

Protecting consumers from scams

What is the Specified Commercial Transactions Law?

The Specified Commercial Transactions Act (formerly "Door-to-Door Sales Act (Act on Door-to-Door Sales, etc.)") is an Act for with the purpose of preventing business operators' illegal, or malicious solicitation while protecting consumer benefits. Specifically, rules that business operators should obey, and rules for protecting consumers. such as, the cooling-off system, are specified for types of transactions which tend to cause consumer problems such as Door-to-Door Sales or Mail Order Sales.

Types of transactions subject to the Specified Commercial Transactions Act

Door-to-Door Sales



Door-to-Door Sales are transactions such as the sale of goods or rights or the provision of services for which a business operator visits a consumer's domicile and concludes a contract, unscrupulous sales on the street, or appointment sales.

Mail Order Sales



Mail Order Sales are transactions in which a business operator distributes advertisements via newspapers, magazines, websites, or other media, and receives an offer by communication means such as postal mail or telephone. It includes "internet auctions," but excludes those that fall under "Telemarketing Sales."

Telemarketing Sales



Telemarketing Sales are transactions in which a business operator solicits a consumer and receives an offer by telephone. It is applicable to cases in which a consumer makes an offer via postal mail or by telephone after hanging up the phone.

Multilevel Marketing Transactions



Multilevel Marketing Transactions are transactions of goods or services by a sales organization sequentially expanded by soliciting a person to be a salesperson, and having the salesperson solicit another person to be a salesperson.

Provision of Specified Continuous Services



Provisions of Specified Continuous Services are transactions in which the provision of long-term and continuous services is promised in exchange for the payment of expensive fees. Currently, seven services are included such as esthetic salons, language schools, home tutors, cram schools, marriage agencies, and personal computer schools.

Business Opportunity Sales Transactions



Business Opportunity Sales Transactions are transactions in which a consumer is solicited on the grounds that "income will be gained through the job that will be offered," and made to buy and bear the cost of goods, etc., said to be necessary for the job.

Door-to-Door Purchase



Door-to-Door Purchase means a transaction in which a business operator visits a consumer's house, etc., and purchases articles.

Outline of the Specified Commercial Transactions Act

1. Administrative Controls

The Specified Commercial Transactions Act performs the following control on business operators according to the characteristics of each type of transaction in terms of the provision of appropriate information to consumers.

A violation of the Specified Commercial Transactions Act is subject to an instruction of business improvement, administrative disposition of business suspension order or penalties.

- **Obligation of clear indication of names**

The Specified Commercial Transactions Act obliges a business operator to inform consumers of its name, or the fact that its purpose is to solicit the consumers, prior to solicitation.

- **Prohibition of unjust solicitation**

The Specified Commercial Transactions Act prohibits the misrepresentation of prices or payment conditions, or intentional failure to disclose them, and prohibits solicitation by using intimidation to overwhelm a consumer.

- **Advertising control**

The Specified Commercial Transactions Act obliges business operators to display important matters when placing an advertisement, and prohibits false or misleading advertisements.

- **Obligation of document delivery**

The Specified Commercial Transactions Act obliges business operators to deliver a document that contains important matters upon conclusion of a contract.

2. Civil Rules

In order to enhance its functions as a law to prevent problems between consumers and business operators or to facilitate the provision of remedies, the Specified Commercial Transactions Act allows the cancellation or rescission of a contract by a consumer (cooling-off), and specifies rules that limit unreasonable claims for damages by business operators.

- **Cooling-off**

The Specified Commercial Transactions Act allows "cooling-off." Cooling-off means the unconditional cancellation of a contract after making an offer for a contract or concluding a contract, within a certain period(*) after receiving documents specified in laws.

(*)8 days for Door-to-Door Sales, Telemarketing Sales, Provision of Specified Continuous Services and Door-to-Door Purchase; 20 days for Multilevel Marketing Transactions and Business Opportunity Sales Transactions. There are no provisions of cooling-off for Mail Order Sales.

- **Rescission of the manifested intention**

The Specified Commercial Transactions Act allows consumers to rescind their manifested intention to offer a contract or to accept such offer, when they manifested such intention under misunderstanding as a result of a business operator's misrepresentation or intentional failure to disclose facts.

- **Limitation to the amount of damages**

The Specified Commercial Transactions Act sets an upper limit to the amount of damages which business operators may claim in cases such as when consumers cancel a contract midterm.

Act

Act on Specified Commercial Transactions (Act No. 57 of 1976) (Last amendment: April 25, 2014)