



Automotive advertising codes of conduct

June 1, 2008

To: Media Outlets that are running Motor Vehicle Advertisements
Motor Vehicle Dealers that are placing Advertisements

Re: Automotive advertising codes of conduct

AMVIC is adopting a more proactive approach in regards to enforcing the Advertising Code of Conduct as found in the Automotive Business Regulation.

The following criteria are often not correct in advertisements:

1. The name of the business placing the advertisement must be conspicuous.
2. Whenever a payment is displayed the following have to be included in an example:
 - a. Total Cash price (\$20,000)
 - b. Annual Percentage Rate (8%)
 - c. Length of term (48 months)
 - d. Total cost of financing (\$6,400)
3. All costs except GST must be included in the advertised price.
4. The cash price, not the payment, must be predominant.
5. Pictures of vehicles must have stock numbers and that vehicle must be available at the time the advertisement is placed.
6. The font size of any disclaimers must not be any smaller than 8 points.

Media businesses that are running advertisements are subject to the legislation. Section 9 (1) of the Fair Trading Act states that, "No advertiser may print, publish, distribute, broadcast, or telecast a supplier's advertisement for goods or a service if the advertisement contains an unfair practice".

I've also attached an excerpt from the regulation with the full code of conduct for advertising. The payment requirements are derived from the "Cost of Credit Disclosure Regulation". This legislation can be ordered or reviewed on-line at www.qp.gov.ab.ca

We will continue to communicate the need for compliance to all licensees. We will also be taking enforcement action where we deem necessary.

Sincerely,

Bob Hamilton
Executive Director

Codes of Conduct

Advertising

11(1) Every business operator must ensure that the business operator's advertising indicates in a conspicuous manner

- (a) the name of the business operator as set out in the licence or the trade name of the business operator as set out in the licence, and
- (b) in the case of print and television advertising, that the business operator holds an automotive business licence under the Act.

(2) A business operator must ensure that every advertisement for an automotive business that promotes the use or purchase of goods or services

- (a) states whether the vehicle pictured in the advertisement is or is not the specific vehicle that is for sale,
- (b) identifies vehicles that have been used as taxi cabs, police cars or emergency vehicles or that have been recertified when the previous use or condition of the vehicles is known to the business operator,
- (c) does not misrepresent, through statements or omissions, a vehicle's mechanical or structural condition,
- (d) uses descriptions and makes promises only in accordance with actual conditions, situations and circumstances,
- (e) does not use a font that due to its size or other visual characteristics is likely to materially impair the legibility or clarity of the advertisement and, without limiting the generality of the foregoing, in no case uses a font size smaller than 8 points,
- (f) does not use the words, or words similar to, "demonstrator vehicle" or "demo vehicle" unless the vehicle in question was purchased new by the business operator and used solely for the normal business of the business operator,
- (g) does not use the words, or words similar to, "savings", "discount", "percentage off the purchase price", "free", "invoice price", "below invoice", "dealer's cost", "at cost" or a price that is a specified amount above or below invoice or cost unless the claims represented by the words can be substantiated,
- (h) does not use the words, or words similar to, "wholesale", "take over payments" or "repossession" unless the claims represented by the words are objectively and demonstrably true,
- (i) does not imply a warranty exists with respect to a vehicle or a repair or service unless such a warranty with respect to the vehicle, repair or service exists and is available at the price advertised,
- (j) does not make comparisons or claims of superiority unless the results of the comparisons or the claims can be substantiated,
- (k) does not offer a guaranteed trade-in allowance for any vehicle regardless of make, year or condition,
- (l) includes in the advertised price for any vehicle the total cost of the vehicle, including, but not limited to, all fees and charges such as the cost of accessories, optional equipment physically attached to the vehicle, transportation charges and any applicable taxes or administration fees, but not including GST or costs and charges associated with financing, and
- (m) includes the stock number of the specific vehicle that is advertised as being available for sale at the time the advertisement is placed.