

Creating systems and environments for consumer activities

Consumer Contract Act

When a consumer and a business operator enter into a contract for any goods or services, there is a disparity in the quality and quantity of information and negotiating power between them. Taking such conditions into account and to protect the interests of consumers, the Consumer Contract Act came into effect in 2001.

Pursuant to this Act, consumers can rescind any contracts concluded because of unjust solicitations. If a contract contains any unjust contract clauses, the applicable clauses will be void.

1. Definitions of "Consumer" and "Business Operator" in the Consumer Contract Act



The Act targets all kinds of contracts concluded between a **consumer** and a **business operator** (= **Consumer Contracts**).

2. Examples of rules in the Consumer Contract Act

Rescission of contracts concluded because of unjust solicitation



The business operator made a misrepresentation regarding an important matter to the consumer.

Nullity of contract clauses that impair the interests of consumers



Clauses that totally exempt the business operator from liability for damages are void.

Efforts of business operators and consumers



Business operators shall endeavor to provide the necessary information about the contract properly, and consumers shall endeavor to actively use the information.

Consumer Organization Collective Litigation System (Injunction demand)

Any Qualified Consumer Organizations certified by the Prime Minister can seek an injunction against unjust solicitations and contracts conducted by business operators based on the Consumer Organization Collective Litigation System (Injunction demand) introduced in 2007.

There are some cases that business operators revise the applicable clauses of the contract in response to the injunction requested by Qualified Consumer Organizations against their unjust solicitations and contracts. The business operator receiving an injunction demand is recommended to check its own business activities and take prompt action when misconducts are identified.

What is important to leverage the injunction demands for the prevention of an occurrence of damage is that consumers spontaneously provide Qualified Consumer Organizations with the information about the damage incurred by them. The results of injunction demands are posted on the websites of each Qualified Consumer Organization and the Consumer Affairs Agency.

Nationwide Qualified Consumer Organizations List (Available in Japanese only)

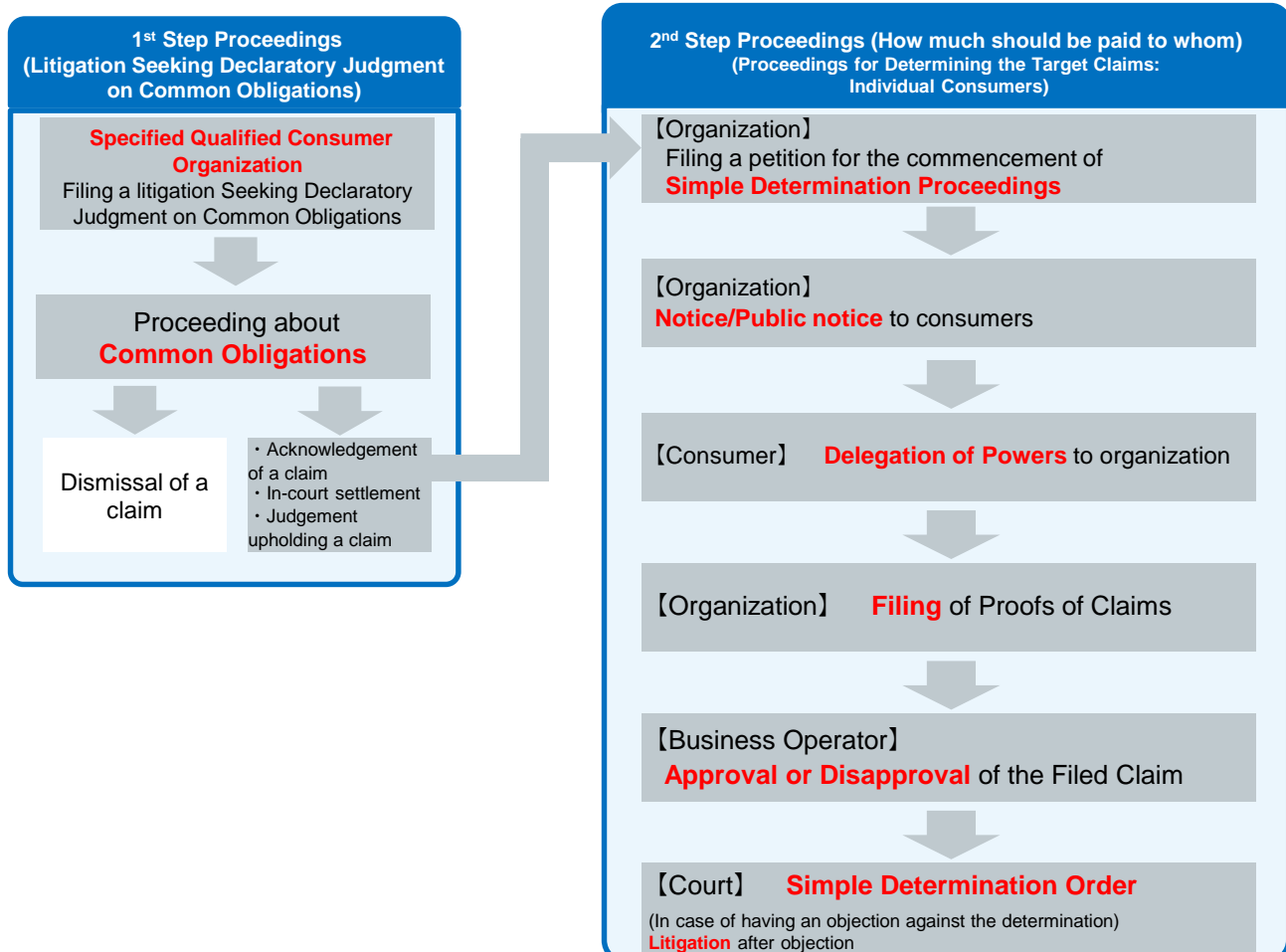
▶ https://www.caa.go.jp/policies/policy/consumer_system/collective_litigation_system/about_qualified_consumer_organization/list/

