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- 16 April 2003 [shall come into force from 1 February 2004];
- 29 April 2004 [shall come into force from 26 May 2004];
- 27 October 2005 [shall come into force from 25 November 2005];
- 22 March 2007 [shall come into force from 11 August 2007];
- 17 May 2007 [shall come into force from 12 June 2007];
- 19 June 2008 [shall come into force from 23 July 2008];
- 21 May 2009 [shall come into force from 23 June 2009];
- 26 November 2009 [shall come into force from 24 December 2009];
- 28 October 2010 [shall come into force from 1 January 2011];
- 20 December 2010 [shall come into force from 1 January 2011];
- 9 June 2011 [shall come into force from 22 June 2011];
- 19 September 2013 [shall come into force from 1 January 2014];
- 24 April 2014 [shall come into force from 28 May 2014];
- 18 September 2014 [shall come into force from 25 September 2014];
- 19 February 2015 [shall come into force from 1 March 2015];
- 28 May 2015 [shall come into force from 1 January 2016];
- 18 June 2015 [shall come into force from 9 July 2015].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*<sup>1</sup> has adopted and  
the President has proclaimed the following Law:

## Consumer Rights Protection Law

### Chapter I General Provisions

#### Section 1. Terms Used in this Law

The following terms are used in this Law:

1) **directions for use** — instructions of the manufacturer or the service provider through compliance with which goods or services retain their operational (utilisation) characteristics and adequate quality, and do not pose a threat to the property, health and life of the consumer and to the environment;

2) **service** — performance of a consumer's order or such fulfilment of a contract entered into with a consumer, for remuneration or free of charge, within the scope of the economic activity of a person as a result of which an article is leased, an existing article or its characteristics are improved or altered, or work is performed, or intangible result of work is achieved;

2<sup>1</sup>) **durable medium** — any instrument which enables the consumer to store information addressed personally to him so as to ensure the accessibility, use and reproduction thereof in an unchanged form for a period of time necessary for the provision of such information;

3) **consumer** — a natural person who expresses a wish to purchase, purchases or might purchase, or use goods or a service for a purpose, which is not related to his or her economic or professional activity;

<sup>1</sup> The Parliament of the Republic of Latvia

4) **the service provider** — any natural person or any legal person who within the scope of his or her economic or professional activity provides a service to a consumer, also including through any other person acting in his name or on his behalf;

5) **trader** — any natural person or any legal person (also an importer) who within the scope of his economic or professional activity offers or sells goods to a consumer, also including through any other person acting in his or her name or on his or her behalf;

6) **goods** — any item offered or sold to a consumer, with the exception of item sold by way of execution of a court adjudication or resolution of a judge or in accordance with recording, assessment, sale, transfer free of charge, destruction of property under the jurisdiction of the State and inclusion of sale income into the State budget, or in accordance with the laws and regulations governing a commercial pledge. Water, gas and electricity shall be considered as goods where they are offered or put up for sale in a limited volume or a set quantity. Digital content together with a material medium (CD, DVD or similar material medium) shall be considered as goods;

7) **manufacturer** — a person who within the scope of his or her economic or professional activity manufactures or renovates goods for sale, or identifies itself as the manufacturer by indicating (labelling) on the goods or the packaging thereof, or in the technical documentation of the goods, its name (firm name), given name, surname, trademark or other distinguishing mark;

8) **digital content** – data which are produced and supplied in digital form;

9) **total costs of the credit to a consumer** – all costs, including interest, commission, fees and any other payments, which must be paid by the consumer in relation to the credit agreement and which are known to the creditor (except costs of a sworn notary). The total costs of the credit shall also include costs for additional services in relation to the credit agreement, including insurance premiums, if conclusion of an additional services contract is a mandatory precondition in order to receive credit or in order to receive it on the terms and conditions offered.

*[22 November 2001; 27 October 2005; 19 June 2008; 28 October 2010; 24 April 2014; 28 May 2015]*

## **Section 2. Purpose of this Law**

The purpose of this Law is to ensure that consumers are able to exercise and protect their lawful rights, as well as to protect the collective interests of consumers.

*[24 April 2014 / The new wording of Section shall come into force from 13 June 2014. See Paragraph 22 of Transitional Provisions]*

## **Section 2.<sup>1</sup> Scope of Application of this Law**

(1) The provisions of this Law shall be applied, unless otherwise provided for in the special norms governing consumer rights protection.

(2) The provisions of this Law shall not affect contractual relations especially validity of a contract, entering into and consequences, unless otherwise provided for in this Law.

(3) The trader or the service provider is entitled to offer such provisions of a contract that ensure higher consumer rights protection than determined in this Law.

*[24 April 2014]*

## **Section 3. Violation of Consumer Rights**

Consumer rights are violated, if:

1) upon purchase of goods or receipt of a service, freedom of choice and the expressed will of the consumer are not observed;

- 2) the principle of equality of the contracting parties is not observed and the terms of the contract are unfair;
- 3) the possibility to receive comprehensive and complete information regarding the goods, or the service or the price of the service is not ensured;
- 4) unsafe goods, or goods that do not conform to the provisions of the contract, or unsafe services or services that do not conform to the provisions of the contract are sold to the consumer;
- 5) the payment for the purchase or the weight or measure is not correctly determined and no opportunity is provided to check it;
- 6) contractual obligations are not adequately performed;
- 7) no opportunity is provided to a consumer to exercise the right of withdrawal, revocation of a contract entered into, alteration of conditions of a contract entered into, or other lawful or contractual rights;
- 8) a document that confirms the transaction is not issued.

[22 November 2001]

### **Section 3.1 Prohibition of Differential Treatment**

- (1) Differential treatment based on sex, race, ethnic belonging or disability of a consumer is prohibited when offering goods or a service, selling goods or providing a service.
- (2) Differential treatment to a consumer shall be allowed, if offering of goods or a service, selling of goods or provision of a service only or mainly to persons of a particular sex, race or ethnic belonging or persons with disability is objectively substantiated with a legal purpose, for the achievement of which proportional means are chosen. Differential treatment to a consumer based on disability shall be allowed, if it is objectively substantiated with a legal purpose for the achievement of which proportional means are chosen, or if ensuring of equal treatment imposes disproportionate load on the trader or the service provider.
- (3) The prohibition of differential treatment shall not affect the freedom of entering into contracts, except for the case when the choice of a contracting party is substantiated with sex, disability, race or ethnic belonging of the person.
- (4) If the prohibition of differential treatment is infringed, a consumer may protect the rights thereof in accordance with the procedures laid down in the Ombudsman Law, and also by applying to court in accordance with the procedures laid down in the Civil Procedure Law.
- (5) If in the case of a dispute a consumer refers to conditions that may serve as the basis for his direct or indirect discrimination based on sex, disability, race or ethnic belonging, the trader or provider of a service has a duty to prove that the prohibition of differential treatment is not violated.
- (6) Direct discrimination is such attitude towards a person, which on the basis of his sex, disability, race or ethnic belonging in a comparable situation is, was and could be less favourable than towards another person. Indirect discrimination is a seemingly neutral provision, criterion or practice that creates or could create an unfavourable outcome on the basis of sex, disability, race or ethnic belonging of a person, except for the case when such provision, criterion or practice is objectively substantiated with a legal purpose, for the achievement of which proportional means are chosen.
- (7) Offence to a person or an instruction to discriminate him or her shall be considered as discrimination as well.
- (8) Offence shall be the exposure of a person on the basis of his sex, disability, race or ethnic belonging to such action that is unfavourable from the point of view of this person (including action of sexual nature), the purpose or the result of which is the violation of the person's honour and the creation of an intimidating, hostile, derogatory or degrading environment.

(9) A less favourable attitude towards a woman during the period of pregnancy or during the period following childbirth up to one year, but if the woman is breastfeeding – during the whole period of breastfeeding, shall be considered as discrimination on the basis of sex as well.

(10) It is prohibited to cause directly or indirectly an unfavourable outcome to the customer, if he or she protects the rights thereof according to the procedures specified in this Section.

(11) If the prohibition of differential treatment or prohibition to create an unfavourable outcome is violated, a consumer has the right to request the fulfilment of the contract, as well as a compensation of losses and a compensation of emotional distress. In the case of a dispute, the amount of the compensation of emotional distress shall be determined by court at its discretion.

*[19 June 2008; 28 October 2010]*

#### **Section 4. Freedom of Choice and Will of the Consumer**

(1) When entering into contractual obligations with the trader or the service provider, the consumer shall be provided an opportunity to fully exercise his choice and will, purchasing exactly the type of goods or receiving exactly the service the consumer wishes, except for restrictions prescribed by law. It is the duty of the trader or the service provider to respect such will. Choice and will shall be expressed in the terms of contract, or it shall be apparent from the circumstances.

(2) Before a consumer purchases goods or receives a service, he or she shall be provided an opportunity to evaluate the fitness and conformity of the relevant goods or the service. The consumer shall receive complete information regarding the goods or services, procedure for settlement of accounts, contract performance and liability if contractual obligations are breached.

(3) A consumer shall not be obliged to accept goods or service and to pay the price or other payment for the goods or service if the goods are supplied or the service is provided without an order being made by the consumer. If the consumer does not reply to such order, it does not mean that he or she has agreed to the order.

(4) Before the entering into the contract, the trader or the service provider shall seek the express consent of the consumer to any extra payment in addition to the remuneration agreed upon for the main contractual obligation. If the trader or service provider has not obtained the consumer's express consent for such payment, but has obtained the consent by using previously activated choice options, which the consumer is required to reject in order to avoid the additional payment, the consumer has the right to receive reimbursement of such additional payment.

(5) If during the provision of service the necessity to perform any additional work arises regarding which there was not agreement with a consumer, the service provider shall request a consumer's express consent for additional work. If the service provider has not received a consumer's express consent for such additional work, then the consumer has no obligation to pay for such additional work.

