long they will keep goods after repair and an intention to dispose of them after this date. The time period would need to be reasonable.

If no notice is displayed, the trader may need to send a letter by recorded delivery to the consumer specifying that the goods are ready for collection and from where. The letter should also state the amount owing. Additional notification must also be given if the trader intends to sell or dispose of the goods after a certain date and how additional proceeds from the sale can be collected.

## Common questions

**Q.** If I provide a service to a consumer, do I have to provide a guarantee?

**A.** There is no legal requirement to provide a written guarantee for the service or for any goods supplied. However, you cannot take away the consumer's legal rights, which may apply even if a defect comes to light some time after the work was done or the goods were supplied. If you do provide a guarantee, its terms should add to the consumer's legal rights and they should be stated clearly.

**Q.** I carry out home maintenance and improvement work and I offer a 10-year guarantee. Does the guarantee have to be transferable to subsequent owners of the property?

**A.** Part of the value in guarantees lies in the consumer being able to assign them to subsequent owners. A term that makes the guarantee non-transferable is likely to be unfair.

**Q.** If I provide a service and something goes wrong, does the consumer have to give me a chance to put it right?

**A.** It is advisable, in most cases, for the consumer to give the original trader a chance to put their own work right. However, there are occasions where it would not be reasonable to expect a consumer to do this. For example, you could not expect a trader to get a second chance if the work is so bad that any reasonable consumer would have lost faith in their ability to do the work correctly.

**Q.** Someone asks a trader for a quotation. How is this different to an estimate?

**A.** A quotation is normally a fixed price whilst an estimate is generally a rough guess of what the work would cost.

**Q.** While a trader is doing some work for a consumer, the consumer asks for some changes to the job. If the trader has given a quotation, can the price now be changed?

**A.** Yes, the consumer and trader can change the contract by agreement. Disputes often arise where there are misunderstandings about what has been agreed. For this reason it is advisable to record all changes in writing.

**Q.** A consumer made a booking for a beauty treatment but did not turn up. Can the trader charge for the appointment?

**A.** The trader can only charge to cover their losses. If they were able to book another customer in, so that the appointment time was not wasted, then there may be no loss. If the time was wasted, then a charge can be made, but the trader should take account of any savings made (for example, the cost of materials that were not used).

**Q.** A consumer complains that a service was done to a poor standard, but the trader says that the standard is acceptable. What should they do?

**A.** To settle a disagreement about the standard of work, it may be necessary to seek the opinion of an independent third party. This could be a surveyor or assessor, or another professional or expert in the service in question. Where an independent expert is to be used the consumer and trader should ideally both agree to this in writing.

**Q.** A trader estimates that a conservatory will be installed in four to six weeks. After six weeks, the work is not finished. Does the consumer have the right to cancel the contract?

**A.** If the trader has given an estimated completion date, rather than a fixed commitment, then the work



has to be done within a reasonable time. The consumer should give the trader a final deadline for completion, after which they will be able to treat any further delay as breach of contract and cancel the contract.

## **Supplying services together with goods / digital content: mixed contracts**

In many cases, an agreement between a consumer and a trader won't be for just services but may also contain goods and/or digital content. The Consumer Rights Act sets out how the different elements work together. Please see 'Mixed contracts' for more information.

## **Consumer rights summary**

To help businesses and consumers understand the changes, BEIS worked closely with business and consumer groups to develop a plain English summary of the key elements of the Act. This 'consumer rights summary' is not intended to be a comprehensive guide to consumer rights, but rather a general overview of the key consumer rights, focusing on the most common issues.

There is no legal requirement for you to display this information, but it could help you make things clearer for your customers and staff. The design of the information sheet is a basic layout and you may want to tailor it according to your business needs - for example, by offering a returns policy that builds on the statutory requirements, or adding examples from your own business (perhaps replacing the word 'services' with something that you sell). The words are legally correct and outline your customers' rights, so we suggest tailoring and adding to these words, rather than deleting or altering the wording provided.

The summary is attached below in both PDF and Word formats, the latter to enable you to create your own version more easily:

[Consumer rights summary: services \(PDF\)](#)

[Consumer rights summary: services \(Word\)](#)

## **Selling goods**

If your business also sells goods please see 'The sale & supply of goods'.

## **Digital content**

The Consumer Rights Act 2015 also covers contracts between a trader and a consumer in relation to digital content, as distinct from goods and services. Please see 'Digital content' for more information.

## **Passenger transport**

The Consumer Rights Act also applies fully for mainline rail, aviation and maritime sectors.

These industries continue to have specific schemes under which passengers can claim compensation for delay or cancellation, and these schemes complement the provisions of the Consumer Rights Act.

Some international bus and coach services are exempt from the rules on the supply of services but are covered by a specific scheme of consumer rights.

## Further information

BEIS has produced more detailed guidance to help businesses understand the implications of the Act: *Consumer Rights Act: Services - Guidance for Business*.

## Penalties

Failure to comply with trading standards law can lead to enforcement action and to sanctions, which may include a fine and/or imprisonment. For more information please see 'Trading standards: powers, enforcement & penalties'.

## Key legislation

Torts (Interference with Goods) Act 1977

Consumer Protection Act 1987

Contracts (Rights of Third Parties) Act 1999

Enterprise Act 2002

Consumer Protection from Unfair Trading Regulations 2008

Provision of Services Regulations 2009

Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

Consumer Protection (Amendment) Regulations 2014

Consumer Rights Act 2015

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## Please note

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.

The guide's 'Key legislation' links may only show the original version of the legislation, although some amending legislation is linked to separately where it is directly related to the content of a guide. Information on amendments to legislation can be found on each link's 'More Resources' tab.

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