



Vehicle Sales Authority
of British Columbia

Distance Sales
Contracts
Internet Sales





Purpose of this session:

Create awareness of the details surrounding distance sales in relation to motor vehicles, as well as how to conduct sales electronically based on amendments to the Motor Dealer Act in 2018 (Section 3 (1.1)).



By the end of this session you will be able to:

- Define Distance Sales (also known as electronic sales)
- Identify key disclosures related to distance sales contracts
- Demonstrate an understanding of distance sales requirements



More consumers shopping online

- In 2018 there were 19.8 million e-commerce users in Canada.
- By 2021 this number is expected to increase to approximately 25 million people
- The number of consumers browsing for and purchasing vehicles through e-commerce channels will also increase as additional online shopping tools make it easier to do so.
- Salespeople need to know how to conduct Distance Sales and what regulations apply. This ensures they meet regulatory requirements associated with this growing segment.



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Consumers research online

95% of vehicle buyers use online sources to conduct research for their next vehicle purchase.

60% of all automotive searches come from a mobile device and some of the top mobile searches are related to dealerships.



A new study by Frost & Sullivan estimates:

- Almost 825,000 new vehicles were sold online globally in 2019, either through online financing or by making a part payment online.
- By 2025, it is estimated that 6 million vehicles will be sold through online platforms.

Our current circumstances with the global pandemic has resulted in distance and e-commerce sales becoming a priority for the industry in BC.



What is a Distance Sales Contract?

Contract

A contract for the supply of goods & services between a dealership and consumer.

Not in person

This contract is not entered into in person.

Inspection

Consumer doesn't have an opportunity to inspect goods being purchased.



What is a Distance Sales Contract?

Distance sales contract means...

Under the Business Practices & Consumer Protection Act (BPCPA) Chapter 2, Division 1 Definitions:

“...a contract for the supply of goods or services between a supplier and a consumer that is not entered into in person and, with respect to goods, for which the consumer does not have the opportunity to inspect the goods that are the subject of the contract before the contract is entered into, but does not include a prepaid purchase card”.





Dealer Requirements

What must a dealer do before a consumer enters into a distance sales contract?

Information

Make information available in a manner that allows the consumer to access it - such as email. Allow the consumer to retain and print the information.

Express Opportunity

Allow the consumer to correct any errors and accept or decline the contract.



What information does a dealer need to disclose in this type of contract

Some of the details that must be included are:

- Business name, address, contact information
- The date on which the contract is entered into
- Detailed description of goods or services to be supplied
- Itemized purchase price

Note: All information should be disclosed in a clear & comprehensible manner.



What information does a dealer need to disclose in this type of contract

Some of the details that must be included are:

- Detailed statement of the terms of payment
- Total price under the contract, including total cost of credit
- If applicable, a description and dollar value of any trade-in

Note: All information should be disclosed in a clear & comprehensible manner.



What information does a dealer need to disclose in this type of contract

Some of the details that must be included are:

- A notice of the consumer's right to cancellation
- Any other restrictions, limitations or other terms or conditions
- All other required disclosures need to be made.
For Example:
 - *Cumulative damages over \$2,000 - per the Motor Dealer Act*
 - *Privacy Disclosures – per PIPA & CASL*

Note: All information should be disclosed in a clear & comprehensible manner.



Who can deliver a vehicle that was purchased online?

Delivery Person

- If the sale is completed prior to delivery, a salesperson does not need to deliver the vehicle.
- If additional information needs to be communicated to the buyer, such as reviewing the features of the vehicle, a salesperson must be involved with the delivery.



Delivery of the vehicle

What is considered a delivery of a vehicle by a dealer?

Refused Delivery

The delivery was attempted and the consumer refused delivery.