(6) The trader or the service provider has an obligation, when transferring the goods to a consumer, to ensure the possibility for him or her to see or inspect the goods. If such possibility is not ensured for the consumer, the trader or the service provider has an obligation to prove that at the time of transfer the goods have no defects.

*[24 April 2014; 18 June 2015]*

#### **Section 4.<sup>1</sup> Application of Certain Provisions of Law**

(1) The provisions of Chapters III and IV of this Law shall be applicable to such legal relations, which are established between the trader or the service provider and a consumer, and also any other right-holder who expresses a wish to purchase, purchases or may purchase goods or utilise services for a purpose which is not related to economic or professional activity of such right holder.

(2) The provisions of Sections 5 and 6 of this Law shall also be applicable to such legal relations, which on the basis of a contract are established between a natural person and a manufacturer, trader or service provider in accordance with the contract entered into with a consumer, including regarding the provision of the fulfilment of contractual obligations of the consumer with a pledge or guarantee, if the establishment of such relations is not related to economic or professional activities of the abovementioned natural person.

(3) Section 4, Paragraph four, Sections 9, 10, 12 and Section 17, Paragraph one of this Law shall not be applied to:

- 1) package tourism services;
- 2) contracts on the right of long-term use of a holiday accommodation, contract on long-term holiday services, resale contracts on the right of long-term use of a holiday accommodation or resale contracts on long-term holiday services and exchange contracts on the right of long-term use of a holiday accommodation;
- 3) passenger transport services (except Section 4, Paragraph four and Section 31.2, Paragraph three of this Law);
- 4) contracts on the supply of the foodstuffs, beverages or other goods intended for current consumption in the household, and which are physically supplied by the trader on frequent and regular rounds to the consumer's home, residence or workplace;
- 5) contracts concluded by means of automatic vending machines or automated commercial premises;
- 6) contracts concluded with electronic communications merchants through public payphones for their use or concluded for the use of one single connection by telephone, Internet or fax established by a consumer;
- 7) financial services (except Section 10 and Section 12, Paragraph one of this Law);
- 8) contracts for acquisition of immovable property or transfer of rights related to immovable property;
- 9) contracts for the construction of new buildings, the substantial conversion of existing buildings and for rental of accommodation for residential purposes;
- 10) contracts concluded with notaries, bailiffs or persons comparable to other State officials.

(4) Section 14.<sup>1</sup> of this Law shall be applied to services, as a result of which movable tangible property or its properties are improved or altered.

(5) Within the framework of Sections 13, 14, 16, 17, 19, 20, 21, 27, 28, 30 and 33 of this Law, a movable tangible property shall be considered as the goods, and also a movable tangible property produced as a result of the provision of a service.

(6) Provisions of this Law on services shall be applied to contracts for the supply of water, gas and electricity where water, gas or electricity are offered or put up for sale in a limited volume or a set quantity, as well as to contracts for the district heating, insofar it is not otherwise provided for in the laws and regulations governing public utilities or consumer rights protection.

(7) Provisions of this Law which regulate provision of a service shall be applied to a digital content which is not supplied in a tangible medium, unless it is otherwise provided for in the norms governing consumer rights protection.

*[27 October 2005; 21 May 2009; 24 April 2014; 18 September 2014 / Paragraph four shall come into force from 1 January 2016. See Paragraphs 23 and 24 of Transitional Provisions]*

#### **Section 4.<sup>2</sup> Provisions for Application of Legal Norms of Different States**

(1) Contracting parties are entitled to agree that the legal norms of a state other than a European Economic Area Member State are applicable in discussing the legal relations, if both of the following provisions are observed:

- 1) the performance of the contractual obligations or other contractual provision is directly related to any European Economic Area Member State;

2) the applicable legal norms provide for more favourable rights protection for a consumer than this Law.

(2) Where the legal norms applicable to legal relations are the legal norms of a state other than a European Economic Area Member State, a consumer shall not lose the rights specified in this Law and other laws and regulations in relation to a contract on the right of long-term use of a holiday accommodation, a contract on long-term holiday services, a resale contract on the right of long-term use of a holiday accommodation or a resale contract on long-term holiday services and an exchange contract on the right of long-term use of a holiday accommodation if:

1) the relevant immovable property is situated within the territory of any of the European Union Member States;

2) the trader pursues commercial or professional activity in a European Union Member State or directs the referred to activity to a European Union Member State and the contract falls within the scope of such activity.

*[26 November 2009; 28 October 2010]*

## **Chapter II Contracts**

### **Section 5. Legal Equality of the Contracting Parties**

(1) Contracts entered into between a consumer and a manufacturer, the trader or the service provider, shall provide for equal rights of both contracting parties.

(2) Contract terms shall be deemed to be in contradiction with the principle of legal equality of the contracting parties if the terms:

1) reduce the liability of the parties prescribed by law;

2) restrict the rights of the consumer to enter into contracts with third parties;

3) stipulate privileges to the manufacturer, trader or service provider, and restrictions to the consumer;

4) *[24 April 2014]*;

5) put the consumer in a disadvantageous position and are contrary to the requirements of good faith.

*[24 April 2014 / See Paragraph 22 of Transitional Provisions]*

### **Section 6. Unfair Contractual Terms**

(1) A manufacturer, trader or service provider in draft contracts drawn up in advance may not offer such contractual terms as are in contradiction with the principle of legal equality of the contracting parties, this Law or other laws and regulations.

(1<sup>1</sup>) A contractual term providing that a consumer withdraws from his or her lawful rights, shall be regarded as unfair and not in effect.

(2) Contractual terms shall be expressed in plain and comprehensible language.

(2<sup>1</sup>) Ambiguous and imprecise terms of a written contract shall be interpreted in favour of the consumer.

(2<sup>2</sup>) Provisions of this Section shall not apply to such contractual terms which define subject matter and price of the contract or adequacy of the remuneration for the goods or service, if they are expressed in plain and comprehensible language.

(3) A contractual term which has not been mutually discussed by the contracting parties shall be deemed to be unfair, if it to the disadvantage of the consumer creates, and contrary to the requirements of good faith, substantial non-conformity with respect to the rights and duties of the contracting parties provided for by the contract. Contractual terms shall be deemed unfair if they:

1) are in contradiction with Section 5 of this Law;

2) reduce the liability of the manufacturer, trader or service provider, or release them from liability in cases where the consumer has incurred harm to health, or in a case of death of the consumer, resulting from an act or failure to act of the trader or the service provider;

3) unjustifiably restrict or exclude the possibility of the consumer to exercise his lawful right to claim if the manufacturer, trader or service provider has failed to perform contractual obligations, or have performed them partially, including also the extinguishing of the claim of the manufacturer, trader or service provider with a counterclaim from the consumer;

4) impose a disproportionately large contractual penalty or other compensation for non-performance or unacceptable performance of the contractual obligations upon a consumer who fails to perform the contractual obligations or performs them unacceptably in comparison to losses caused by the non-performance or unacceptable performance of the contractual obligations or taking into account other conditions;

5) provide for determination of the price of goods or services at the moment of supply, or permit the manufacturer, trader or service provider to increase the price and do not give the consumer the right to revoke the contract if the final price is unreasonably high in comparison with the price on which the contracting parties agreed when entering into the contract;

6) restrict the duty of the manufacturer, trader or service provider to perform obligations undertaken by their representative, or subject such obligations to formalities;

7) exclude or hinder the right of the consumer to apply to consumer rights protection institutions or to the court or to use rights protection means, especially those providing for adjudication of disputes only in arbitration court, unjustifiably restrict the use of proof available for a consumer or impose a burden of proof on a consumer which in accordance with the laws and regulations is an obligations of other contractual party;

8) permit a manufacturer, trader or service provider to unilaterally withdraw from a contract, except in the case when such a possibility is ensured also for the consumer;

8<sup>1</sup>) permit a manufacturer, trader or service provider to terminate an unlimited contract without warning, except in the case when it has a justified reason;

9) provide for the automatic extension of the limited contract if the consumer does not inform regarding the non-extension of the contract, and determines an obligation for the consumer to provide such information unjustifiably early before the end of the term of the contract;

10) permit a manufacturer, trader or service provider to retain the amount paid by a consumer if the consumer withdraws from the contract, but does not provide for the same possibility for a consumer, respectively, to receive an equivalent amount if the manufacturer, trader or service provider withdraws from the contract;

11) permit a manufacturer, trader or service provider to transfer their rights and duties to other person, if thus the amount of guarantee provided to a consumer is reduced without the consent of the consumer;

12) permit a manufacturer, trader or service provider to unilaterally amend the contractual terms, except for the case when it has a justified reason provided for in the contract;

13) permit a manufacturer, trader or service provider to unilaterally change the characteristics of the goods or service without a justified reason;

14) permit the trader or the service provider to keep the amount of money paid by the consumer for a service not yet provided, if the trader or the service provider withdraws from the contract;

15) make binding on a consumer a contract where the sale of goods or provision of service is subject to the term the performance of which depends only on the will of the manufacturer, trader or service provider itself;

16) make binding on a consumer such contractual term with which the consumer did not have any real possibility to become familiar with before entering into the contract;

17) provide a manufacturer, trader or service provider the right to unilaterally determine whether the goods supplied or services provided comply with the contractual terms, or provide

a manufacturer, trader or service provider exclusive rights to interpret any provisions of the contract;

18) impose an obligation on a consumer to perform all contractual commitments, but a manufacturer, trader or service provider fails to perform its contractual commitments.

(3<sup>1</sup>) Condition of Paragraph three, Clause 5 of this Section shall not apply to provisions which provide a lawful price indexation if the methodology for determination of changes in price is clearly provided for in the contract.

(3<sup>2</sup>) Condition of Paragraph three, Clause 8.<sup>1</sup> of this Section shall not apply to provisions of contract for financial services in accordance with which the service provider is entitled to terminate an unlimited contract without a warning, if there is a justified reason for it and if the service provider complies with an obligation to inform a consumer immediately regarding termination of the contract.

