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Protections for In-Home Purchases: The Cooling-Off Rule

If 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 seller's permanent place of business, you may have the option. The Federal Trade Commission's (FTC's) Cooling-Off Rule gives you three days to cancel purchases of \$25 or more. Under the Cooling-Off Rule, your right to cancel for a full refund extends until midnight of the third business day after the sale.

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The Cooling-Off Rule applies to sales at the buyer's home, workplace or dormitory, or at facilities rented by the seller on a temporary or short-term basis, such as hotel or motel rooms, convention centers, fairgrounds and restaurants. The Cooling-Off Rule applies even when you invite the salesperson to make a presentation in your home.

Under the Cooling-Off Rule, the salesperson must tell you about 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 that's used in the sales presentation.

Some Exceptions

Some types of sales cannot be canceled even if they do occur in locations normally covered by the Rule. The Cooling-Off Rule does not cover sales that:

- are under \$25;
- are for goods or services not primarily intended for personal, family or household purposes. (The Rule applies to courses of instruction or training.);
- are made entirely by mail or telephone;
- are the result of prior negotiations at the seller's permanent business location where the goods are sold regularly;
- are needed to meet an emergency
- are made as part of your request for the seller to do repairs or maintenance on your personal property (purchases made beyond the maintenance or repair request are covered).

Also exempt from the Cooling-Off Rule are sales that involve:

- real estate, insurance, or securities;
- automobiles, vans, trucks, or other motor vehicles sold at temporary locations, provided the seller has at least one permanent place of business;
- arts or crafts sold at fairs or 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. Mail it to the address given for cancellation, making sure the envelope is post-marked before midnight of the third business day after the contract date. (Saturday is considered a business day; Sundays and federal holidays are not.) Because proof of the mailing date and proof of receipt are important, consider sending the cancellation form by certified mail so you can get a return receipt. Or, consider hand delivering the cancellation notice before midnight of the third business day. Keep the other copy of the cancellation form for your records.

If the seller did not give cancellation forms, you can write your own cancellation letter. It must be post-marked within three business days of the sale.

You do not have to give a reason for canceling your purchase. You have a right to change your mind.

If You Cancel

If you cancel your purchase, the seller has 10 days to:

- Cancel and return any promissory note or other negotiable instrument you signed;
- refund all your money and tell you whether any product you still have will be picked up; and
- return any trade-in.

Within 20 days, the seller must either pick up the items left with you, or reimburse you for mailing expenses, if you agree to send back the items.

If you received any goods from the seller, you must make them available to the seller in as good condition as when you received them. If you do not make the items available to the seller - or if you agree to return the items but fail to - you remain obligated under the contract.

Problems

You may [file a complaint with the FTC](#) related to the Cooling Off Rule or other consumer matters [online](#) or by calling 1-877-FTC-HELP. The Rule's complete name and citation are: Rule Concerning Cooling-Off Period for Sales Made at Homes or at Certain Other Locations; 16 CFR Part 429.

You also may wish to contact a consumer protection office in your city, county, or state. Some state laws give you even more rights than the FTC's Cooling-Off Rule, and some local consumer offices can help you resolve your complaint.

In addition, if you paid for your purchase with a credit card and a billing dispute arises about the purchase (for example, if the merchandise shipped was not what you ordered), you can notify the credit card company that you want to dispute the purchase. Under the Fair Credit Billing Act, the credit card company must acknowledge your dispute in writing and conduct a reasonable investigation of your problem. You may withhold payment of the amount in dispute, until the dispute is resolved. (You are still required to pay any part of your bill that is not in dispute.) To protect your rights under the Fair Credit Billing Act, you must send a written notice about the problem to the credit card company at the address for billing disputes specified on your billing statement within 60 days after the first bill containing the disputed amount is mailed to you.

If the 60-day period has expired or if your dispute concerns the quality of the merchandise purchased, you may have other rights under the Act. If you have questions about the Fair Credit Billing Act, see the FTC's brochure, [Fair Credit Billing](#), or order a free copy by writing to: Consumer Response Center, Federal Trade Commission, Washington, DC 20580.

This article was previously available as *The Cooling-Off Rule: When and How to Cancel a Sale*.

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May 1996

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