



DIRECT SELLING ASSOCIATION

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“COOLING OFF” STATUTES OFFER DIRECT SELLING CUSTOMERS PEACE OF MIND

Background

In 1972, the Federal Trade Commission (FTC) enacted a regulation giving customers up to three business days to cancel a sale of \$25 or more made in the home or another non-fixed retail location. DSA continues to support the “cooling off” rule as a practical approach to help Americans enjoy the convenience and ease of purchasing products away from a fixed retail location.

The FTC has reaffirmed the three-day cooling off period on numerous occasions over four decades, most recently in 2013. The three-day cooling off period also is consistent across 48 states and is one of many protections for consumers built into DSA’s Code of Ethics – a mandatory series of policies and procedures that protect Americans from unethical business practices.

Position

DSA strongly supports uniformity in the three-day cooling off period as required by the FTC, endorsed by 48 states and reinforced in DSA’s Code of Ethics. Allowing consumers up to three business days to cancel products purchased in the home or another location has stood the test of time, giving millions of customers peace of mind for more than 40 years.

Furthermore, DSA is not aware of any problems associated with a three-day cooling off period. In fact, the FTC’s 2016 Consumer Survey did not list an insufficient cooling off period among its top 30 complaints. The consistency of state cooling off periods also ensures the smooth flow of interstate commerce by preventing duplicative and confusing compliance requirements for direct selling companies and direct sellers.

Policy Alternative

While state legislation has proposed extending the three-day cooling off period for specific classes of consumers, including seniors, there are more effective ways to ensure a high degree of consumer protection. DSA supports the exemption of DSA members from increased cooling-off periods due to the companies’ mandatory compliance with the federal rule and the Association’s Code of Ethics. The Code of Ethics dictates high standards of consumer protection, helping states identify and prosecute companies and salespeople engaging in unscrupulous sales tactics and providing a forum to redress complaints through an Independent Code Administrator.