(3<sup>3</sup>) Conditions of Paragraph three, Clause 12 of this Section shall not apply to:

1) the terms of a contract for financial services in accordance with which the service provider is entitled to change without a warning the interest rates which must be paid by a consumer or disbursed to a consumer, or other payments for financial services, if there is a justified reason for it and the service provider complies with an obligation to inform a consumer thereon as soon as possible, as well as the right to terminate a contract immediately is intended for the consumer;

2) provisions according to which the trader or service provider is entitled to unilaterally amend the terms of an unlimited contract, if the trader or service provider complies with an obligation to inform the consumer and the consumer is entitled to withdraw from the contract.

(3<sup>4</sup>) Conditions of Paragraph three, Clauses 5, 8.<sup>1</sup> and 12 of this Section shall not apply to transactions with transferable securities, financial instruments and other products or services, the price of which is related to fluctuations in exchange price or exchange price index or financial market rate, which the trader or the service provider does not influence, and also to contracts for purchase or sale of foreign currency, traveller's cheques or international money transfers in foreign currency.

(4) In assessing contractual terms, the nature of the goods sold or services provided and all the circumstances under which the contract was entered into, as well as the provisions of the contract entered into and a contract associated therewith, shall be taken into account.

(5) A contractual term shall always be deemed to be not mutually discussed if the contract was drawn up in advance and the consumer wherewith did not have an opportunity to influence the content of the relevant contract; especially it applies to standard contracts prepared in advance.

(6) If specific contractual terms or relevant aspects of certain contractual provisions have been discussed, it may not therefore be deemed that other contractual provisions have also been mutually discussed.

(7) If a manufacturer, trader or service provider maintains that the contract terms have been mutually discussed with the consumer, it is his duty to prove it.

(8) Unfair terms included in a contract entered into between a manufacturer, trader or service provider and a consumer shall not be in force from the moment of entering into contract, but the contract shall remain effective if it may continue functioning also after exclusion of the unfair provisions.

(9) [19 June 2008]

10) [18 June 2015]

(10<sup>1</sup>) If losses are incurred a consumer due to unfair contractual terms, the consumer is entitled to bring an action to court for the protection of his or her lawful rights and interests.

(11) Upon resolving a dispute or carrying out other procedural actions arising from the contract entered into between a manufacturer, trader or service provider and a consumer, the court shall evaluate the terms of the contract and for the resolution of the dispute shall not apply the unfair terms provided for in the contract in relation to the consumer.

## **Section 7. Contracts in Which the Consumer is a Third Person**

(1) In contracts by which the manufacturer or trader undertakes to supply goods or the service provider undertakes to provide services for the benefit of the consumer as a third person, it shall be the duty of the contracting party which has received such promise to familiarise the consumer with the contract entered into, and to provide him or her with an opportunity to join therein within a specified period of time, so that the consumer obtains an independent right to require performance of such contract from the manufacturer, trader or service provider, and compensation for losses in case of inappropriate performance or delay.

(2) A manufacturer, trader or service provider may not refuse to enter into a contract, or refuse to perform a contract entered into, regarding supply of goods or provision of services to the consumer as a third person only because other previous obligations have not been settled with the person who has received the promise.

## **Section 8. Consumer Credit**

(1) In accordance with a consumer credit contract, the person who is engaged in consumer crediting (hereinafter – a creditor) shall grant or promise to grant credit to a consumer as a deferred payment, loan or other financial agreement. A contract for the provision on a continuing basis of services or for the supply of goods shall not be considered as a consumer credit agreement within the meaning of this Law, if a consumer performs pays for the services or goods during an operation of the contract by means of instalments.

(1<sup>1</sup>) A credit service may be provided to a consumer by a capital company which has received a special permit (licence) for the provision of a consumer credit service [hereinafter – a special permit (licence)]. This requirement shall not be applied to:

1) a capital company which is to be considered a credit institution in accordance with the laws and regulations governing operation of credit institutions;

2) a manufacturer, trader or service provider who offers to pay for the acquisition of goods or services by means of a deferred payment, loan or other similar financial agreement, not involving financing of the third person;

3) a merchant, which in accordance with the contract entered into between a manufacturer, trader or service provider, offers to enter only in such consumer credit contracts for the acquisition of goods or services, in accordance with which the interest or other additional payments are not paid;

4) a savings and loan company.

(1<sup>2</sup>) A capital company shall pay a State fee for the issuance of a special permit (licence) for the provision of consumer credit services, as well as for supervision of the operation of a provider of credit services.

(1<sup>3</sup>) A special permit (licence) is issued for an indefinite period of time. The procedures for issuing, cancelling and suspending the operation of a special permit (licence), the requirements to which a capital company must comply with in order for it to receive a special permit (licence), including the requirements regarding equity capital, as well as the requirements in relation to members of the supervisory board and executive board of a capital company, the amount of a State fee for the issuance of a special permit (licence) and the amount of the annual State fee for supervision of the operation of the provider of credit services, and the procedures for payment shall be determined by the Cabinet.

(1<sup>4</sup>) As consumer credit services shall be considered also such services within the framework of which a consumer's property is accepted for sale or storage from the consumer and the

payment for the property is performed at the time of transfer of the property, if the right of the consumer to withdraw from the contract is provided for in the contract intending fee for it.

(2) A consumer credit contract shall be drawn up in writing (on paper or on other durable medium), and each contracting party shall be given one copy of such contract. The payment for goods or services shall be specified in cash.

(2<sup>1</sup>) It is prohibited to enter into a consumer credit contract in the time period from 23.00 o'clock to 7.00 o'clock, unless more strict restrictions for provisions of the consumer credit service are provided for in the laws and regulations regarding consumer credit.

(2<sup>2</sup>) The costs of a consumer credit contract shall be commensurate and corresponding to fair transaction practice. The total costs of the credit for a consumer shall be calculated in accordance with the procedures laid down in the laws and regulations regarding consumer credit.

(2<sup>3</sup>) Such total costs of the credit to a consumer shall be considered not conforming to the requirements referred to in Paragraph 2.<sup>2</sup> of this Section, which exceed 0.55 per cent a day from the credit sum from the first day to the seventh day (inclusive) of the use of credit, 0.25 per cent per day from the credit sum from the eighth day to the fourteenth day (inclusive) of the use of credit and 0.2 per cent per day from the credit sum, starting with the fifteenth day of the use of credit. In contracts, according to which credit must be repaid upon request or in which the time period for the use of credit exceeds 30 days, such total credit costs to a consumer shall be considered not conforming to the requirements referred to in Paragraph 2.<sup>2</sup> of this Section, which exceed 0.25 per cent per day from the credit sum. Restriction to the total credit costs to a consumer shall not be applied to such consumer credit contracts, upon entering into which an item is to be deposited as security in the creditor's safe-keeping and according to which the liability of the consumer is limited only to that pledged item.

(2<sup>4</sup>) The amount of any expenses related to credit in any consumer credit contract providing for that a consumer must repay the credit within a time period not exceeding three months, including the sum of interest, late interest, contractual penalties, commission fee, payments related to postponing the time period and other payments related to the fulfilment of the credit contract, shall not exceed the sum of the credit issued. This provision shall not apply to:

1) consumer credit contracts, upon entering into which an item is to be deposited as security in the creditor's safe-keeping and according to which the liability of the consumer is restricted only to that pledged item;

2) contract with overdraft;

3) contracts, according to which a creditor has agreed through the silence thereof that a consumer uses funds which exceed the current balance in the consumer's current account or granted overdraft credit.

(2<sup>5</sup>) If a consumer credit contract has been concluded, using distance communication techniques, credit shall be repaid in parts in proportion to the term of the contract, as well as the interest amount and the principal amount not less than once a month, except consumer credit contracts:

1) the credit repayment term of which is not more than one month;

2) upon entering into which the creditor allocates an overdraft to a consumer, which must be repaid upon request or within a time period not exceeding three months.

(2<sup>6</sup>) A consumer credit contract, which provides for a possibility to request late interest from the consumer, shall not be in effect, if the amount of such interest exceeds 36 percent points above the loan rate per year. This conditions does not apply to such consumer credit contract, in which repayment of credit is ensured by an immovable property mortgage or which has been entered into by the legal subject referred to in Section 4.<sup>3</sup>, Clause 10 of this Section.

(2<sup>7</sup>) It is prohibited to determine promissory notes as the means for the settlement of accounts in crediting a consumer.

(3) A consumer has the right to perform his obligations fully or partly at any time prior to the time period specified in the consumer credit contract. In such case, the consumer has the right

to fair reduction of the total cost of the credit, which consists of interest and other costs during the remaining time period of the contract. The abovementioned consumer rights shall not apply to credit contracts referred to in Section 12.<sup>1</sup>, Paragraph eight, Clauses 2 and 4 of this Law.

(4) The content and procedures for the provision of the information to be provided prior to entering into a consumer credit contract, the requirements to be set for a consumer credit contract and the information to be included therein, the method for calculation of the annual interest rate, informing of a consumer during the term of operation of a credit contract, pre-term payment of a credit and fair reduction of the total cost of credit, the requirements to be applied for certain types of credit contracts and the duties of credit intermediaries, as well as legal regulation for consumer crediting against movable property pledge shall be determined by the Cabinet.

(4<sup>1</sup>) Prior to entering into a consumer credit contract, the creditor shall evaluate the consumer's creditworthiness on the basis of sufficient information obtained from the consumer and, where necessary, on the basis of data from the databases established for processing of personal data in accordance with the laws and regulations (hereinafter – database) regarding person's income and performance of payment obligations, which is obtained in accordance with the procedures laid down in the laws and regulations regarding personal data protection and access to databases. If the refusal to issue a credit is based on the data acquired from the database, the creditor shall inform the consumer immediately and without charge of the result of such consultation and of the particulars of the database consulted.

