

# BUSINESS & consumer-protection

Who is responsible for product defects and how?

What should you do if a customer demands the cancellation of a transaction?

Who bears responsibility if a contract is unclear?

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# PRODUCT SAFETY

Businesses are responsible for seeing that the products they manufacture, import or sell are safe. By paying attention to the safety of products and services, businesses can prevent accidents, minimize financial loss, keep customers satisfied and maintain a good public image.

## Who comes within the scope of product safety legislation?

Products and services may not present a risk to consumers' health or property. The Act on the Safety of Consumer Products and Services applies to manufacturers, importers, distributors and sellers. The key goal is to prevent accidents.

A product or service must be safe at every stage from production to consumption. This includes manufacturing, import, sale, rental or even free samples, for example. Businesses are responsible for seeing that a product is safe in all situations. Regulations also apply to a toy at a day-care centre even though it has not been bought by a child.

Product safety legislation applies to both goods and services. It does not matter whether goods are new or second-hand. Services must be safe for consumers at every stage. Services may not present a risk to bystanders either. A risk can also involve materials or equipment used in providing a service.

## What is a dangerous product?

A product is considered to present a risk to health if it has a defect in its structure or composition or if false, misleading or inadequate information has been supplied and this can result in injury, poisoning, illness or some other risk to health.

A service is considered to present a risk to health if there is a defect in the way the service is performed or a defect in a product that is used in providing the service or if any false, misleading or inadequate information has been supplied concerning the service and this can result in injury, poisoning, illness or some other risk to health.

A consumer product is considered to present a risk to property if it can cause damage to another object or other property. A consumer service is considered to present a risk to property if it can cause damage to property.

## Businesses' obligations

Businesses are responsible for the safety of products and services. Legislation requires that businesses show due care, report risks and provide information to consumers.

### Due care

Businesses must show due care to prevent risks and accidents. They must take the initiative and actively and skillfully assess risks associated with products and must volun-

tarily withdraw products from the market if they are found to present a risk. Consumers who have bought a product that presents a risk are entitled to compensation.

### Reporting risks

Businesses must immediately report any risk observed in consumer products and services to the competent authority. They must also indicate what measures have been taken to eliminate the risk. There is no need to hesitate. The essential thing is to prevent accidents. Businesses also have a statutory obligation to cooperate with the competent authority to eliminate the risk. Risks must be reported as soon as they are observed, even if complete information is not available.

### Providing information to consumers

Businesses must provide consumers the necessary information so that they can assess risks associated with a product or service. Information must be presented in an understandable way. The name and address of the responsible business must also be supplied. Necessary information also includes instructions, warnings and information on the composition of a product, for example. The Government Decree on information to be supplied in respect of consumer products and services contains further provisions.

## Study, test and trace

Businesses should place emphasis on ensuring safety and quality assessment in the planning and manufacturing stage.

Special legislation and standards should be studied. Production files can be kept on different types of materials. These can be used to collect information on imports, quantities, batch numbers, dates, components etc.

Businesses should also consider special groups to whom a product or service may present a risk. Has a product been tested abroad and in what way? Customer feedback should be analysed and utilized in product development.

## Special groups

In addition to these general principles, some products and services are subject to special regulations. This includes detergents, cosmetics, toys, personal protective equipment and hazardous products that resemble foodstuffs. Food is subject to a wide range of special legislation. There are separate Acts covering eggs, herring products and mushrooms, for example. Food safety is monitored by the National Food Agency. To promote the safety of services the Consumer Agency has prepared guidelines concerning karting, ski slopes, programme services, swimming pools and family spas, and equestrian services.

## Monitoring compliance with the laws

The Consumer Agency can ban the manufacture or sale of a dangerous product or the production of a dangerous service. The first stage is always a negotiation between the Consumer Agency and the business. If this does not produce results, the Consumer Agency can impose a sales ban backed by a conditional fine. The product must also be recalled.

Customs can ban the import of goods that do not comply with regulations.

Municipal health inspectors monitor product safety at the local level. This work is directed by the state provincial offices.

Consumers can demand compensation for a dangerous product. They can also appeal to the Consumer Complaint Board.

