



Right to Cancel: Door-To-Door and Telephone Sales

Guide G-204

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Cooperative Extension Service • College of Agricultural, Consumer and Environmental Sciences

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Hundreds of items are sold by door-to-door and telephone salespeople. Hundreds of dollars can be wasted when consumers buy over-priced, unplanned, or unnecessary items by phone or door-to-door.

Door-to-Door Sales

Door-to-door sales cover not only the typical selling of goods at a person's doorstep, but also anywhere other than the seller's normal place of business, including consumer-product parties held in private homes and sales in restaurants and hotels.

Consumer complaints regarding door-to-door sales fall into five basic categories according to the Federal Trade Commission: 1) deception by salespeople in getting inside the house; 2) high-pressure sales tactics; 3) misrepresentation of the product, price, and quality; 4) high prices for low quality; and 5) nuisance of salespeople.

Here are some examples of deceptive means used to get inside the house. A salesperson may say they are taking a survey and want your opinion. Some say they are conducting advertising research. Some use the pitch that they are testing a pilot educational plan or new product and want you to participate by trying out the product. Others may offer you a free gift to let them demonstrate their product.

Once they have your attention, high-pressure sales techniques are often used to get you to buy. Some gimmicks that may be used are: The guilt complex—"You wouldn't want to deprive your children of this opportunity, would you?" The sympathy approach—"I'm working my way through school." Extra free items—"And with this purchase you also receive free this coffeepot and a set of steak knives." Limited time or quantity—"If you don't take advantage of the special low price today, the price will go up."

The idea is to get you to buy immediately, before you have a chance to think it over or compare prices at the stores in your community.

Telephone Sales

Telephone solicitations range from local sellers to nationwide telemarketing operations where squads of

people use high-tech telephone equipment to place thousands of calls per day. Just about anything can be sold by phone. Magazine sales that used to be a big door-to-door item are now commonly sold by phone. Even gold stocks and light bulbs are now marketed by phone.

What to Do

Learn to say no. Don't be pressured into making a quick decision. Make it a firm rule to think the situation out, and don't buy immediately. Tell the salesperson that is your rule. With a telephone sale, ask the caller to send the information in writing, and don't promise to buy until you receive the written facts.

Remember it is your money and you are under no obligation to spend it unless you want or need the product. Be courteous but firm. Tell them you want to discuss it with your spouse, you are not interested, you hate to waste their time, or that you don't appreciate pressure tactics. The salesperson has received special training to sell you the product. It is up to you to train yourself to resist.

A psychoanalyst who once supported himself as a door-to-door salesperson says, "During in-home encounters, the buyer is under a tremendous disadvantage because of his social conditioning to treat the seller as a guest."

If you are trying to outwit a salesperson's strong sales pitch, don't argue with it. An article in *Money Magazine* describing door-to-door sales techniques says sophisticated sellers welcome challenges because this indicates they have you involved. The hardest person to sell is "the clam" who shows no interest.

Your Right to Cancel

What happens if you buy and then have second thoughts and want to change your mind? You have three days to act.

A Federal Trade Commission ruling allows you a three-day, or specifically 72-hour, cooling-off period to cancel a door-to-door sale if the purchase is \$25 or more. Sunday and New Mexico official holidays are not counted as part of this time period.

In 1987, the New Mexico Legislature went beyond this ruling by including telephone sales. A new section was added to the Unfair Practices Act that spells out the

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buyer's right to cancel a sale over \$25 made either door-to-door or by a seller-initiated telephone sale. According to the New Mexico Attorney General's office, there are three requirements that a door-to-door salesperson must comply with:

- a. The salesperson must provide a fully completed contract, including the date of sale, name and address of the seller, and a statement explaining the right to cancel within three business days by written notice. The following contract statement must be included in ten-point boldface font:

“You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached Notice of Cancellation form for an explanation of this right.”

- b. The salesperson must provide a “Notice of Cancellation” form, which is filled in by you as the buyer in case you would like to cancel the purchase.
- c. The salesperson must verbally tell the buyer of the right to cancel the purchase at the time the purchase agreement is signed.

If the sale was made by telephone, the cancellation period does not begin until the buyer has been informed of his or her right to cancel and has been provided with copies of the notice of cancellation.

If any payment has been made, the seller must refund the money within 10 business days of receiving the cancellation notice. After cancelling a sale, you must have the merchandise available at your home for the salesperson to pick up in the same condition you received it. If you agree to ship the item back, the seller must pay the shipping costs. If the merchandise is not picked up within 20 days, the consumer may keep the goods without obligation. If you do not make the goods available or fail to ship them back as agreed, you can be held to the terms of the contract.

Notifying the Seller

When cancelling a sale, send the notice by certified mail if possible, with a return receipt requested so you can prove you cancelled the sale. New Mexico law

provides that you can send either the notice of cancellation provided by the seller, a telegram, or write your own notice of cancellation. It can be stated simply, such as, “I hereby cancel the transaction of...” along with the date of cancellation and your signature. Be sure to include seller's name and address.

Sales Not Included

Sales that are not covered by this rule include

- total sales under \$25;
- sales of insurance;
- sales of real property (land);
- sales of securities or commodities by a broker-dealer who is registered with the Securities and Exchange Commission;
- sales initiated by the buyer because of an emergency, and to which the buyer waives the right to cancel; and
- sales made during repair or maintenance in the home when items other than replacement parts are bought.

National Do-Not-Call Registry

You may minimize the number of telemarketing calls you receive by placing your home phone number on the National Do-Not-Call Registry at www.donotcall.gov or by calling 1-888-382-1222 (TTY 1-866-290-4236) from the telephone number you wish to delete. Your registration in the National Do-Not-Call Registry will not expire. However, it is important to note that even with your phone number in the registry, you may receive unwanted calls from exempted organizations.

Enforcement

The New Mexico Attorney General's office is responsible for enforcing the door-to-door/telephone sales act.

Attorney General's Office
P.O. Drawer 1508
Santa Fe, NM 87504
(505) 827-6000
TOLL FREE: 1-800-678-1508
(Se Habla Español)
www.nmag.gov

You may also file a complaint to the Federal Communications Commission online at <http://esupport.fcc.gov/complaints.htm>

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