(4<sup>2</sup>) Before a consumer and a creditor agree on any significant increase in the total amount of credit during the term of operation of the credit contract, the creditor shall update the financial information at the disposal thereof concerning the consumer and repeatedly assess the consumer's creditworthiness. If the refusal to increase the total amount of credit is based on the data acquired from the database, the creditor shall inform the consumer immediately and without charge of the result of such consultation and of the particulars of the database consulted.

(4<sup>3</sup>) The obligations laid down in Paragraphs 4.<sup>1</sup>, 4.<sup>2</sup> and 4.<sup>4</sup> of this Section shall not be applied to consumer credit contracts:

- 1) [24 April 2014 / See Paragraph 21 of Transitional Provisions];
- 2) in accordance with which a creditor grants the consumer the right to use funds which exceed the current balance in the consumer's current account (hereinafter – overdraft credit) and which must be repaid during a period of time that does not exceed one month;
- 3) in accordance with which a creditor has agreed through the silence thereof that a consumer uses funds which exceed the current balance in the consumer's current account or granted overdraft credit;
- 4) upon entering into which an item is to be deposited as security in the creditor's safe-keeping and in accordance with which the liability of the consumer is limited only to that pledged item;
- 5) which have been entered into between an employer and employee, if the credit is granted without interest or at annual interest rate lower than those prevailing on the market and which is not offered to the public generally and if issuing of credits is not the main activity of the employer;
- 6) which are entered into with investment companies or credit institutions for the purposes of allowing an investor to carry out a transaction relating to one or more of the instruments regulated in compliance with the laws and regulations regarding financial instrument market, where the investment company or credit institution granting the credit is involved in such transaction;
- 7) which are the outcome of a settlement reached in court or another institution specified in laws and regulations;
- 8) which are related to covering of a debt in the way of deferred payments, without paying the interest and any other additional charges;

9) which are related to loans granted, with a general interest purpose, to a restricted public in accordance with the procedures laid down in laws and regulations at lower interest rates than those prevailing on the market or without interest, or in accordance with other terms which are more favourable to the consumer than those prevailing on the market and at interest rates not higher than those prevailing on the market;

10) which are entered into by a manufacturer, trader or service provider for purchase of goods or services in the way of deferred payments, loan or other similar financial agreements and in accordance with which the credit is granted, without paying the interest rate and without any other additional charges;

11) which provide that the consumer should repay the credit within a period of time which does not exceed three months and in accordance with which only insignificant additional charges are requested for use of the credit in comparison with the total amount of the credit and the time period of the operation of the credit contract.

(4<sup>4</sup>) When performing the obligation laid down in Paragraphs 4.<sup>1</sup> and 4.<sup>2</sup> of this Section, a creditor has an obligation to request, acquire and evaluate information regarding a consumer's income and expenses for the performance of the obligation in adequate amount. The consumer has an obligation upon a request of the creditor to provide information regarding his income and expenses. The creditor is entitled to grant a credit only after having evaluated the consumer's creditworthiness and having ascertained thereon.

(4<sup>5</sup>) If a creditor grants a credit to a consumer without evaluating the consumer's creditworthiness, the creditor is not entitled to request that the consumer would pay more than lawful interest for the money use allocation granted in a credit contract and apply means of reinforcement of obligations or compensation to the consumer. The referred to in this Paragraph shall apply to such means of reinforcement of obligations or compensation related to delay in payments, if a reason for delay is the consumer's creditworthiness assessed not in compliance with the requirements of this Section at the time of granting of the credit. The referred to in this Paragraph shall not release the consumer from the obligation to pay the remaining total amount of a credit in accordance with the credit contract.

(4<sup>6</sup>) A claim for the reduction in credit contract interest payment in conformity with Paragraph 4.<sup>5</sup> of this Section shall be brought to the court within six months from the day of entering into a credit contract in accordance with the procedures laid down in the Civil Procedure Law. In the claims for money recovery in which the application is submitted by a creditor, a consumer has the right to request the court to reduce a credit contract interest payment in conformity with Paragraph 4.<sup>5</sup> of this Section. In the case of dispute it shall be considered that the creditor has not performed the obligation laid down in Paragraphs 4.<sup>1</sup>, 4.<sup>2</sup> and 4.<sup>4</sup> of this Section to evaluate the consumer's creditworthiness, unless the creditor proves the contrary.

(5) If the amount of credit is equal to 100 minimum monthly wages or higher, a creditor shall:

1) prior to the issuing of credit, request and receive a statement from the State Revenue Service regarding the income of the consumer or a statement with a similar content from another State tax administration. The referred to statement shall not be requested if the consumer is a State official and information regarding his income is publicly accessible;

2) prior to the issuing of credit to a consumer, documenting the measures performed, evaluate the consumer's creditworthiness, taking into account the documents abovementioned in Clause 1 of this Paragraph;

3) ensure the storage of all documents associated with the issuing of credit for one year after the fulfilment of the obligations specified in the consumer credit contract.

(6) [19 June 2008]

(7) [28 October 2010]

(8) The Cabinet shall determine the statement issued by the State Revenue Service regarding the content of the income of the taker of the credit, as well as the procedures for the requesting and issuing of statements.

(9) The provisions of Paragraph five of this Section shall not be applicable to the crediting of such transactions, which are performed with financial instruments.

(10) A credit, the amount of which is equal to 100 minimum monthly wages or higher, shall be issued as follows:

1) in the amount of not more than 90 per cent of the market value of the relevant immovable property, if repayment thereof is ensured with an immovable property mortgage;

2) in the amount of not more than 95 per cent of the purchase transaction amount or planned construction costs of the relevant immovable property, if repayment thereof is ensured with an immovable property mortgage and a State guarantee in conformity with the State assistance for purchase or construction of a housing laid down in the Law On Assistance in Solving Apartment Matters.

(10<sup>1</sup>) Consumer credit contracts in accordance with which the purchase of a particular good is financed for the amount exceeding 1400 euro, a credit shall be issued in the amount of not more than 90 per cent of the price of the relevant good. The provisions of this Paragraph shall not be applied to consumer credit contracts for a credit, repayment of which is ensured with an immovable property mortgage.

(11) The provisions of Paragraphs five and nine shall not be applied to consumer credit contracts, which have been entered into with inhabitants of another state if the purpose of the granting of the credit is not the acquisition or utilisation of immovable property or other property to be registered in the public registers of the Republic of Latvia.

(12) If a credit contract is entered into upon entering of which a consumer shall transfer some property for storage by a creditor as a security and in accordance with which the liability of the consumer is limited only by the pledged property, the creditor shall acquire the right to the sale of the pledge not bought out for the discharge of the consumer's credit commitments on the seventh day after the end of the term for repayment of the credit indicated in the credit contract.

(13) If the pledge referred to in Paragraph twelve of this Section is not bought out until the end of the term for repayment indicated in the credit contract, a consumer has the right to buy it out until the time when a creditor sells the referred-to property for the discharge of the debt commitments. The fee requested for the buying out of the pledge after the end of the term for buying out laid down in the credit contract for the use of the credit or administrative expenses (if any have been provided for in the credit contract entered into by the parties) shall not exceed the fee or expenses which were applied during the term of operation of the credit contract.

(14) After the sale of the pledged property referred to in Paragraph thirteen of this Section a creditor's right to claim against a consumer shall terminate also in the case when the income from the sale of the property is not sufficient for covering of the consumer's credit obligations.

*[17 May 2007; 19 June 2008; 28 October 2010; 20 December 2010; 9 June 2011; 19 September 2013; 24 April 2014; 18 September 2014; 28 May 2015; 18 June 2015 / The new wording of Paragraph 1.<sup>2</sup> shall come into force from 1 January 2016. See Paragraphs 25 and 25.<sup>1</sup> of Transitional Provisions]*

## **Section 8.<sup>1</sup> Special Provisions with Respect to Credits for which Repayment is Ensured with an Immovable Property Mortgage**

(1) A grantor of credit is not entitled to request from a consumer who has not made any significant violation of the contract:

1) additional security of the granted credit on the basis of reduction of the value of immovable property in the credit security due to the changes in the immovable property market;

2) any costs for revaluation of mortgage credit security during the term of the contract;

3) the pre-term repayment of the credit granted;

(1<sup>1</sup>) Paragraph one of this Section shall not be applied in cases when in accordance with a court adjudication in force a recovery has been brought against the security of the issued credit in favour of third persons.

(2) If a consumer who has not committed any significant violation of the contract asks to do it, the grantor of credit has the duty to examine the proposal of the consumer regarding extension of the period of time for credit repayment or change of the currency of the credit. In case of refusal the grantor of credit shall, within 30 days, issue a motivated reply to the consumer.

(3) The changes in contract provisions referred to in Paragraph two of this Section may not be less favourable for a consumer in comparison with the existing market conditions at the time when the changes to be made in the contract are offered. The consumer is entitled to request the making of changes referred to in Paragraph two of this Section not less than once a year. The grantor of credit is not entitled to request any compensation for making of such changes, except a justified and reasonable payment for administrative expenditures of the service.

(4) Within the meaning of this Law, significant violation of the contract shall be considered:

1) delay of repayment of credit or interest payment for more than 60 days or more than three times a year for more than 30 days each time;

2) the use of credit for the purpose other than specified in the contract.

(5) After receipt of a credit application from a consumer, the creditor shall offer him or her to choose from at least two different credit contract provisions one of which one foresees that the immovable property for the purchase of which a credit is taken, serves as a sufficient security to allow the commitments against the grantor of credit to be paid off in full.