**Prevent accidents:  
Trace, test and provide information**

**A business's three obligations:**  
**1. Show due care and take the initiative**  
**2. Report risks to the competent authority**  
**3. Provide information to consumers**

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## MARKETING

Marketing legislation and control place limits and restrictions on marketing means and these must not be infringed. Basic principles in legislation include the following:

- Advertising should not be in conflict with generally accepted social values or good practice. Violence, degrading behaviour and racism, for example, cannot be condoned in society or advertising.
- Even in the flood of advertising consumers should be able to make purchasing decisions that are wise from the viewpoint of their own finances and the environment. There are special rules concerning the information that must be supplied in advertising and concrete marketing means such as special offers, giveaways and promotional games.

If marketing does not meet the customer's expectations, a product or service can be considered defective.

### Children and young people in a special position

Minors are more susceptible to marketing means and advertising than adults. Consequently advertisers have a special responsibility when it comes to marketing aimed at minors.

Children interpret advertising messages in a very concrete way and do not have an adult's ability to understand humour, irony or other hidden messages in advertising. Children can confuse fiction with fact and their ability to comprehend should be taken into consideration when advertising is designed. Advertising aimed at children should be concrete enough so that children can correctly understand the message. Advertising aimed at minors should be immediately identifiable as such, while advertising aimed at adults can take a more subtle approach.

Surreptitious advertising must not be used to influence

minors, and this includes the Internet as well. Children should not be exposed to erotic or frightening advertising in public places, for example. Marketing should not place pressures on young people to fit a certain image. Nor should it encourage them to break the law or adopt racist or discriminatory attitudes.

### Common problems in marketing

Price is the most important information that a consumer needs in advertising. If the advertiser is a retailer and a specific product is shown in an ad or commercial, the price of the product must be indicated. If an advertiser is an importer, the price does not have to be indicated. The prices of products should also be displayed in shop windows. Businesses providing services should likewise display a list of prices in their windows. Unit prices per kilo, litre, metre etc must be indicated for foods and other consumer goods.

Discounts must be calculated on the basis of the price a shop has actually charged before the discount. Artificial prices may not be used. The discount price must be displayed on the product, on a sign beside the product or on a list near the product.

Consumers will be disappointed if special offer products are not actually available. In planning a campaign it is important to have enough products in proportion to the amount of advertising and the attractiveness of the product and price. Advertising must clearly indicate how long a special offer is valid and which shops in a chain do not carry the product.

If sales exceed estimates, customers should be offered a similar product or a chance to buy the same product later at the advertised price. Other consequences, such as compensation for travel expenses, depend on the degree to which a business has been negligent in planning a campaign.

Giveaways and promotional games appeal to many consumers, but gimmicks attached to products can irritate others. The main message in marketing should always be the actual product. Giveaways or prizes should not dominate advertising.

The value of giveaways and combined offers must be indicated, according to the law. If the value of a giveaway is less than 10 euros, it does not have to be indicated. Giveaways cannot be described using expressions such as “free” or “gift”, since receiving them requires the purchase of a product.

As a rule consumers should not have to buy a product in order to participate in a promotional game or contest. This should be a real option and can be arranged by providing game coupons in shops, for example. These can be traditional “I don’t want to buy but just want to participate in the contest” coupons that have to be mailed in. Another option is a text message that is not subject to an additional charge. Participating on the Internet should not be the only option that does not require buying the product.

### Monitoring and information

The Consumer Ombudsman monitors marketing and advertising. This takes place after advertising has been published or broadcast. Depending on the situation the Consumer Ombudsman can remind a business of marketing rules or conduct negotiations to stop a campaign that is not in compliance with the law. The Consumer Ombudsman

can also impose a ban or petition the Market Court for a ruling. A ban is usually backed by a conditional fine.

The marketing provisions in the Consumer Protection Act are of a general nature and their practical application is based on the Consumer Ombudsman’s decisions and the Market Court’s rulings. The Consumer Agency’s website contains information and guidelines on the following matters:

- Minors, marketing and purchases
- Price expressions as a marketing method
- Displaying prices clearly
- Using the word “free” in marketing
- Loyal customer marketing
- Cooperation between schools and businesses including marketing and sponsorship
- Marketing error situations
- Promotional games
- E-commerce

Businesses and advertisers can also ask the Consumer Agency for the Consumer Ombudsman’s opinion on planned marketing in advance, during the planning stage. Information regarding enquiries is available on the Consumer Agency’s website under Businesses.

**Minors in a special position**  
**Plan a campaign realistically**  
**Sell the product, not a game or giveaway**

## E-COMMERCE

In principle e-commerce is subject to the same rules as other consumer trade. The main difference is that it involves distance selling. In distance selling a consumer has the right to cancel a purchase within 14 days after the consumer has received the product or an order confirmation, whichever comes later.