No Show

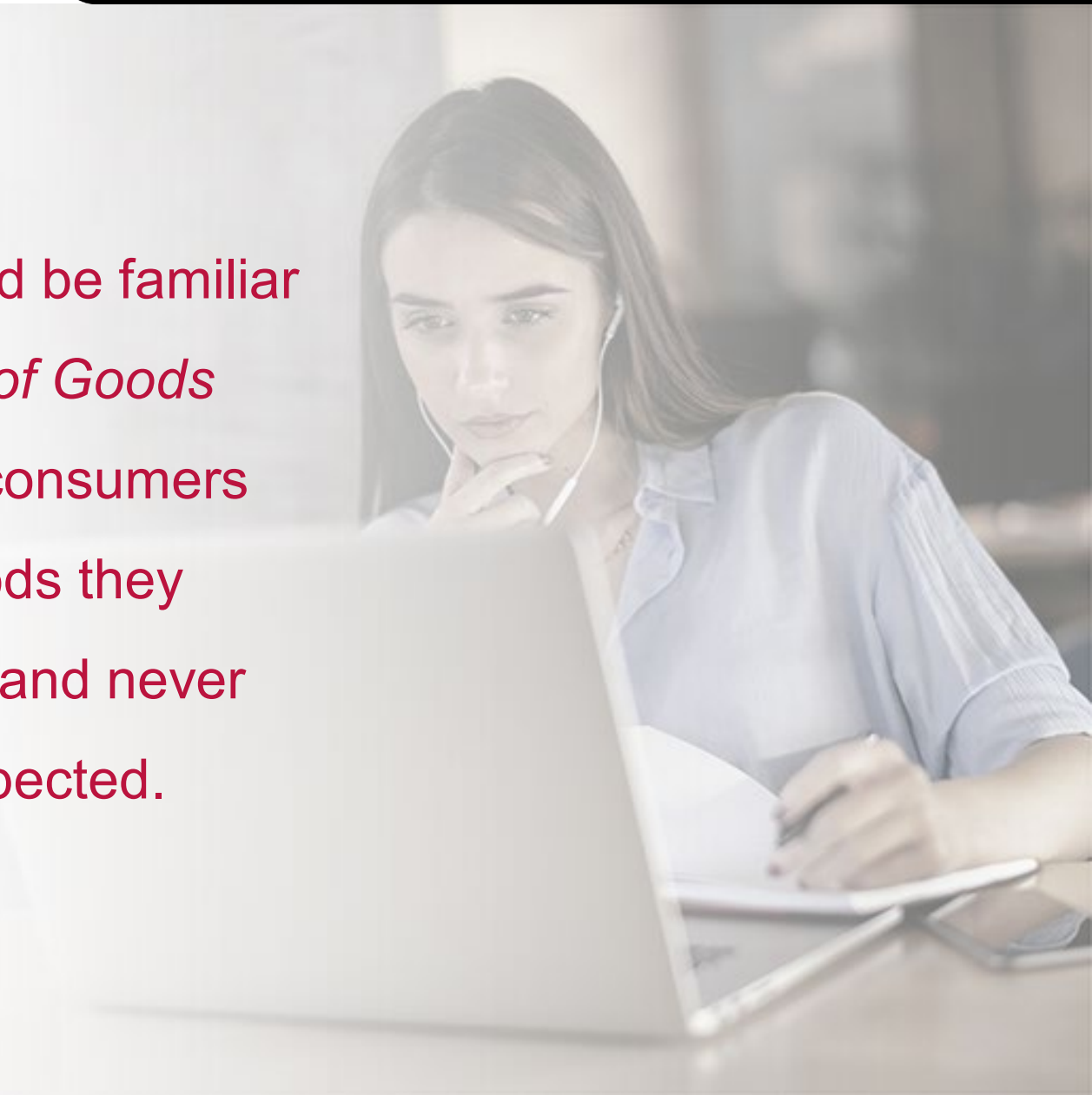
The dealer attempted to deliver the vehicle on a specified date and the consumer was not present to accept the delivery.



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Delivery of the vehicle

Dealers should be familiar with the *Sale of Goods Act* and how consumers can reject goods they have ordered and never physically inspected.





What is important to know about providing a copy of the contract?

Timing

- After the contract has been entered into, the dealer must give the consumer a copy of the contract within 15 days.

Contents

- The contract must contain:
 - All of the required disclosure information.
 - The consumer's name.
 - The date the contact was entered into.



What is important to know about providing a copy of the contract?

Delivery

- A copy must be sent via email to the consumer's email address, or a copy must be given in a manner than enables the dealer to prove that the consumer has received and retained a copy.
(e.g. registered mail)



How can a consumer deliver notice to cancel the contract?