*[21 May 2009; 24 April 2014; 19 February 2015]*

## **Section 9. Contract Entered Into Outside the Permanent Location of Economic or Professional Activity**

(1) A contract between a consumer and trader or service provider is entered into outside the permanent location of economic or professional activity, if it is entered into:

1) in the physical presence of the consumer and trader or service provider at the location other than the permanent location of economic or professional activity of the trader or the service provider;

2) upon invitation expressed by the consumer to the trader or the service provider at the location other than the permanent location of economic or professional activity of the trader or the service provider;

3) at the permanent location of economic or professional activity of the trader or the service provider or using means of distance communication immediately after the trader or the service provider has personally and individually addressed to the consumer at the place other than the permanent location of economic or professional activity of the trader or the service provider, by a physical presence of the consumer and trader or service provider;

4) during an excursion organised by the trader or the service provider with the aim to promote popularity or demand of the goods or service and sell the goods or provide services to the consumer.

(2) The Cabinet shall determine the content of the information to be provided prior entering into a contract and to be included in a contract, the procedures for the provision thereof, the time periods and procedures for exercising the right of withdrawal provided for in Section 12 of this Law, the rights and obligations of a consumer and trader or service provider in the case of use of the right of withdrawal, and also a sample form of withdrawal and exceptions in relation to informing of consumers and use of the right of withdrawal.

(3) *[24 April 2014 / See Paragraph 22 of Transitional Provisions]*

(4) The trader, who sells the goods using automatic goods-vending machine, shall indicate the name (firm name) of the trader, the registration number in the Enterprise Register or in the Taxpayer Register of the State Revenue Service and the legal address on the automatic goods-vending machine.

(5) A permanent location of economic or professional activity shall be:

- 1) any immovable retail premises where the trader or the service provider carries out his activity on a permanent basis;
- 2) any movable retail premises where the trader or the service provider carries out his activity on a usual basis.

*[27 October 2005; 21 May 2009; 24 April 2014 / The new wording of the title of Section, of Paragraphs one and two, amendment regarding deletion of Paragraph three, and Paragraph five shall come into force from 13 June 2014. See Paragraph 22 of Transitional Provisions]*

## **Section 10. Distance Contract**

(1) A distance contract is an agreement between a consumer and the trader or the service provider, that they have entered into without the simultaneous physical presence at one and the same location, with the exclusive use of one or more means of distance communication up to and including the time at which the contract is concluded, as well as an organised sales or service provision scheme. A phone, web, electronic mail, television, fax, catalogue, advertisements published on press, to which an order coupon is attached, and other distance means for information sending and transmission shall be regarded as means of distance communication.

(2) The Cabinet shall determine the content of the information to be provided prior entering into a contract and to be included in a contract, the procedures for the provision thereof, the time periods and procedures for exercising the right of withdrawal provided for in Section 12 of this Law, the rights and obligations of a consumer and trader or service provider in the case of use of the right of withdrawal, and also a sample form of withdrawal and exceptions in relation to use of the right of withdrawal.

*[24 April 2014 / The new wording of Section shall come into force from 13 June 2014. See Paragraph 22 of Transitional Provisions]*

## **Section 11. Contract on the Right of Long-term Use of a Holiday Accommodation, Contract on Long-term Holiday Services, Resale Contract on the Right of Long-term Use of a Holiday Accommodation or on Long-term Holiday Services and Exchange Contract on the Right of Long-term Use of a Holiday Accommodation**

(1) A contract on the right to long-term use of a holiday accommodation (hereinafter in this Section – a contract on the right of use of accommodation) means a contract which has been entered into for a duration of more than one year and in accordance with which a consumer, for consideration, acquires the right to use one or more holiday accommodations for more than one period during the operation of the contract.

(2) A contract on long-term holiday services (hereinafter in this Section – a contract on holiday services) means a contract which has been entered into for a duration of more than one year and in accordance with which a consumer, for consideration, acquires the right to obtain discounts or other benefits in respect of accommodation services, in isolation or together with travel or other services.

(3) A resale contract on the right of long-term use of a holiday accommodation or on long-term holiday services (hereinafter in this Section – a resale contract) means a contract in accordance with which the trader, for consideration, assists a consumer to sell or buy the right of temporary use of a holiday accommodation or the right to receive other holiday service.

(4) An exchange contract on the right of long-term use of a holiday accommodation (hereinafter in this Section – exchange contract) means a contract in accordance with which a consumer, for consideration, joins an exchange system which gives the right for the consumer to use a holiday accommodation or other holiday service in exchange for a permission of such consumer to other persons to use the rights provided for in his contract on the right of use of accommodation.

(5) An ancillary contract means a contract in accordance with which the consumer acquires a service related to a contract on the right of use of accommodation or a contract on holiday services from the service provider or a third party with which the service provider has entered into a contract.

(6) Prior entering into a contract on the right of use of accommodation, a contract on holiday services, a resale contract and an exchange contract, the information according to choice of a consumer referred to in Paragraph thirteen of this Section shall be provided in the language of the European Union Member State in which the consumer is resident or a national, provided that it is an official language of the European Union.

(7) A contract on the right of use of accommodation, a contract on holiday services, a resale contract and an exchange contract shall be entered into writing (on paper or on another durable medium) and one copy of such contract shall be issued to the consumer at the time of entering into the contract.

(8) A contract on the right of use of accommodation, a contract on holiday services, a resale contract and an exchange contract shall be entered into in the language of the European Union Member State in which the consumer is resident or a national, at the choice of the consumer, provided that it is an official language of the European Union.

(9) In calculating the duration of a contract on the right of use of accommodation or a contract on holiday services, the provisions of the contract regarding extension, also regarding tacit renewal of the term of operation of the contract, shall be taken into account.

(10) When entering into a contract on the right of use of accommodation, a contract on holiday services or an exchange contract, it is prohibited to demand advance payments, provision of guarantees, explicit acknowledgement of debt or any other consideration to the trader or to any third party by the consumer, as well as reservation of money on account of the consumer is prohibited before the end of the period during which the consumer may use the right of withdrawal.

(11) When entering into a resale contract, it is prohibited to demand advance payments, provision of guarantees, explicit acknowledgement of debt or any other consideration to the trader or to any third party by the consumer, as well as reservation of money on account of the consumer is prohibited before he or she has sold his right of temporary use of holiday accommodation or the right to receive a holiday service or the resale contract is terminated.

(12) A consumer may use the right of withdrawal and to withdraw unilaterally from a contract on the right of use of accommodation, a contract on holiday services, a resale contract or an exchange contract without provision of any substantiation.

(13) Prior to entering into a contract on the right of use of accommodation, a contract on holiday services, a resale contract and an exchange contract, clear information regarding significant provisions of the contract shall be provided to the consumer. The content of the information to be provided prior entering into a contract and to be included in a contract, the procedures for the provision thereof, the time period and procedures for exercising the right of withdrawal, the withdrawal form and the effects of exercising the right of withdrawal, as well as the special requirements to be observed upon entering into the relevant contract, shall be determined by the Cabinet.

*[28 October 2010; 24 April 2014]*

## **Section 12. Right of Withdrawal in Respect of a Distance Contract and Contract Entered into Outside Location of Economic or Professional Activity**

(1) The consumer may use the right of withdrawal within a specified time period and, without giving any reason, withdraw from a distance contract and contract entered into outside permanent location of economic or professional activity.

(2) Before expiry of the withdrawal period, the consumer shall inform the trader or the service provider of his decision to withdraw from the contract, by submitting withdrawal form or

notification regarding the use of the right of withdrawal. The deadline shall be deemed to have been met if the consumer sends a withdrawal form or notification regarding the use of the right of withdrawal to the trader or the service provider before the expiry of the withdrawal period. The consumer has an obligation to prove the use of the right of withdrawal.

(3) The trader or service provider is entitled to ensure the option to the consumer to electronically fill in and submit either the withdrawal form or a notification regarding the use of the right of withdrawal on the trader's or service provider's website. In such case the trader or the service provider shall communicate to the consumer an acknowledgement of receipt of such a withdrawal on a durable medium (including electronic mail) without delay.

(4) Sending of a withdrawal form or notification regarding the use of the right of withdrawal within the deadline shall terminate a contract and release a consumer from any contractual obligations arising from the distance contract or contract entered into outside location of economic or professional activity, or from obligations to enter into such contracts, if the offer is expressed by the consumer.

(5) The consumer shall send back the goods to the trader or the service provider or hand them over to the trader or the service provider or to his person authorised to receive the goods, without undue delay and in any event not later than 14 days from the day on which he has sent a withdrawal form or notification regarding use of the right of withdrawal to the trader or the service provider. The deadline shall be deemed to have been met if the goods are sent back before the period of 14 days has expired. This requirement shall not apply to the cases when the trader or the service provider himself or herself has offered to take the goods back.

(6) The trader or the service provider shall reimburse all payments received from the consumer, including the costs of delivery paid by the consumer without undue delay and in any event not later than 14 days from the day on which he is informed of the consumer's decision to withdraw from the contract in accordance with Paragraph two of this Section. The trader or the service provider shall carry out the reimbursement referred-to amount of money using the same means of payment as the consumer used for the initial transaction, unless the consumer has expressly agreed to other means of payment and provided that the consumer does not incur any fees as a result of use of such means of payment.

(7) If a consumer has expressly opted for a type of delivery other than the least expensive type of standard delivery offered by the trader or the service provider, the trader or the service provider shall not be required to reimburse the supplementary costs.

(8) The trader or the service provider is entitled to withhold the reimbursement of the amount of money paid by the consumer in accordance with a purchase contract until the trader or the service provider has received the goods back, or until the consumer has supplied evidence of having sent back the goods to the trader or the service provider, whichever is the earliest. Such right shall not apply to the cases when the trader or the service provider has offered to take the goods back by himself.

(9) The consumer shall bear the direct costs of returning the goods, except for the cases when the trader or the service provider has agreed to bear such costs or has not informed the consumer that the costs have to be covered by the consumer.

(10) If in accordance with the contract entered into outside location of economic or professional activity the goods have been delivered to the consumer's home at the time of entering into the contract, in the case of use of the right of withdrawal the trader or the service provider shall collect the goods free of charge if, by their nature, those goods cannot normally be returned by post.