The point of departure in regulations concerning e-commerce and distance selling is that the customer’s legal protection in marketing and transactions should be at least the same as in other trade.

Businesses must provide sufficient information in marketing. The name and address of the company must also be provided in e-commerce. The total price of the product must be indicated, including taxes and handling charges. If handling charges depend on quantity, weight or some other factor, marketing must clearly mention that the price does not include handling.

Contract terms must be presented clearly. After a customer has placed an order, an order confirmation should immediately be sent to the customer.

Marketing information can be rapidly updated on the Internet, practically around the clock. In this way the In-

ternet differs from other media. This gives online advertisers greater responsibility for providing correct information.

An offer on the Internet is contractually binding on the advertiser. When a consumer accepts an offer on the Internet, a binding contract exists. An offer has been accepted when a consumer orders a product using an online form, for example. The business must therefore sell the product at the price quoted on the Internet at that moment.

In an error situation a customer is always entitled to receive compensation for a defect in a product according to the Consumer Protection Act. Customers should be given instructions concerning what to do in an error situation.

The Consumer Ombudsman has prepared guidelines on e-commerce. The Consumer Ombudsman’s guidelines on Minors, marketing and purchases contain information on marketing aimed at minors and concluding contracts online. These guidelines are available on the Consumer Agency’s website under Businesses.

**Update prices without delay**  
**Doing business online should be easy**

# CONTRACTS

Contracts between a consumer and a business are subject to the provisions in the Consumer Protection Act. The Act covers the offering, sale and other marketing of consumer products and services. It does not apply to transactions between two businesses.

If a person buys equipment for business purposes, this does not come within the scope of consumer protection. If a person buys a computer for home use and only earns occasional income with it, however, the Consumer Protection Act should cover it.

The Consumer Protection Act also deals with businesses' rights if a customer breaches a contract, for example by failing to pay on time. Thus the buyer's obligations are also written into law.

The clearer a contract for a product or service is written, the less likely disputes will arise. When a business negotiates with a customer it should explain the content of a contract to the customer.

## Contracts are binding

A contract is mutually binding. Both parties must fulfil the obligations in it. Neither the customer nor the seller can cancel a contract unless the other party agrees. Cancelling an order before a product arrives is also a breach of contract for which the seller can demand compensation.

Distance and door-to-door selling are an exception. Here the customer has the right to cancel a purchase within 14 days free of charge. Distance selling includes telemarketing, mail order and online selling and TV shopping. Door-to-door selling is selling that takes place in person elsewhere besides an actual place of business. It does not include selling that takes place at a market, in a store lobby, at a fair or at other places where products are generally sold, however.

Many businesses give customers the right to exchange or return a product because they want to provide good service. Shops that do not generally give customers this right may agree to sell a product on approval.

## Changes in contract terms

Contract terms are binding on both parties. This also applies to price, which is a contract term. Neither party can change a contract unilaterally. As a rule changes must be approved

by both parties.

The grounds on which a business can change a contract and what terms can be used regarding changes depend on the type of contract. Contracts that are valid until further notice and other long-duration contracts are subject to rules that differ in some respects from those applying to one-time or fixed-duration contracts.

## Standard terms and monitoring

In many fields standard terms are used in contracts. These are usually prepared by business associations for their members. Businesses may also prepare their own standard terms. The Consumer Ombudsman has negotiated standard terms with organizations in different fields, in which case contracts mention that terms have been approved by the Consumer Ombudsman.

If a contract term is unfair, in a dispute it can be adapted or completely disregarded. If contract terms are unclear, they must be interpreted in favour of the consumer. Consequently businesses should prepare contract terms with care. The Consumer Ombudsman can provide advice if necessary.

The Consumer Ombudsman also checks contract terms on a discretionary basis. If a contract term is unfair the Consumer Ombudsman generally informs the business and asks it to change the term or remove it. The Consumer Ombudsman can also ban the application of an unfair contract term or petition the Market Court to do so. A ban is generally backed by a conditional fine.

A list of standard terms approved by the Consumer Ombudsman and information concerning fair terms and changes in contract terms are available on the Consumer Agency's website.

**Neither party can change contract terms unilaterally.  
The right to exchange or return a product is good service.**

A buyer has the right to expect that a product corresponds to what has been agreed. A product should also be deliv-

## DEFECTS IN PRODUCTS

ered to the customer at the agreed time. A seller, on the other hand, has the right to expect that the buyer will pay the agreed price at the agreed time.