Methods

- The notice of cancellation can be provided in person
- It can also be sent by ordinary or registered mail, electronic mail or fax based on the information provided in the contract.





How can a consumer deliver notice to cancel the contract?

Methods

- In addition, leaving a copy in a mailbox or attaching a copy to the door or other conspicuous place at the dealership is a valid method of delivery.





How can a consumer deliver notice to cancel the contract?

Date considered delivered

- For registered or regular mail, the cancellation notice is considered received after 5 days.
- All other methods are considered delivered after 3 days.





What do you need to know about the cancellation of preauthorized payments?

Future Payments & Charges

- A dealer must cancel any future payments or charges that have been authorized by the consumer.





What is required regarding refunds on a cancelled distance sales contract?

Refund

- The dealer must refund the consumer within 15 days of receiving the cancellation.
- All money received with respect to the contract and in the respect to any related consumer transaction must be refunded without deduction.



What is required regarding refunds on a cancelled distance sales contract?

Recovery

- If a dealer does not provide a refund as required under the Act, the consumer may recover the refund as debt due.





What is required regarding refunds on a cancelled distance sales contract?

Related Contracts

- All other related contracts related to the purchase are also cancelled.
(e.g. A warranty, a service plan, or protection services).





What do you need to know about the return of goods?

Timing

- The consumer must return the vehicle to the person or place named in the contract within 15 days after the notice of cancellation has been given, or after the vehicle has been delivered to the consumer, whichever is later.



What do you need to know about the return of goods?

Condition

- The vehicle must be returned in substantially the same condition as it was delivered.



What do you need to know about the return of goods?

Delivery

- The consumer can return the vehicle by any method that permits them to produce confirmation of delivery.
- At a minimum, the vehicle can be returned in the same manner as it was delivered.



What do you need to know about the return of goods?

Dealer

- The dealer must accept the goods returned and they are responsible for the reasonable cost of returning the vehicle.



Under the *Motor Dealer Act*, inventory is defined under 3 categories:

1. For a new vehicle, it is in the possession of the dealer or the dealer can obtain it from the manufacturer (special orders).
2. For a used vehicle, it is owned and in the possession of the dealer.
3. A consigned vehicle with a consignment agreement in place compliant with the Motor Dealer Consignment Sales Regulation.



Electronic Transaction Act

- Authorizes electronic signatures, e.g. DocuSign
- Important to follow the Act to ensure there is an enforceable contract
- To help prevent fraud, consider using an online identity verification service such as:
 - *Equifax eIDVerifier*
 - *DocuSign Identify*
 - *TransUnion Identity Verification & Authentication*



Purchases

- Delivery must still take place on a reserve to obtain any applicable tax-free benefits.

Leases

- The consumer must reside on reserve land, but the transaction does not need to occur on reserve land.
- The rules for the purchase of a vehicle must be followed if a vehicle is being bought out at the end of a lease.



Selling to buyers outside of B.C.

- The issue is legally complicated.
- Generally, Canadian regulators have taken the view that where the dealer is located is the law governing the transaction.
- Under the BPCPA and the MDA, a consumer is defined as a person, whether in British Columbia or not, who does a consumer transaction with a supplier (motor dealer).





1. Can a traditional automotive business also sell vehicles online to consumers?

Yes, as long as they hold a Motor Dealer License with the VSA





2. Can an automotive business take a vehicle to a consumer's home for a test drive?

Yes, as long as the test drive is solely to evaluate the vehicle's performance, suitability and/or condition prior to purchase or lease and for no other purpose.

A best business practice would be to have the terms and conditions of the test drive reviewed by the consumer prior to the test drive taking place. This will clarify if the vehicle can be kept overnight, what happens if there is an accident, etc.



3. Can an automotive business take a contract to the consumer's home so they can sign it if they like the vehicle?

In BC, the offer and acceptance is to be done electronically.

If the dealer wants documents signed in person, they must be identical to the electronic documents including the back boiler plate of the traditional agreements.

