

Alberta's consumer protection laws set out the rules for what an automotive business can and cannot say in an automotive advertisement. The rules are in place to protect consumers and ensure a level playing field for businesses. Online advertisements including websites and advertisements posted to sites such as Kijiji and autotrader.ca follow the same legislation as print advertisements. This guide highlights the laws from:

- The *Consumer Protection Act*
- The Automotive Business Regulation
- The Cost of Credit Disclosure Regulation

Consumer Protection Act

Section 1(1)(a.1) "advertiser" means a person who prints, publishes, distributes, broadcasts or telecasts other people's advertisements;

Section 6(4) of the Act sets out actions that are considered unfair practices if they are directed at one or more potential customers. (For the complete list see section 6(4) of the *Consumer Protection Act*.)

Section 8, Time of occurrence

An unfair practice may occur before, during or after a consumer transaction, and is an unfair practice for all the purposes of this Part even if no consumer transaction is entered into or concluded.

Section 9, Advertising

(1) 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.

(2) Subsection (1) does not apply to an advertiser who prints, publishes, distributes, broadcasts or telecasts a supplier's advertisement in good faith and in the ordinary course of business.

Section 92, Advertisements (lease)

An advertisement that gives any specific information about the cost of a lease must disclose the information prescribed by the regulations.

(See Cost of Credit Disclosure Regulation, section 18.)

Section 62(2), Requirement to disclose

(2) Every credit grantor must, with respect to any advertisement published or made by or on behalf of the credit grantor, disclose in the advertisement, in the form and manner provided by this Part and the regulations, the information that this Part and the regulations require to be disclosed.

Section 76, Advertising for fixed credit

(1) Every advertisement that offers credit and that states the interest rate or amount of any payment must disclose the information provided by the regulations. (See Cost of Credit Disclosure Regulation.)

(2) An advertisement that states or implies that no interest is payable for a certain period in respect of a transaction must, in the form and manner referred to in the regulations, disclose the information prescribed by the regulations. (See Cost of Credit Disclosure Regulation.)

(3) An advertisement to which subsection (2) applies that does not, in the form and manner referred to in the regulations, disclose the information required under subsection (2) is deemed to represent that the transaction is unconditionally interest-free during the relevant period.

For complete copies of the legislation, contact
Alberta Queen's Printer: www.qp.alberta.ca

Automotive Business Regulation

Section 11, Advertising Code of Conduct

(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.

(n) does not use false, misleading or deceptive statements, and

(o) does not advertise a specific vehicle for sale if more than 14 days have elapsed since the vehicle was sold.

Section 12, General Codes of Conduct

Advertising must comply with Section 12, which includes but is not limited to:

(a) not make any representations, statements or claims that are not true or are likely to mislead a consumer,

For complete list see
Automotive Business Regulation, section 12.

Cost of Credit Disclosure Regulation

Section 4, Disclosure

Where an advertisement contains information that under section 6, 7(2), 12(1) or 18 requires disclosure of the APR or other information in the advertisement,

- (a) the APR must be as prominent, in relation to looking at it, listening to it, or both, as the case may be, as any of the information that required the APR to be disclosed, and
- (b) any other information required to be disclosed must be conspicuous.

Section 6, Fixed Credit

(1) This section applies only to advertisements that offer credit and state the interest rate or amount of payment.

(2) The information required to be disclosed for the purposes of section 76(1) of the Act is

- (a) the APR, and
- (b) the term.

(3) In addition to the information required under subsection (2),

- (a) an advertisement for a credit sale of a specifically identified product must disclose the cash price, and
- (b) an advertisement for a credit sale in connection with which any non-interest finance charge would be payable must disclose
 - (i) the cash price, and
 - (ii) the total cost of credit,

except that an advertisement on radio, television or a billboard or other media with similar time or space limitations is not required to disclose the total cost of credit.

(4) Where any of the information required to be disclosed by subsections (2) and (3) would not be the same for all credit agreements to which the advertisement relates, the information must be for a representative transaction and must be disclosed as such.

Section 7, Interest-free periods

(1) The information required to be disclosed for the purposes of section 76(2) of the Act must disclose whether

- (a) the transaction is unconditionally interest-free during the period, or

(b) interest accrues during the period but will be forgiven under certain conditions.

(2) If interest accrues during the period but will be forgiven under certain conditions, the advertisement must also disclose

- (a) the conditions, and
- (b) the APR for the period, assuming the conditions for forgiveness of the interest are not met.

Section 18, Lease

(1) As much of the following information as is applicable is required to be disclosed for the purposes of section 92 of the Act:

- (a) that the transaction is a lease;
- (b) the term of the lease;
- (c) any payments that would be required at or before the beginning of the term;
- (d) the amount, timing and number of the periodic payments;
- (e) the amount of any other payments that the lessee will be required to make in the ordinary course of events;
- (f) the APR;
- (g) for a motor vehicle lease, charges for exceeding the kilometre allowance set out in the lease, if the kilometer allowance is less than 20,000 kilometres per year.

(2) Despite subsection (1), an advertisement on radio, television or a billboard or other media with similar time or space limitations that gives any specific information about the cost of a lease must disclose the information referred to in subsection (1)(a), (c) and (d) and

- (a) the information referred to in subsection (1)(b) and (f),
- (b) a telephone number at which a person can obtain the information referred to in subsection (1)(b) and (f) without incurring any charge for the call, or
- (c) a reference to a publication containing the information referred to in subsection (1)(b) and (f) having general circulation in the area where the advertisement was broadcast or published.

(3) Where any of the information required to be disclosed by subsection (1) would not be the same for all credit agreements to which the advertisement relates, the information must be for a representative transaction and must be disclosed as such.