Consumer Organization Collective Litigation System (Redress for damage)

The Consumer Organization Collective Litigation System (Redress for damage) is a two-step litigation system for the collective redress for consumer damage that was created following the Act on Special Measures Concerning Civil Court Proceedings for the Collective Redress for Property Damage Incurred by Consumers, taking into account the feature of consumer damage that one case of consumer damage is likely to be followed by many other similar cases that can easily spread.

Owing to the introduction of this system, the amount of time, costs, and manpower required for redress for damage are reduced, and it is expected that consumers feel free to initiate legal proceedings, which leads to the recovery of such consumer damage as has not been easily recovered so far.

Process flowchart of Consumer Organization Collective Litigation (Redress for damage)



Whistleblower protection system

In quite a number of instances, a case of corporate misconduct that compromises consumer safety comes into the open as a result of someone working for them reporting it. The whistleblower protection system is a means to protect whistleblowers so that they are not subjected to dismissal, demotion, or other disadvantageous treatment on the grounds that they reported the case as well as to ensure, by setting forth procedures such as what measures should be taken by business operators in relation to whistleblowing, that laws and regulations associated with consumer safety and interests are adhered to.

The Consumer Affairs Agency has developed and released to the public a handbook that describes the system, guidelines, and other information that can be helpful for business operators and administrative organs to establish and administer a pertinent structure.

The Consumer Affairs Agency has also set up the “Whistleblower Protection System Consultation Dial” as a point of contact for consultation about the system.

Information materials such as the handbook are available on the Whistleblower Protection System Webpage.

Whistleblower Protection System Consultation Dial (Available in Japanese only)
Phone: +81-3-3507-9262 (from 9:30 to 12:30 and from 13:30 to 17:30 on weekdays)
E-mail: g.koueki-soudan@caa.go.jp (For hearing-impaired people)

Whistleblower Protection System Webpage
▶ https://www.caa.go.jp/en/policy/consumer_system/