(11) The consumer shall be liable for any diminished value of the goods resulting from the handling of the goods other than what is necessary to establish the nature, characteristics and functioning of the goods. The consumer shall in any event not be liable for diminished value of the goods where the trader or the service provider has failed to provide notice of the right of withdrawal in accordance with the procedures laid down in the laws and regulations governing consumer rights protection.

(12) If during the period of the use of the right of withdrawal the consumer uses it and in relation to a distance contract or contract entered into permanent location of economic or professional activity other additional contract is entered into, such additional contract shall not be in effect and the consumer has not obligation to bear any other costs, except for the costs referred to in Paragraphs six, nine and eleven of this Section.

[24 April 2014; 18 June 2015]

## **Section 12.<sup>1</sup> Right of Withdrawal in Relation to Consumer Credit Contract**

(1) A consumer shall have a period of 14 calendar days in which to withdraw from the consumer credit contract without giving any reason. The period of withdrawal shall begin from the day of entering into a consumer credit contract, or from the day on which the consumer receives the information specified in the laws and regulations regarding a consumer credit contract, contractual terms and conditions, if they are received after the day of entering into the credit contract.

(2) The consumer shall notify the creditor regarding exercising of the right of withdrawal in writing in accordance with the consumer credit contract. The deadline shall be deemed to have been met if the consumer sends the creditor a notification regarding exercising of the right of withdrawal (on paper or on another durable medium that is available to the creditor) before the deadline specified in Paragraph one of this Section expires.

(3) The consumer has a duty to pay to the creditor the amount of the credit received and for the use of the credit from the day of receipt of the credit until the day on which it is repaid, the interest accrued, without any undue delay, not later than 30 calendar days after the despatch by him or her to the creditor of notification of the withdrawal. The interest shall be calculated on the basis of the borrowing rate specified in the credit contract.

(4) If the consumer exercises the right of withdrawal in accordance with this Section, the creditor is not entitled to any other compensation from the consumer, except compensation for any non-returnable charges paid by the creditor to any public person.

(5) If the consumer exercises the right of withdrawal in accordance with this Section and an ancillary service contract relating to the consumer credit contract has been entered into, which is provided by the creditor or by a third party on the basis of an agreement between the third party and the creditor, the ancillary service contract shall not take effect.

(6) If the consumer has the right of withdrawal in accordance with this Section, the laws and regulations regarding a distance contract on provision of financial services and the laws and regulations regarding a contract entered into outside a permanent location of sale or place for provision of services shall not be applied in relation to the period of time, procedures and effects of exercising of the right of withdrawal.

(7) Exercising of the right of withdrawal in accordance with this Section shall not affect the validity of the contract on purchase of goods or services, if a consumer credit contract has been entered into for the purchase of goods or service.

(8) The requirements of this Section shall not apply:

1) to consumer credit contracts in accordance with which the credit amount may not exceed or does not exceed 140 euro;

2) to consumer credit contracts in accordance with which a creditor grants the consumer the overdraft credit which must be repaid upon request or within a period time which does not exceed three months;

3) to consumer credit contracts which have been entered into in order to purchase immovable property or repayment of which is secured by an immovable property mortgage;

4) to consumer credit contracts in accordance with which a creditor has agreed through the silence thereof that a consumer uses funds which exceed the current balance in the consumer's current account or granted overdraft credit;

5) to consumer credit contracts upon entering into which an item is to be deposited as security in the creditor's safe-keeping and in accordance with which the liability of the consumer is limited only to that pledged item;

6) to consumer credit contracts which have been entered into between an employer and employee, if the credit is granted without interest or at annual interest rate lower than those prevailing on the market and which is not offered to the public generally and if issuing of credits is not the main activity of the employer;

7) to consumer credit contracts which are entered into with investment companies or credit institutions for the purposes of allowing an investor to carry out a transaction relating to one or more of the instruments regulated in compliance with the laws and regulations regarding financial instrument market, where the investment company or credit institution granting the credit is involved in such transaction;

8) to consumer credit contracts which are the outcome of a settlement reached in court or another institution specified in laws and regulations;

9) to consumer credit contracts which are related to covering of a debt in the way of deferred payments without the paying interest and any other additional charges;

10) to consumer credit contracts which are related to loans granted, with a general interest purpose, to a restricted public in accordance with the procedures laid down in laws and regulations and at lower interest rates than those prevailing on the market or without interest, or in accordance with other terms which are more favourable to the consumer than those prevailing on the market and at interest rates not higher than those prevailing on the market;

11) to such hiring or leasing contracts where an obligation to purchase the object of the contract is not stipulated, if such obligation is not provided for also in other contracts entered into;

12) to consumer credit contracts in accordance with which the credit is granted without interest and any other additional charges;

13) to consumer credit contracts which provide that the consumer should repay the credit within a period of time which does not exceed three months and in accordance with which only insignificant additional charges are requested for the use of the credit in comparison with the total amount of the credit and the time period of the operation of the credit contract;

14) to consumer credit contracts in which the creditor and the consumer agree on repayment procedures, if the consumer has not fulfilled the obligations of the initial credit contract and such procedures would be likely to avert the possibility of legal proceedings concerning non-fulfilment of obligations specified in the consumer credit contract and the consumer would not thereby be subject to terms less favourable than those laid down in the initial consumer credit contract.

*[28 October 2010; 19 September 2013]*

### **Chapter III**

#### **Conformity of Goods and Service to Provisions of a Contract**

*[24 April 2014 / The new wording of the title of the Chapter shall come into force from 13 June 2014. See Paragraph 22 of Transitional Provisions]*

#### **Section 13. Duty of the Trader or Service Provider to Ensure the Conformity of Goods with the Provisions of a Contract**

(1) It is the duty of the trader and the service provider to ensure the conformity of goods with the provisions of a contract.

(2) The trader and the service provider shall be responsible for any non-conformity of goods with the provisions of a contract existing on the day when the goods are purchased.

(3) If non-conformity of goods with the provisions of a contract is discovered within six months after the purchase of goods, it shall be considered that it existed on the day when the goods

were purchased, except the case when such assumption is in contradiction with the nature of goods or type of non-conformity.

*[24 April 2014 / The new wording of Section shall come into force from 1 January 2016. See Paragraph 23 of Transitional Provisions]*

#### **Section 14. Conformity of Goods and Service with the Provisions of a Contract**

(1) Goods shall be considered conforming to the provisions of a contract, if:

1) they have the inherent characteristics and performance which normally are inherent in the same type of goods and which a consumer may justifiably expect taking into account the nature of the goods and any, especially public notifications provided in the advertisement or on the labelling of the goods regarding specific characteristics of the goods;

2) they are fit for the purposes for which goods of similar name and description are generally used;

3) they are fit for the purposes for which the consumer has chosen the goods and which he or she has communicated to the trader or the service provider when entering into contract, except cases where the trader or the service provider could not comprehend such specific purposes at the time of selling and the consumer had no valid reasons to rely on the competence and judgement of the trader or the service provider;

4) they conform to the description and characteristics of the goods provided by the trader or the service provider, which upon entering into contract or expressing an offer were indicated by the trader or the service provider, using sample or model goods.

(2) Public notifications referred to in Paragraph one, Clause 1 of this Section shall not be binding on the trader or the service provider if he or she proves that:

1) he or she did not know and justifiably could not know regarding the provided notifications;

2) the notification has been changed until the time of entering into the contract;

3) the notification could not affect a decision of the consumer to buy the goods.

(3) Goods shall not be considered to be in non-conformity with the provisions of a contract if upon entering into the contract the consumer knew or could not be non-informed regarding non-conformity of the goods to the provisions of the contract or a reason of non-conformity is materials supplied by the consumer.

*[24 April 2014 / The new wording of Section shall come into force from 1 January 2016. See Paragraph 23 of Transitional Provisions]*

#### **Section 14.<sup>1</sup> Conformity of Goods and Service with the Provisions of a Contract**

(1) It is the duty of the service provider to provide service in conformity with the provisions of a contract.

(2) A service shall be considered conforming to the provisions of a contract, if:

1) the content of the service, type of performance and result conforms to the agreed upon;

2) the service is provided with professional diligence taking into account the interests of the consumer;

3) the service conforms to the requirements that are justifiably set out for such services.

(3) A service shall not be considered to be in non-conformity with the provisions of a contract if upon entering into the contract the consumer was aware of or could not be uninformed regarding non-conformity of the service to the provisions of the contract or a reason of non-conformity is materials supplied by the consumer.

*[24 April 2014 / Section shall come into force from 1 January 2016. See Paragraph 23 of Transitional Provisions]*

## **Section 15. Exception With Respect to Offering and Selling of Goods, or Provision of Services, of Inadequate Quality**

[22 November 2001]

## **Section 16. Guarantee**

(1) A guarantee is a free of charge promise by the manufacturer or trader to repay the amount of money paid for the goods or articles, to exchange the goods or articles for conforming goods or articles, to eliminate any non-conformity of the goods or articles free of charge or perform other activities if the goods or articles fail to comply with the characteristics provided for in the advertisement.

(2) The guarantee shall be given in writing and it shall clearly set out conditions for the submission of a claim with respect to the guarantee and the period of guarantee – the period of time to which the guarantee applies, as well as the name (firm name), or given name, surname and address of the guarantor. It shall be indicated in the guarantee that the consumer has specific rights in accordance with laws and regulations, and that the guarantee does not affect such rights. If the guarantee does not conform to these provisions, it shall not influence the validity of the guarantee and the consumer is entitled to request that the guarantee be fulfilled.

(3) The guarantee shall be binding to the issuer thereof in conformity with the conditions of the guarantee document and the information included in the relevant advertisement.