Sometimes a customer notices a defect in a product after buying it. Often a defect is easy to confirm and an understanding can be reached with the seller on how to rectify the problem.

If a dispute arises, the parties can consult a municipal consumer adviser to determine if a product defect as defined in legislation exists and what the law says about rectifying it.

In a dispute it is important to remember basic matters. A contract includes certain expectations regarding the properties of a product. A defect may not be noticed until long after a product has been bought. The decisive thing is whether it is possible that the product was defective at the time of purchase.

Legislation describes the basic properties that a product must have.

### A product must

- be suitable for its purpose
- correspond to a sample that has been displayed
- have a normal service life
- correspond to the information provided on the product

If it does not have these basic properties, a product is defective. According to the law a buyer cannot complain about a defect if the buyer can reasonably be assumed to have been aware of the defect at the time of purchase.

A clear defect in the structure or composition of a product is naturally a defect. If a product does not last as long as it should in normal use, it can also be regarded as defective. The same is true if the necessary operating or assembly instructions have not been supplied. In Finland instructions must be supplied in Finnish and Sweden. A product must also meet safety requirements. A service is defective if it is not performed in a skilful and diligent manner.

A buyer cannot claim that a product is defective if, for example, a sofa does not fit in his living room. In order to claim rectification the buyer must show that the sofa has a structural or material defect or that its service life is not what can normally be expected. The buyer must also follow the instructions supplied with the product.

### What happens if a product is defective?

The seller always bears responsibility if a product is defective, since the seller is the customer's contract party when a product is sold. The seller cannot avoid responsibility by telling the customer to contact the importer, for example. A customer can complain about a defect to a manufacturer, importer, distributor or agent if he wants, however.

### The consequences if a product is defective are spelled out in the Consumer Protection Act.

- A customer can demand that the seller repair the product or replace it with one that is not defective. The seller has the right to repair a product instead of replacing it if the product can be repaired within a reasonable time so that the customer does not incur costs and the value of the product is not reduced.
- If the seller cannot repair the product or replace it with one that is not defective, the customer can demand a reduction in price or the cancellation of a transaction. The seller should negotiate with the customer to find the best solution. Sometimes a price reduction is adequate to compensate a surface defect in an appliance, for example, and there is no need to cancel a transaction. On the other hand a customer has the right to expect that a product corresponds to what has been agreed. Consequently a customer has the legal right to cancel a transaction if a defect is not insignificant and the product cannot reasonably be repaired or replaced.

A customer is also entitled to compensation for damage resulting from a product defect, including costs incurred and other financial damage. A customer is not entitled to compensation for inconvenience or bother.

If a customer has not paid the full price, he can refuse to pay part of the price until the defect has been repaired.

It is the buyer's obligation to notify the seller of a defect within a reasonable period after the defect should have been noticed. A consumer always has two months to report a defect from the time the defect was first noticed, however. A business cannot limit this period by including a contract term such as "claims for product defects must be made within 14 days of receipt of the product".

### Six-months rule

The Consumer Protection Act contains special provisions concerning defects that are noticed within six months of the time of purchase. Such a defect is assumed to have been in the product at the time of purchase and the seller is responsible for repairing or replacing the product. In order to avoid liability, the seller must be able to show that a defect is due to improper handling or an accident. The burden of proof is thus on the seller.

The six-months rule applies to all products, whether they are new or second-hand. There are certain exceptions, however, such as foods as well as products whose normal life is less than six months.

The seller is also responsible for product defects after six months according to the provisions in the Consumer Protection Act.

## Warranties

A manufacturer, importer or seller can provide a warranty on a product. A warranty is a voluntary additional benefit that gives the consumer more protection than is required by law. The seller always has statutory liability for a defect in a product, regardless of a warranty. The end of a warranty period cannot free a seller from liability for a product defect as defined in legislation.

If a product defect is covered by a warranty, the party providing the warranty must arrange repairs free of charge. As the customer's contract party the seller is ultimately responsible for a warranty unless the seller has expressly made a disclaimer.

A business cannot use a warranty to restrict a consumer's statutory rights. Warranty terms may not state that the customer is responsible for transport costs if a product has to be taken to a repair shop, for example. Even if a warranty only applies to certain parts of a product, other parts not covered by the warranty must meet requirements concerning a normal service life.

