

Undertaking

Introduction

As a qualifying body, the FSA can challenge firms using terms which it views as unfair under the Unfair Terms in Consumer Contracts Regulations 1999 (the Regulations). The FSA has been reviewing contract terms which have been referred to us by consumers, enforcement bodies and consumer organisations. This has led to the following firms undertaking not to use terms which may be considered unfair.

We have a duty under the Regulations to notify the Office of Fair Trading (OFT) of the undertakings we receive. The OFT has a duty to publish details of these undertakings. The OFT does so on its Consumer Regulation Website. The FSA policy is to publish details of the undertakings and the undertakings on its website. Both publications will name the firms and identify the specific term and the part of the Regulations, which relate to the term's fairness.

In general, firms should regularly assess whether their terms and conditions in consumer contracts meet the standards of fairness set out in the Regulations and consider what steps they need to take to comply with the Regulations.

Please be aware that the publication of the undertakings may attract more consumer complaints both to the FSA and direct to firms, which will need to be addressed. We encourage firms to consider the undertakings that the FSA publishes in the review of their terms and conditions.

Consumer Protection Association Ltd undertaking

Name of business	Consumer Protection Association Ltd	Lead organisation	FSA
Trading sector	Insurance - deposit	Contract identifier	Deposit registration contract

Original term	Application of the Regulations (Schedule 2 paragraph or as indicated)	How changed	New term
Third paragraph	The term stated that the deposit insurance covered a period of ten weeks from the date of the contract or until the estimated installation date, whichever was sooner. The original term stated: 'This indemnity covers for a period of ten weeks from the date of contract or until the	The firm amended the term. The period of insurance is now for a period of 90 days from the date the deposit is paid but also ends when work starts or the contract is cancelled. Consumers can also now contact the firm who may be able to arrange an extension of the insurance cover if installation	Period of insurance

	<p>estimated installation date, whichever was sooner.'</p> <p>We had the following concerns about the clarity and fairness of the term.</p> <p>Firstly, it was not clear whether the insurance ended on the estimated installation date or ten weeks after this date.</p> <p>Regulation 7(1) states that a term should be written in plain and intelligible language.</p> <p>Secondly, we were of the view that it may be unfair that the insurance should end on the estimated installation date, because it would not cover circumstances where installation was delayed.</p> <p>Thirdly, should the consumer want an extension of the insurance, we were concerned that the consumer may not be able to contact the installer, in the event that the installer ceases to trade, and would therefore be left without insurance.</p> <p>Regulation 5 states that a term shall be regarded as unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer.</p>	<p>does not start within 90 days.</p> <p>The amended term states:</p> <p>'Period of Insurance</p> <p>90 Days from the Date Deposit Paid as stated in the Schedule. Cover also ends upon the commencement of the work or cancellation of the contract. IF THE WORK DOES NOT COMMENCE WITHIN 90 DAYS THEN PLEASE CONTACT THE ADMINISTRATOR AT THE ADDRESS BELOW WHO MAY BE ABLE TO ARRANGE AN EXTENSION OF YOUR COVER.'</p>	
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Other information	The firm was cooperative in amending the term.
Undertakings published	July 2006