

THE COOLING-OFF RULE



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INTRODUCTION

When you buy something at a store and later change your mind, you may not be able to return the merchandise. But if you buy an item in your home or at a location that is not the main or permanent place of the business or local address of the seller, the Cooling-Off Rule gives you three days to cancel purchases of \$25 or more. With the Cooling-Off Rule, your opportunity to cancel for a full refund extends until midnight of the third business day following the sale.

Locations not considered the seller's place of business include temporarily rented rooms, restaurants, and home "parties." The Cooling-Off Rule applies even if you invite the salesperson to make a presentation in your home, unless the sale is covered under the exemptions noted below.

Under the Cooling-Off Rule, the salesperson must orally inform you of your cancellation rights at the time of sale. The salesperson also must give you two copies of a cancellation form (one to keep and one to send) and a copy of your contract or receipt. The contract or receipt should be dated, show the name and address of the seller, and explain your right to cancel. The contract or receipt must be in the same language as that used in the sales presentation.

EXCEPTIONS

Some sales cannot be canceled even if they occur in your home. The Cooling-Off Rule does not cover sales that:

- Are under \$25;
- Are not goods or services primarily intended for personal, family, or household purposes (The Rule **does apply** to courses of instruction or training regardless of the purpose for which they are taken);
- Are made entirely by mail or telephone;
- Are the result of prior negotiations made by you at the seller's permanent business location where the goods are regularly sold;
- Are needed to meet an emergency, such as the sudden appearance of insects in your home, and you write and sign an explanation waiving your right to cancel;
- Are made as part of your request for the seller to perform repairs or maintenance on your personal property (although, any purchase made beyond the maintenance or repair request is covered);
- Involve real estate, insurance, or securities;
- Are of automobiles sold at temporary locations, provided the seller has at least one permanent place of business;

- Involve arts and crafts sold at fairs or other locations, such as shopping malls, civic centers, and schools.

HOW TO CANCEL

To cancel a sale, sign and date one copy of the cancellation form. Then mail it to the address given for cancellation so that the envelope is post-marked before midnight of the third business day after the contract date. (Saturday is considered a business day but Sundays and most federal holidays are not). Because proof of the mailing date and proof of receipt are important, consider sending the cancellation by certified mail so you get a return receipt. If you prefer, you may hand deliver the cancellation notice before midnight. Keep the other copy of the cancellation form for your records.

If you are not given cancellation forms, write your own cancellation letter, but remember it also must be post-marked within three business days of the sale. Again, for proof of mailing, consider sending your letter by certified mail.

You do not have to give a reason for canceling your purchase. Under the law, you have a right to change your mind.

WHAT THE SELLER MUST DO IF YOU CANCEL

If you cancel your purchase, the seller must, within ten days:

- Cancel and return any papers you signed;
- Refund all your money and tell you whether any product left with you will be picked up; and
- Return any trade-in.

Within twenty days, the seller must either pick up the items left with you, or, if you agree to send back the items, reimburse you for mailing expenses. If you do not make the items available to the seller or if you agree to return the items but fail to do so, then you remain obligated under the contract.

WHAT TO DO ABOUT PROBLEMS

One of the best safeguards against problems in this area is to take your time when you buy and to make sure you really want what you purchase. However, if you have a complaint about sales practices that involve the Cooling-Off Rule, write:

Consumer Response Center
Federal Trade Commission
Washington D.C. 20580
www.ftc.gov

You may also wish to contact a local consumer protection agency such as the Office of The Idaho Attorney General at 1-208-334-2400. Idaho law gives you rights similar to the Cooling-Off Rule on certain sales.

***This handout is general in nature. It is not a substitute for legal advice from an attorney regarding individual situations. (August 2021)**

For additional information on this and other legal topics, see the Air Force Legal Assistance Website:
<https://aflegalassistance.law.af.mil>