A warranty period must not be too short. A one-month warranty, for instance, does not give consumers any additional benefit compared with their statutory rights.

## Transfer of risk

A product is transferred when the seller hands it over to the buyer. Usually a customer comes to the shop and picks up the product. The seller is not responsible for delivery unless this is separately agreed.

If a product is delivered to the buyer, the seller remains responsible for any risk of breakage or spoilage until the product has been handed over to the customer. This is true even if a sale has already been made and the price has been paid. Specific arrangements should be made with the buyer concerning the receiving of goods in order to avoid problems.

If the seller has agreed to install an appliance in the buyer's home, the transfer is not complete until this has been done.

## Delay in delivery

Agreeing on a precise delivery time is part of good service. If a seller only says that the product will be delivered "during week 32" or "in August", the parties should keep in contact to agree on a more precise time. The customer should usually be at home when a product is delivered. Problems can arise if the seller does not deliver the product at the agreed time.

### Late delivery can result in

- the withholding of payment
- the cancellation of the transaction
- damages

If late delivery is the customer's fault, the customer can be held responsible for costs incurred by the seller.

## Second-hand goods

Second-hand goods are often sold "as is". This does not mean that the seller is not responsible for second-hand goods, however.

### According to the law a product is defective

- if the product does not correspond to the information provided by the seller
- if the seller has failed to mention properties of the product that he can be expected to have known and these could have been expected to influence the transaction
- if a product is in worse condition than the buyer could reasonably expect considering the price and circumstances.

The six-months rule also applies to second-hand goods.

**Taking care of claims in a responsible way builds good customer relations. The end of a warranty does not mean the end of the seller's responsibility for defects.**

### RECTIFICATION PATH:

1. Repair or replace the product
2. Price reduction or cancellation of a transaction

## DEFECTS IN SERVICES

In the Consumer Protection Act the term services mainly refers to work involving a customer's property. Repair services, car and appliance maintenance, laundry services, shoe repair and photo processing are good examples. Veterinary services also come within the scope of the Act.

Building repairs, work involving small structures such as playhouses and docks, landscaping, cutting trees and gardening work are also covered by the Act.

The provisions in the Act concerning service contracts do not cover banking or insurance services, healthcare or beauty services, accommodation, transport or education services or the supply of electricity, heat or water. Consumer authorities also monitor the marketing of these services and related contract terms, however, and help resolve disputes concerning them.

The safety of services is monitored on the basis of the Act on the Safety of Consumer Products and Services.

### Professional skill and care

The properties of a product may be easy to observe, but it is up to a business to inform the customer regarding the properties of a service. The business has an obligation to inform the customer about the service and its progress in different stages of work. If the business fails to keep the customer informed, this constitutes a defect in a service.

Businesses have an obligation to advise customers on the basis of their expertise. They must also advise customers regarding the best way to get work done.

#### A business should inform a customer if

- a repair is not worth the money
- a repair may not be successful
- work will cost more than anticipated
- if the customer cannot be reached, work should be interrupted.

Quality repair work does not result in unnecessary costs. If a repairman comes to a consumer's home, he should have the necessary tools and parts with him. It is important to consult with the customer in advance. A repairman should know how to ask the customer the right questions on the phone so that he can decide what tools and parts to bring.

A service is also defective if it does not correspond to the information provided in marketing. A business is responsible for a defect if information has influenced the customer's decision. Failing to mention important information can also constitute a defect in a service. A business must provide all the information that a customer can reasonably expect to be given. For example, a business is responsible for information provided on materials used in work.

- Services should correspond to what has been agreed in terms of content, method and results.
- Services should be performed with professional skill and

care.

- Businesses must consider the customer's best interests.
- Services should not take longer than agreed.
- Services should comply with special regulations.
- Materials should not be inferior in terms of durability or other properties.

### Written contract in both parties' interest

Most disputes concerning services revolve around price or delay in delivery. It is therefore important to include basic matters in a written contract. This is in both parties' interest, since many disputes arise from misunderstandings that could have been avoided with a proper contract.

A contract should include information on the parties, the price or a price estimate, the content of work, the necessary materials and who will pay for them. The starting and finishing dates should also be included along with a payment schedule.

Nowadays model contracts approved by the Consumer Ombudsman are used extensively in construction and repairs. Model contracts can generally be obtained from business associations. A model contract for small-scale building repairs is available on the Consumer Agency's website.