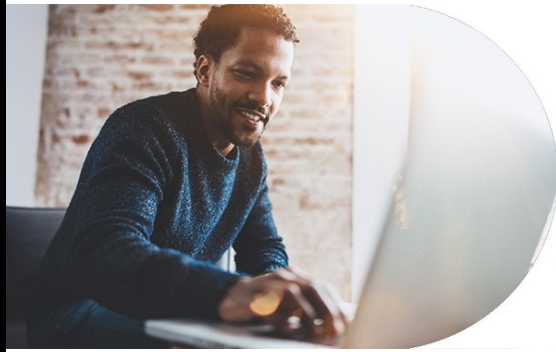




4. What evidence do we have to keep on file to prove the contract originated from the dealer and ended with the customer?

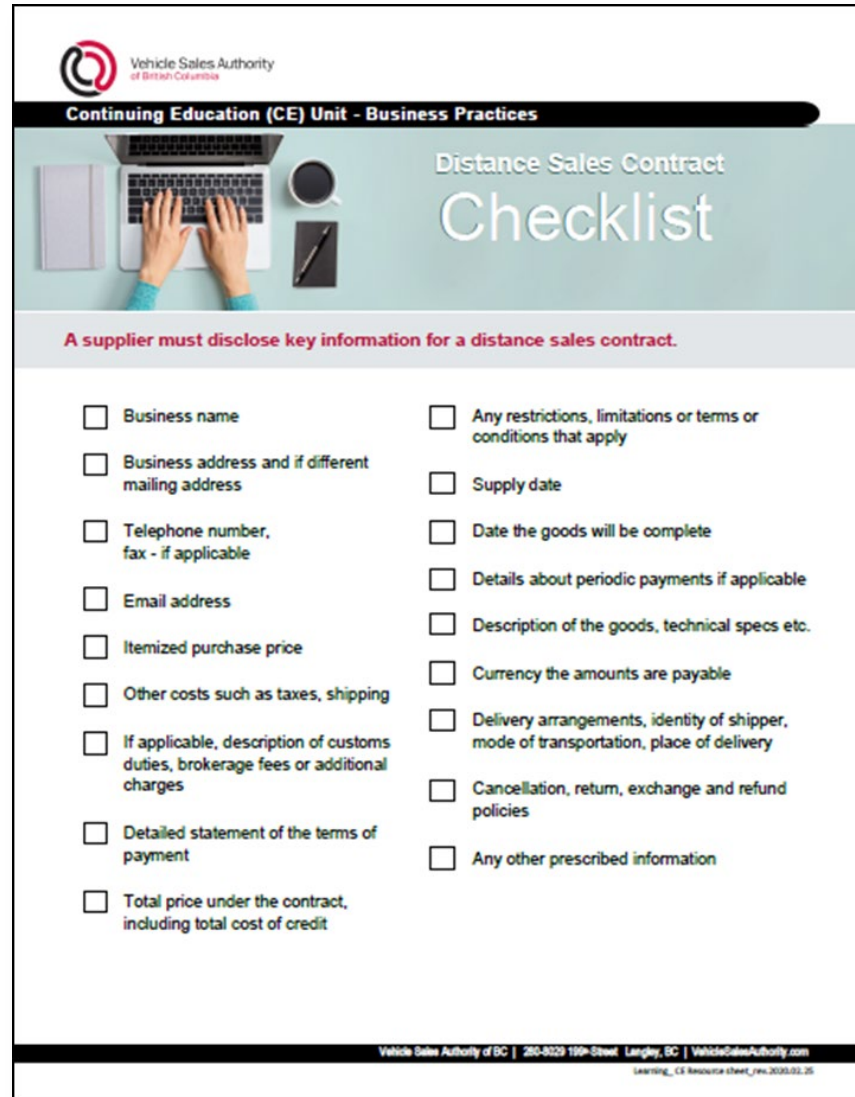
At minimum, all sent and received emails related to the contract.

Having information to also show the IP addresses of these emails may be helpful.





Distance Sales Contract Checklist



The form is titled "Distance Sales Contract Checklist" and is part of a "Continuing Education (CE) Unit - Business Practices" document from the Vehicle Sales Authority of British Columbia. It features a header with the organization's logo and a background image of hands typing on a laptop. Below the title, a red banner states: "A supplier must disclose key information for a distance sales contract." The checklist consists of 16 items, each with an empty checkbox. The items are arranged in two columns. At the bottom of the form, there is a footer with contact information and a document ID.

