



GCE A level

1254/01

LAW – LA4

**UNIT 4: Understanding Law in Context:
Freedom, The State and The Individual
OPTION 1: Contract and Consumer Law**

P.M. TUESDAY, 17 June 2014

2 hours 30 minutes

ADDITIONAL MATERIALS

In addition to this examination paper, you will need a 12 page answer book.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen.

Answer **two** questions from Section A and **one** question from Section B.

Write your answers in the separate answer book provided.

INFORMATION FOR CANDIDATES

Each question carries 25 marks.

The number of marks is given in brackets at the end of each question or part-question.

You are reminded that assessment will take into account the quality of written communication used in your answers.

You are reminded that this paper contains a synoptic element in Section B and will test understanding of the connections between the different elements of the subject.

Option 1: Contract and Consumer Law

SECTION A

Answer two questions from this section.

1. Critically evaluate the protection provided to consumers who are in arrears provided by a default notice under the Consumer Credit Act 1974 (as amended). [25]

2. Critically evaluate the impact of Licensing in the effective regulation of consumer credit business. [25]

3. Evaluate the significance of implied terms in supply contracts involving consumers. [25]

4. Evaluate the approach taken by the Courts in awarding damages in consumer transactions. [25]

SECTION B

*Answer **one** question from this section.*

5. Study the text below and answer the questions based on it.

“..... there are some 80,000 CCA (Consumer Credit Act) licence holders currently regulated by the OFT (Office of Fair Trading). Some are banks or subsidiaries of banks; many are SMEs (Small and Medium Sized Companies) and of those, some are sole traders or small partnerships. In the 2010 review of consumer credit, the Government through BIS (Department for Business, Innovation and Skills), demonstrated that it was familiar with the operations of the large clearing banks and bank lending to consumers. However, it also demonstrated that it was far less familiar with the activities of the finance companies engaged in the asset finance market and it made many mistakes in implementing reform as it related to hire purchase. Hire purchase and consumer credit more generally are the life blood of the motor industry in this country and also of the asset finance market place for replacing industrial equipment in what has been called “rusting Britain”. There is a real danger that the continued lack of understanding of these market places in Governmental circles will lead to unworkable reform of the CCA with the consequence that finance companies now seek to re-model new business strategies whereby they abandon the business of financing consumers (in the wide sense of the CCA) with consequent problems for the motor industry and industrial suppliers. In a recent statement the Government commented that the focus of the consumer credit market was distressed finance for vulnerable customers. That is simply wrong. Consumer credit is how Mr and Mrs UK and their family fund their lives: get their credit card for the shopping or to book their holiday; afford the new suite; buy the new car.”

Source: Morton Fraser Solicitors Web Site May 2012

- (a) Explain the approach adopted in England and Wales to the reform of consumer credit law. [11]
- (b) Evaluate the significance of human rights in the development of consumer law in England and Wales. [14]

6. Study the text below and answer the questions based on it.

Websites must obey consumer laws OFT warns top retailers.

“More than 60 top online retailers have been urged to change their websites after a sweep found that they may not be complying with consumer protection law. The Office of Fair Trading (OFT) has written to 62 retailers ahead of the Christmas period after a check of 156 websites found problems including unreasonable restrictions on refunds, inadequate contact details and unexpected charges at the point of checkout. It has declined to name those contacted while it awaits the requested changes a spokesman said.

The sweep to check for potential breaches of Distance Selling Regulations (DSRs) found 33% of sites that provided information on cancellation appeared to impose unreasonable restrictions on refunds, most commonly requiring the product to be in its original packaging or original condition, making it difficult for customers to reasonably inspect the item. It also revealed that 60% provided a web contact form rather than an e-mail contact address, while 2% provided no electronic contact details at all. While 60% of sites indicated up-front that compulsory charges would be added to the first price shown, 24% of these added further unexpected charges at the checkout..... Cavendish Elithorn, senior director of the goods and consumer group at the OFT said “The OFT recognises that most businesses want to play fair with their customers and to comply with the law. We encourage all online retailers to check their websites so customers can be confident their rights are being respected when they shop online. Businesses can find more information on our online Distance Selling Hub.”

Source: Western Mail, 13th October 2012

- (a) Explain the role of the Office of Fair Trading (OFT) in the regulation of consumer credit advertisements. [11]
- (b) Evaluate the mechanisms for the reform of consumer law in England and Wales. [14]

END OF PAPER