### Guarantee

A service guarantee is subject to the same principles as a product warranty. A guarantee is voluntary. If a guarantee has not been given or the guarantee period is over, the provisions in the Consumer Protection Act apply.

### Precise price information

The price should always be agreed before starting work. Sometimes it may be difficult to estimate costs precisely in advance, however. Principles with regard to agreeing on the price of a service are contained in the Consumer Protection Act.

A business that advises a customer and gives detailed information, provides price information and concludes a written contract is less likely to have to deal with dissatisfied customers. If a dispute arises as to whether a quoted price is a fixed price or a cost estimate, for example, the burden of proof is on a business.

If a television needs to be repaired, it is usual for a customer to request an estimate first and then ask for a repairman to come. A separate charge can be collected for finding out what is wrong. The customer should be informed in advance if this is the case.

A business can supply price information of a general nature but must emphasize that this is not precise. If the price rises during the course of work, the customer should be informed.

When a business provides an actual price estimate, it must inform the customer whether the estimate covers the entire job or only part of it. The final price may not exceed the estimate by more than 15%.

Sometimes a fixed price is agreed. A business does not have to lower the price if work turns out to be cheaper than expected. A fixed price may not be exceeded.

A maximum price is an upper limit. It may not be exceeded but the final price may be lower.

As a general rule consumers should have to pay a reasonable price for a service if the price or the method for calculating the price have not been agreed in advance. The customer has the right to receive a written itemization of work and other costs.

## Additional work

Additional work is work that has not been agreed in advance. A business must ask the customer for permission to do such work, unless otherwise agreed. If the customer cannot be reached, the additional work may be done only if it cannot be postponed or makes sense otherwise and the costs charged for the work are minor in relation to the total price.

In other situations repairs must be interrupted. A business should try to contact the customer at regular intervals. In a dispute consideration will be given to whether or not trying to reach the customer has caused a business unreasonable bother, for example regarding the arranging of other jobs.

If a customer wants additional work in the course of repairs, this should be written down and a price should be agreed. If this is not done, there is a risk of a dispute concerning whether additional work was part of the original contract and its price or not.

## Delay in service

A business usually agrees with a customer on when a service will be ready. The delivery date is important in considering the transfer of risk and delay, among other things. In repair work the transfer naturally takes place when repaired goods are handed over to the customer. If work is performed in a customer's home, the transfer takes place when work is completed. If a date is not agreed, work should be completed in a reasonable time. If a dispute arises, the length of time that can normally be considered reasonable for the work in question is evaluated.

The parties can also agree on a timetable and the division of work into parts.

The consequences for a delay in service are similar to those for a delay in delivering goods.

### If delivery of a service is delayed, the buyer can

- withhold payment or part of payment
- demand the cancellation of a contract
- demand damages

A customer's right to cancel a service contract only applies to that part of work that has not yet been done. In general a

customer must pay the full price for work that has already been done properly unless the work has no value for the customer.

## What happens if a service is defective?

The consequences if there is a defect in a service are similar to the consequences if there is a defect in a product. An important difference concerns the right to cancel a contract after work has been done.

### If there is a defect in a service the customer has the right to

- withhold payment or part of payment
- demand that the defect be repaired or work be redone

### If these are not possible the customer can demand

- a reduction in price
- the cancellation of a contract
- damages

Cancelling a contract is possible if no other consequence is fair for the customer. Services cannot generally be returned. The customer's right to cancel a contract is therefore limited if work has gone far.

As in case of a delay a customer's right to cancel a contract only applies to that part of work that has not yet been done. In general a customer must pay the full price for work that has already been done properly. If the work has no value for the customer a contract can be cancelled completely. There is naturally no need to pay for work that has been done improperly.

In principle the business that has arranged work or agreed to take responsibility for a service is responsible for a defect in a service. Sometimes a subcontractor or agent may be responsible.

## Rights of a service provider

A service provider has rights that concern late payment, the cancelling of an order and situations in which a customer fails to pick up an item that has been repaired, for example.

If payment is late, a service can be stopped unless this presents a risk to the customer. The customer must be informed if service is stopped.

A business can of course give a customer more time to pay. If the customer still fails to pay, the business can cancel the contract with regard to work that has not yet been completed. The business also has the right to damages. An item that has been repaired or made does not have to be handed over to the customer before the bill has been paid.

If a customer cancels an order, a business may not complete the job. The customer must pay for work that has been done as well as measures that are necessary to stop work. The business also has the right to damages in this case.