[21 May 2009]

## **Chapter IV Information Regarding Goods and Services**

### **Section 17. Provision of Information**

(1) Before the consumer is bound by a contract or any corresponding offer, the trader or the service provider shall provide the consumer with the following information in a clear and comprehensible manner, if that information is not already apparent from the context:

1) the characteristics of the goods or services, to the extent appropriate to the type of provision of the information;

2) the data of the trader or the service provider, including his trading name, the address and telephone number;

3) the total price of the goods or services inclusive of taxes or fees. Where the nature of the goods or services is such that the price cannot be calculated in advance, the manner in which the price is to be calculated shall be indicated;

4) where applicable, delivery or postal charges. Where those charges cannot be calculated in advance, the fact that such additional charges may be payable shall be notified;

5) where applicable, the arrangements for payment, delivery of goods or performance of a service, the time by which the goods shall be delivered or the service performed, and complaint handling policy;

6) information regarding lawful rights of the consumer, if the goods or service does not conform to the provisions of the contract, as well as information regarding guarantee, the conditions thereof and after-sales services, where applicable;

7) the duration of the contract or the conditions for terminating the contract for the contract entered into for indeterminate duration or to be extended automatically;

8) where applicable, the digital content and use thereof (functionality), including types of use, technical restrictions and technical protection measures;

9) where applicable, any relevant interoperability of digital content with hardware and software (standard hardware and software environment with which the digital content is compatible, for example, main features of the hardware, operating system and versions thereof),

if the trader or the service provider is aware of or can reasonably be expected to have been aware of.

(2) The consumer has the right to demand that additional information is also provided orally.

(3) The procedures for indicating the selling price and the unit measurement price of the goods offered to the consumer, as well as the procedures for indicating the price of services, shall be regulated by Cabinet regulations.

(4) Paragraph one of this Section shall not apply to:

1) contracts that are related to everyday transactions and are performed immediately at the moment of entering therein;

2) contracts that are entered into outside permanent location of economic or professional activity;

3) distance contracts.

*[29 April 2004; 24 April 2014; 18 June 2015]*

### **Section 18. Information Regarding Manufacturer**

*[24 April 2014 / See Paragraph 22 of Transitional Provisions]*

### **Section 19. Information Regarding Specific Characteristics of Goods**

Technically complicated goods, as well as goods which contain dangerous substances or the use of which requires specific skills, shall be supplied by the manufacturer with directions for use and warning signs or symbols. If the information included in the directions for use is in a foreign language, a translation of the information into the official language shall be attached.

### **Section 19.<sup>1</sup> Information Regarding Out-of-court Settlement of Disputes**

(1) The trader or service provider shall inform the consumer regarding one or several solvers of disputes, who are included in the list of out-of-court solvers of disputes published on the website of the Consumer Rights Protection Centre and who solve disputes in the respective area, indicating also the website address of the out-of-court solvers of disputes.

(2) The trader or the service provider shall provide the information referred to in Paragraph one of this Section in clear, comprehensible and easily accessible way on its website (if any) or include in the provisions of a contract (if any).

(3) If during examination of a dispute the trader or service provider refuses to satisfy the claim of the consumer, it shall provide the information referred to in Paragraph one of this Section to the consumer in writing or using other durable medium.

(4) That laid down in this Section shall not concern the requirements laid down in other laws and regulations for informing of consumers.

*[18 June 2015]*

### **Section 20. General Requirements for Labelling of Goods**

(1) The information provided on the labelling shall be clearly visible and comprehensible, and it shall objectively reflect the safety or harmlessness and the quality of the goods. The information provided on the labelling shall not attribute such characteristics to the goods as they do not possess, or lead the purchaser to think that the goods possess certain specific characteristics, if all goods of the relevant type have such characteristics.

(2) The labelling shall be indelible. The information provided on the labelling shall be clear, and other written information, picture or sticker shall not cover it.

(3) The manufacturer or the trader shall ensure that the information included in the labelling of goods is provided to the consumer in compliance with the laws and regulations governing the use of the official language.

(4) It is prohibited for the trader to offer and sell goods with such information on their labelling, or with such presentation of labelling, as fails to meet the requirements of this Law and other laws and regulations.

(5) The general requirements for the labelling of goods shall not apply to selling of second-hand goods.

### **Section 21. Specific Labelling of Goods**

(1) Goods and groups of goods that require specific labelling, as well as the procedures for labelling of the goods and groups of goods referred to, shall be determined by the Cabinet.

(2) [22 March 2007]

[22 November 2001; 22 March 2007]

### **Section 21.1 Sales and Prices Reductions**

[24 April 2014]

## **Chapter IV<sup>1</sup>** **Procedures for Organising of Trade and Provision of Services** *[21 May 2009]*

### **Section 21.2 Observation of the Principles of Good Commercial Practice**

In organising the selling of goods or provision of services, professional diligence and honesty with respect to consumers shall be observed.

### **Section 21.3 Information Regarding Trader or Service Provider**

The information regarding the trader or the service provider [name (firm name)] and working hours shall be indicated at the location of permanent sale or service provision.

### **Section 21.4 Arrangement of Location of Provision of Service and Sale**

(1) The location of service provision and sale shall be arranged and prepared so as to identify the service provider or trader and the goods owned by him or her.

(2) If several traders are trading in the trade territory, building or room, the manager shall approve the plan, indicating the following:

1) the layout and number of buildings, premises or locations of trade to be rented;

2) the trader's name and registration number in the Enterprise Register or in the taxpayer register of the State Revenue Service.

### **Section 21.5 Organising of Trade at Trade Locations to be Agreed upon with Local Government**

The Cabinet shall issue regulations, by which the types of trade to be agreed upon with a local government are specified and the procedures for organising of trade are regulated. The Cabinet is entitled to authorise in such regulations a local government council to issue the binding regulations of the local government, which would regulate certain issues of the procedures for organising of trade in more detailed way.

*[28 October 2010]*

**Chapter V**  
**Associations for Consumer Rights Protection**  
*[27 October 2005]*

**Section 22. Formation of Associations for Consumer Rights Protection**

Consumers are entitled to voluntarily unite in associations, the purpose of which is to protect consumer rights and which organisations act in accordance with laws and regulations and articles of association of the relevant public organisation for consumer rights protection.  
*[27 October 2005]*

**Section 23. Rights of Associations for Consumer Rights Protection**

Associations for consumer rights protection have the right to:

- 1) participate, together with supervisory and control institutions for consumer rights protection, in inspections related to compliance with the quality requirements of the goods to be manufactured and sold and the services to be provided;
- 2) examine complaints and proposals of consumers, provide necessary assistance to consumers in cases where their rights have been violated;
- 3) submit statements of claim to a court regarding the protection of consumer rights and interests, and to represent the interests of consumers in court;
- 4) purchase goods and order services in order to perform comparative examinations of goods, services and manufactured articles;
- 5) submit proposals to the Consumer Rights Protection Centre for the performance of the activities referred to in Section 25, Paragraph eight of this Law.

*[22 November 2001; 27 October 2005]*

**Chapter VI**  
**Supervision and Control of Consumer Rights Protection**

**Section 24. Supervisory and Control Institutions**

The supervision and control of consumer rights protection determined in this Law and other laws and regulations shall be implemented by the Consumer Rights Protection Centre, and other competent and authorised State institutions in co-operation with local governments and associations for consumer rights protection.  
*[27 October 2005]*

**Section 25. Consumer Rights Protection Centre**

- (1) The Consumer Rights Protection Centre shall be subject to the control of the Ministry of Economics, which shall be implemented in the form of supervision.
- (2) The Director of the Consumer Rights Protection Centre shall be appointed to and released from office by the Cabinet on the recommendation of the Minister for Economics.
- (3) The purpose of the Consumer Rights Protection Centre shall be to ensure the effective protection of consumer rights and interests.
- (4) The main functions of the Consumer Rights Protection Centre shall be the following:
  - 1) to supervise and control the trade of non-food products and the sector of provision of services, except the sectors where in accordance with laws and regulations the market supervision and control are within the competence of other institutions;
  - 2) to specify the correct determination of the weights and measures of food and non-food products, as well as the supervision of correct calculation of payment for purchases;

3) to organise and co-ordinate the co-operation of non-government organisations for consumer rights protection and the supervisory and monitoring institutions for consumer rights protection involved in implementation of the State policy;

4) to provide assistance to consumers in the settlement of disputes with traders or service providers;

4<sup>1</sup>) to assess submissions and complaints received regarding infringements of the laws and regulations regarding consumer rights protection, taking into account the significance of the possible infringements and potential harm to the collective interests of consumers;

4<sup>2</sup>) to organise the operation of the Commission for Settlement of Consumer Disputes (carrying out of the functions of the secretariat of the commission);

5) to provide legal assistance to consumers regarding issues of consumer rights protection;

6) to supervise compliance with consumer rights regarding draft contracts and contracts entered into between consumers and manufacturers, traders or service providers, also the performance of activities provided for in laws and regulations in order that the manufacturer, trader or service provider make changes in draft contracts or discontinue performance of the contract terms if unfair or ambiguous contract provisions are determined in the draft contract;

6<sup>1</sup>) to supervise unfair commercial practice and advertising, except the field of medicinal products and veterinary medicinal products, in order to ensure the observance of consumer rights and economic interests;

6<sup>2</sup>) to issue a special permit (licence) for the provision of consumer credit services;

7) to perform functions specified in other laws and regulatory enactments.

(5) [27 October 2005]

(6) When defending consumer rights and lawful interests, the Consumer Rights Protection Centre shall have the right to submit a statement of claim or application to a court or to provide an opinion on the matter.

(6<sup>1</sup>) Officials of the Consumer Rights Protection Centre, in performing market supervision and consumer rights supervision, are entitled at any time (also without prior notification) to arrive at the manufacturer, trader or service provider.

(7) The requirements set and instructions given by officials of the Consumer Rights Protection Centre, within the scope of their competence as determined by laws and other regulatory enactments, shall be binding on the manufacturer, trader and service provider in each particular case.