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Continuing Education (CE) Unit - Business Practices

Distance Sales Contract Checklist

A supplier must disclose key information for a distance sales contract.

- Business name
- Business address and if different mailing address
- Telephone number, fax - if applicable
- Email address
- Itemized purchase price
- Other costs such as taxes, shipping
- If applicable, description of customs duties, brokerage fees or additional charges
- Detailed statement of the terms of payment
- Total price under the contract, including total cost of credit
- Any restrictions, limitations or terms or conditions that apply
- Supply date
- Date the goods will be complete
- Details about periodic payments if applicable
- Description of the goods, technical specs etc.
- Currency the amounts are payable
- Delivery arrangements, identity of shipper, mode of transportation, place of delivery
- Cancellation, return, exchange and refund policies
- Any other prescribed information

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Learning_CE Resource sheet_rev.2020.02.25



Distance Sales Contract Fact Sheet

Resources



Distance Sales Contracts

What is a distance sales contract for vehicles?

It is a contract between a seller and a consumer that is not done in person and the consumer has no opportunity to inspect the vehicle before the contract is entered into. An example of this would be a contract made over the internet, the phone or by other means.

Do I have the right to review a distance sales contract?

The law requires that certain information, including a detailed description, the total price, the delivery arrangements and any cancellation, return, exchange and refund policies, be disclosed in a clear manner before you enter into an agreement. For distance sales in electronic form, you must be able to review, correct, print or change an agreement, and accept or reject the agreement.

Are there any rights to cancel a distance sale contract?

Yes. Under the *Business Practices and Consumer Protection Act (BPCPA)*:

- ✦ If the electronic form contract was not available prior to entering into the contract, a buyer may cancel within seven (7) days after receiving a copy of the contract
- ✦ If the contract does not contain information required under law, a buyer may cancel within seven (7) days after receiving a copy
- ✦ If a dealer fails to provide a contract within 15 days, then a buyer may have the next 15 days to provide notice of cancellation
- ✦ If the vehicle is not delivered within 30 days of the supply date you agreed to, a buyer may cancel at any time after that 30 days, as long as the product hasn't been delivered
- ✦ If there is no specified supply date and the product hasn't been delivered within 30 days from the date the contract was entered into, a buyer may cancel at any time after those 30 days, as long as the product hasn't been delivered.

Are other agreements cancelled if I cancel a distance sales contract properly?

- ✦ Any other related consumer transaction, such as having a trailer hitch installed,
- ✦ Any security or deposit given under the contract, and
- ✦ Any credit agreement would also be cancelled.

How soon does the refund have to be made?

If the requirements of the BPCPA are followed, there can be no deduction from the amount of the refund and all money must be returned to the consumer within 15 days after the notice of cancellation was given by the consumer.

What is the role of the VSA?

As of January 1, 2019, the Registrar may review violations of the distance sales provisions of the BPCPA within the motor dealer industry. If you believe a dealer is not following the distance sales requirements, we encourage you to speak with the dealer first to see if they can resolve your concerns. Ask to speak to a senior manager, such as the General Manager or General Sales Manager, or to the owner. If they cannot resolve your concerns, contact the Consumer Services Department of the VSA.

Dealers/broker agents selling by distance sales contract must also abide by the *Motor Dealer Act*, all other sections of the BPCPA and their regulations. This includes making all statutory disclosures and selling vehicles compliant with the *Motor Vehicle Act*.

Contact VSA Consumer Services for additional questions at:

consumer.services@mvsahc.com or 604.575.7255

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Langley, British Columbia
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Resources

DocuSign®

Identify

<https://www.docusign.ca/products/identify>

EQUIFAX

Verify Identity

<https://www.consumer.equifax.ca/business/verify-identity/>

TransUnion®

Identity Verification & Authentication

<https://www.transunion.com/solution/id-verification>



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Resources

Auto Remarketing Podcast:

“How Car Dealers Can
Master Digital Retail”



To listen to this podcast go to: [Autoremarketing.com](https://www.autoremarketing.com)



**What questions do
you have about
Internet Sales?**



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Feedback

Your feedback is important to us.



**Please email training@mvsabc.com with any feedback.
Thank you**



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Thank you for attending

**We look forward to providing more
sessions and resources to the industry.**