If an item that has been repaired is not picked up, a business has the right to sell it. This is based on a special Act,

which contains provisions concerning the procedure to be followed in such cases.

## Sale of building elements and construction contracts

The Consumer Protection Act contains a separate chapter on the sale of building elements and construction con-

tracts, since these have many special features.

**A written contract is in both parties interest!  
The price should be agreed as precisely as possible!**

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## IF A PRODUCT CAUSES DAMAGE

Damage caused by a product must be compensated according to the provisions in the Product Liability Act and the Consumer Protection Act as well as general principles concerning compensation for damage. Different Acts supplement one another in this respect. If a product has caused damage to a person or another product, the situation is evaluated to determine which Act applies. The first question is whether damage comes within the scope of the Product Liability Act.

The Product Liability Act covers compensation for damage caused by a product. It does not cover damage caused by services.

The Product Liability Act is applied if a product that is not safe has caused damage to a person or private property. The manufacturer or producer has primary liability to compensate damage. If a dispute arises, a consumer must be able to prove that damage has occurred, that a product has been unsafe and that there has been a causal relationship between the two.

Damage to property amounting to less than 395.25 euros is not compensated under the Product Liability Act. Any amount over this figure must be compensated. There is no lower limit for personal damage.

### In case of damage to property, compensation is provided for

- repair costs and costs resulting from damage, depreciation or the value of an item that has been destroyed or lost. Loss of income or support can also be compensated.

### In case of personal damage, compensation is provided for

- medical costs and other costs resulting from damage. Compensation is also provided for loss of income, pain, suffering, disability or other permanent harm.

### A wholesaler or retailer can be held liable for damage

- if a product does not indicate the manufacturer or producer of the product
- if the seller does not notify the injured party of the manufacturer or producer of the product within a reasonable

time - generally one month

- if the Product Liability Act does not apply - for example if damage to property amounts to less than the lower limit according to the Act - an evaluation must be made as to whether a defect in a product has caused damage to other property with a “direct connection of use” to the product.

On the basis of the Consumer Protection Act a consumer can demand compensation for damage caused to another product if there has been a “direct connection of use” between the product causing the damage and the damaged product. This kind of connection exists between a washing machine and laundry, a camera and film, and a mobile phone charging cord and a car cigarette lighter, for example. Under the Consumer Protection Act the seller is liable for damage. There is no lower limit on compensation. If there is no “direct connection of use”, an evaluation must be made as to whether damage has been caused by negligence on the part of a business.

According to principles concerning compensation for damage in a contract relation, compensation can also be demanded if property damage is less than the lower limit in the Product Liability Act. In contrast with the Product Liability Act, however, contractual liability depends on negligence on the part of a business.

A service business may have to compensate textiles ruined by a washing machine or food that has spoiled in a freezer, for example, if a defective part has been used in repairing a machine. A service business is responsible for damage caused by parts and supplies if they concern property that is in “direct connection of use” with the serviced item.

**Product Liability Act  
Consumer Protection Act  
Principles concerning compensation  
for damage**

## DISPOSING OF PRODUCTS

Businesses increasingly have to take a stand on the environmental impact of their products. The goal of the Waste Act is to reduce waste and its negative impacts. Sustainable, repairable and reusable or recyclable products have a good market value.

The way a product is manufactured also influences a business's public image. The guiding principle in the Consumer Protection Act is to advise and assist customers. This applies especially to disposing of products. It is good customer service to provide detailed instructions concerning what part of a product can be recycled and what has to be disposed of. Will a product be problem waste? How should a product be disposed of? Can it be burned?

Producers' responsibility in waste management has expanded in recent years. The original producer of a product is responsible for recycling and reusing waste. Businesses have developed recycling systems for car tyres, paper, packaging and electric and electronic waste, among other things.

Planning waste management and the collection of problem waste generally reduces a business's costs. Problem waste that typically accumulates in small and medium-size firms include motor and transmission oils, oil filters, glues, varnishes etc.

Waste management guidelines have been prepared for a number of fields. Businesses can ask municipal environmental authorities and business organizations for advice on waste management in their own field. The environmental

administration has a system that provides information on waste transporters and collectors. The register also contains information on companies that recycle or handle waste or collect problem waste. The Finnish Environment Institute also maintains a register of international waste transports. Information on the handling of problem waste can be obtained from Ekokem Oy, tel. +358 10 7551 000.

