

Collateral Matters

A Banking Law Newsletter

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Ontario's *Putting Consumers First Act* Aims to Ban Door-to-Door Sales of HVAC Equipment and Add Restrictions for Consumer Loans and Leases

By David Stevens

On November 3, 2016, the Ontario government introduced **Bill 59**, which is titled the *Putting Consumers First Act (Consumer Protection Statute Law Amendment Act), 2016*. If passed, this legislation would support the creation of new regulations that would regulate a number of areas of interest for the financial services industry.

Among the key provisions of **Bill 59** are amendments to Part IV of the *Consumer Protection Act* that would allow for regulations to be created to stop door-to-door sales (direct agreements) of prescribed products. Currently, that restriction only applies for water heaters. According to the [press release from the Ontario Ministry of Government and Consumer Services](#), the government plans to create regulations that would ban unsolicited, door-to-door sales of certain household appliances, including water heaters, furnaces, air conditioners and water filters. In addition to prohibiting direct sales of prescribed products, the new regulations would give rights to consumers to cancel and receive refunds where a seller ignores the restrictions against door-to-door sales. Presumably, the government's aim is to curb abusive unsolicited transactions which often find their way into news headlines.

While sparse on details, **Bill 59** also seems to set the stage for more restrictions on consumer leases and loans, which are instruments often used to finance the purchase of home energy equipment.

For consumer loans, new provisions related to Part VII of the *Consumer Protection Act* would provide the government the right to create regulations:

- i. governing the factors that a lender is required to

take into account with respect to a borrower before entering into a credit agreement with the borrower;

- ii. prohibiting lenders from entering into a credit agreement with a borrower if the amount of the credit to be extended or money to be lent under the agreement exceeds the prescribed amounts or the amounts calculated according to the prescribed manner;

- iii. requiring a lender under a credit agreement to provide to the borrower in writing, before entering into the agreement, a copy of the lender's assessment of the factors prescribed under item (i) above with respect to the borrower, and requiring that such information be given in accordance with the prescribed requirements;

- iv. specifying that if a lender under a credit agreement does not comply with a regulation made under item (iii), the borrower is not liable to pay the lender the cost of borrowing under the agreement; and

- v. prohibiting a lender from initiating contact with a borrower for the purpose of offering to refinance a credit agreement.

Clearly, the impact of such new regulations could be significant for consumer finance lenders. We are not aware that the government has given any public indication of what is to be included in the regulations.

For consumer leases, new provisions related to Part VIII of the *Consumer Protection Act* would allow the government to create regulations limiting a lessor's remedies upon early termination of a consumer lease.

The Legislature has now completed first and second reading of [Bill 59](#), and it has been referred to the Standing Committee on Social Policy. No indication has been given as to when the legislation will be passed, nor when draft regulations will be released.

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