### Social responsibility

Business ethics and social responsibility have received considerable attention lately. All consumers are no longer satisfied with information on the environmental impact of consumption and production, but they also want to know about businesses' ethical principles. This includes social and economic responsibility.

Consumers follow businesses' operating principles on domestic and global markets. Global operating methods influence consumers' opinions concerning businesses and their brands and thus purchasing decisions and businesses' success. Companies need a good ethical profile.

**How a product is made influences a business's public image**

# CONSUMER AUTHORITIES

The administration of consumer affairs has been entrusted to the Ministry of Trade and Industry, which is in charge of consumer policy. The Advisory Council on Consumer Affairs and the Standing Advisory Committee on Product Safety operate in connection with the ministry.

## Consumer Agency and Consumer Ombudsman

The task of the Consumer Agency is to ensure consumers' economic, health and legal position and to implement consumer policy. The Director General of the Consumer Agency serves as the Consumer Ombudsman. The Consumer Agency and the Consumer Ombudsman are responsible for monitoring marketing and contract terms, product safety and package tour operators, arranging consumer education, directing consumer advice and financial and debt counselling, and conducting studies and price comparisons. The Consumer Agency produces information for consumers and businesses and provides advice in the matters that come within its scope. Businesses and advertising agencies can ask the Consumer Agency for the Consumer Ombudsman's opinion on planned marketing in advance.

The Consumer Agency's website contains information for businesses on consumer law and product safety as well as policies and guidelines in different fields for merchants and advertising designers.

## Consumer Complaint Board

The Consumer Complaint Board is a neutral and independent expert body whose members represent consumers and businesses in a balanced way. The Board issues recommendations concerning disputes involving consumer and housing transactions. It can also issue statements to courts handling cases which fall within its sphere of competence. In addition the Board guides municipal consumer advisers.

The Consumer Complaint Board is directed by a full-time chairman, while members work part-time. They are appointed by the Government for a four-year term. Cases are decided by sections or by plenary sessions if they are especially significant. Cases are prepared by staff with legal and product expertise.

The Board does not give advice over the phone or answer questions or enquires sent by e-mail. The Board assists municipal consumer advisers, who in turn assist consumers. Complaints should not be sent to the Board by e-mail.

## Municipal consumer advice

At the local level municipal consumer advisers take care of consumer affairs and help settle disputes between businesses and customers, among other things.

According to the Act on Municipal Consumer Advice, local authorities are responsible for providing general information and personal advice regarding matters that are significant for consumer decision-making and consumers'

position. Consumers are also assisted in resolving disputes with businesses through negotiations. If necessary consumers are directed to the proper legal channel. Municipal consumer advisers also participate in monitoring product prices, quality, marketing and contract terms and assist other consumer authorities on request.

Contact information for municipal consumer advisers can be obtained from local authorities or on the Consumer Agency's website.

## Market Court

The Market Court started its activity on 1st March 2002 pursuant to the Market Court Act which entered into force on that date. The Market Court is a special court hearing market law, competition and public procurement cases.

A case based on the Consumer Protection Act is initiated at the Market Court by a petition by the Consumer Ombudsman.

## National Food Agency

The National Food Agency directs and develops food control in Finland. It is responsible for ensuring consumers' health and financial security in cooperation with other authorities. At the local level food safety is controlled by municipal food inspectors.

### Consumer Agency

Haapaniemenkatu 4 A, P.O. Box 5, FI-00531 Helsinki  
Telephone +358 9 77261, Telefax +358 9 7726 7557  
E-mail [posti@kuluttajavirasto.fi](mailto:posti@kuluttajavirasto.fi)  
[www.kuluttajavirasto.fi](http://www.kuluttajavirasto.fi)

### Consumer Complaint Board

Kaikukatu 3, P.O. Box 306, FI-00531 Helsinki  
Telefax +358 9 753 4880  
E-mail [kirjaamo@kuluttajavl.fi](mailto:kirjaamo@kuluttajavl.fi),  
[www.kuluttajavalituslautakunta.fi](http://www.kuluttajavalituslautakunta.fi)

### National Food Agency

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[www.elintarvikevirasto.fi](http://www.elintarvikevirasto.fi)

### Market Court

Erottajankatu 1-3, P.O. Box 118, FI-00131 Helsinki  
Telephone +358 09-684 0550,  
Telefax +358 9 684 0514  
E-mail [markkinaoikeus@om.fi](mailto:markkinaoikeus@om.fi),  
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