(8) If a violation of the consumer rights has been determined, which affects group consumer interests (collective interests of consumers) and it may cause losses or harm to consumers, as well as to a particular consumer, the Consumer Rights Protection Centre, having evaluated the nature and essence of the violation, as well as other aspects, is entitled to carry out one or several following activities:

1) to propose that the manufacturer, trader or service provider makes a commitment in writing to rectify the violation within the specified time period;

2) to take a decision, by which the manufacturer, trader or service provider is required to cease the violation, and to perform specific activities in order to rectify the impact thereof and which determine the time period for the implementation of such activities;

3) to publish the decision taken either fully or partially on the home page of the Consumer Rights Protection Centre and in the newspaper *Latvijas Vēstnesis* [the official Gazette of the Government of Latvia] (the costs associated with the publication shall be covered by the manufacturer, trader or service provider).

(8<sup>1</sup>) The Consumer Rights Protection Centre shall perform the activities abovementioned in Paragraph eight of this Section:

1) upon its own initiative;

2) on the basis of a submission of the association for consumer rights protection;

3) on the basis of the information provided by such institution within the competence of which is the supervision and control of the relevant sector;

4) on the basis of a submission of such institution of the European Union Member State which is included in the list referred to in Article 4(3) of Directive 2009/22/EC of the European Parliament and of the Council of 23 April 2009 on injunctions for the protection of consumers' interests.

(8<sup>2</sup>) If a manufacturer, trader or service provider in accordance with the provisions of Paragraph eight, Clause 1 of this Section has signed a commitment in writing, it shall be considered that the manufacturer, trader or service provider has acknowledged his or her guilt in the determined infringement, and in such case the Consumer Rights Protection Centre shall not take the decision abovementioned in Paragraph eight, Clause 2 of this Section. If the commitment is not fulfilled, the Consumer Rights Protection Centre shall take the decision referred to in Paragraph eight, Clause 2 of this Section and the manufacturer, trader or service provider shall be held to liability specified by laws and regulations.

(8<sup>3</sup>) Upon taking the decision abovementioned in Paragraph eight, Clause 2 of this Section, the Consumer Rights Protection Centre shall not apply the condition laid down in Section 6, Paragraph 2.<sup>1</sup> of this Law regarding ambiguous and imprecise interpretation of the terms of the contract.

(8<sup>4</sup>) Upon receipt of a person's submission regarding unfair contract provisions or the infringements of other laws and regulations regarding consumer rights protection, the Consumer Rights Protection Centre shall evaluate whether an infringement of consumer rights, which has caused or could have caused significant harm to collective interests of consumers, has been committed. If it does not arise from the information provided for in the submission or the materials attached thereto that a violation of consumer rights, which has caused or could have caused significant harm to collective interests of consumers, has been committed, the Consumer Rights Protection Centre is entitled not to initiate administrative matter. In such case the Consumer Rights Protection Centre shall prepare a reply to this person.

(8<sup>5</sup>) In examining a person's submission regarding infringements of consumer rights, which apply to or could be applied to collective interests of consumers, the Consumer Rights Protection Centre shall perform supervision measures in order of priority, taking into account the following:

- 1) the supervision priorities specified in the working plan for the current year;
- 2) the utmost efficient use of financial resources granted for the institution;
- 3) the number of submissions received regarding a particular person and particular violation;
- 4) the possible harm or harm committed to the collective interests of consumers;
- 5) the nature and duration of the violation;
- 6) the particular market sector.

(8<sup>6</sup>) The Consumer Rights Protection Centre shall compile and analyse the data regarding the complaints and submissions received and use this information for the development of subsequent supervision and control programmes. The Consumer Rights Protection Centre shall inform the higher institution responsible for the relevant sector regarding current complaints and the tendencies thereof on regular basis.

(9) The decision referred to in Paragraph eight, Clause 2 of this Section shall be in effect on the day when the addressee becomes aware of it. The manufacturer, trader or service provider may appeal the referred to decision in accordance with the procedures specified in the Administrative Procedure Law. The appeal of the decision shall not suspend the operation thereof.

(10) Before of the end of the specific time period in the decision referred to in Paragraph eight, Clause 2 of this Section, the manufacturer, trader or service provider shall inform the Consumer Rights Protection Centre regarding the implementation of the specified activities. If the manufacturer, trader or service provider has not implemented the specified activities by the end

of the specified time period, or has not informed the Consumer Rights Protection Centre regarding the implementation thereof, the Consumer Rights Protection Centre shall apply the administrative penalty provided for the relevant violation according to the procedures specified by law.

(10<sup>1</sup>) The decisions of the Consumer Rights Protection Centre may be appealed to a court in accordance with the procedures laid down in the Administrative Procedure Law.

(11) The Consumer Rights Protection Centre, in recovering expenses in respect of the laboratory or other type of expert-examination of goods purchased or services utilised by consumers, shall be released from the payment of court costs.

(12) The Consumer Rights Protection Centre is entitled to establish a consultative council, including therein representatives of State institutions, consumer rights protection associations, manufacturer, trader and service provider organisations, as well as to issue recommendations in respect of consumer rights protection issues.

*[22 November 2001; 29 April 2004; 27 October 2005; 19 June 2008; 21 May 2009; 28 October 2010; 18 June 2015]*

### **Section 25.<sup>1</sup> Decision of the Consumer Rights Protection Centre on Interim Measure**

(1) If the Consumer Rights Protection Centre has a reason to believe that a violation of consumer rights has been or may be committed and it may cause immediate and significant harm to the economic interests of the particular consumer group, it is entitled to take as interim measure one or several decisions, by which:

1) an obligation to terminate the violation immediately is imposed upon the manufacturer, trader or service provider;

2) prohibits the action of the manufacturer, trader or service provider, which may cause the violation, if it has not been committed yet but is likely to be committed.

(2) The decision regarding interim measure shall be valid from the time of notification thereof until the time when it is cancelled or amended by the decision of the Consumer Rights Protection Centre or when the final decision of the Consumer Rights Protection Centre comes into effect.

(3) The decision of the Consumer Rights Protection Centre regarding the interim measure may be appealed by the manufacturer, trader or service provider, in respect of which the interim measure has been issued, to a district administrative court within 10 days after the day of entering into effect thereof. The appeal of the decision shall not suspend the operation thereof.

(4) The court shall adjudicate by written procedure the application regarding the decision of the Consumer Rights Protection Centre regarding the interim measure within 14 days.

(5) The decision of the court referred to in Paragraph four of this Section cannot be appealed and shall come into effect upon the adoption thereof.

*[21 May 2009; 28 October 2010]*

### **Section 26. Examination of Complaints and Submissions of Consumers and Consulting of Consumers**

(1) Complaints, submissions and information regarding possible violations of the consumer rights protection laws and regulations shall be submitted to the institution within the competence of which is the supervision and control of the relevant sector.

(2) A complaint or a submission of a person regarding possible administrative violation in the field of consumer rights protection shall not be considered an application or materials in an administrative violation matter.

(3) If the Consumer Rights Protection Centre or other institution, within the competence of which is the supervision and control of the relevant field, upon examining the received complaint of the person regarding the violation of the individual rights thereof, has any

reasonable doubts that the submitter of the complaint is not a consumer within the meaning of this Law because he or she has acted within the scope of his economic or occupational activity in the relevant situation, the relevant institution is entitled to request that he or she provides the necessary information within the specified period of time (the data regarding the obligations of the submitter of the complaint existing in the credit register, the information regarding transactions performed, etc.), which attests that he or she has acted as a consumer in the relevant situation. If the submitter of the complaint has not provided the requested information, the institution is entitled to terminate examination of the complaint.

(4) [18 June 2015 / See Paragraph 27 of Transitional Provisions]

(5) Upon receipt of a submission of the consumer in which information or consultation is requested regarding the consumer rights, the Consumer Rights Protection Centre and other institution, within the competence of which is the supervision and control of the relevant field, shall prepare a reply providing the necessary information. If a phone number is specified in the submission by which it is possible to contact the consumer, the Consumer Rights Protection Centre and other institution, within the competence of which is the supervision and control of the relevant field, are entitled to provide the information or consultation via phone or to offer the receipt thereof in person, if the consumer agrees thereto. If an electronic mail address is specified in the submission by which it is possible to contact the consumer, the Consumer Rights Protection Centre and other institution, within the competence of which is the supervision and control of the relevant field, are entitled to send a reply only in electronic form, signing it with a secure electronic signature, unless the consumer has specified that he or she would like to receive a reply in writing. The activities referred to in this Section shall be performed within a month starting from the day of receipt of the submission.

(6) [18 June 2015 / See Paragraph 27 of Transitional Provisions]

(7) [18 June 2015 / See Paragraph 27 of Transitional Provisions]

(8) If a consumer has asked information or consultation, for the provision of which it is necessary to perform additional activities, the institution shall perform such activities within four months after the day of receipt of the submission, informing the submitter regarding receipt of the submission and activities performed not later than within one month of the day of receipt of the submission. If it is not possible to observe the time period of four months, the head of the institution may extend it up to one year, notifying the submitter thereof.

(9) [18 June 2015 / See Paragraph 27 of Transitional Provisions]

*[28 October 2010; 24 April 2014; 18 June 2015 / Amendments to Section shall come into force from 1 January 2016. See Paragraph 27 of Transitional Provisions]*

## **Chapter VI.<sup>1</sup>**

### **Procedures for Settling Disputes between the Consumer and the Trader or Service Provider**

*[8 June 2015 / Chapter shall come into force from 1 January 2016. See Paragraph 27 of Transitional Provisions]*

#### **Section 26.<sup>1</sup> Settlement of Disputes with the Trader or Service Provider**

(1) Any dispute arising between a consumer and the trader or service provider shall be settled by negotiation, upon the parties trying to reach an agreement.

(2) If it is not possible to settle a dispute between a consumer and a trader or service provider by negotiation, the consumer shall submit a written submission to the trader or service provider, indicating therein:

1) his or her given name, surname, address of the place of residence and contact information;

2) the date of submitting the submission;

3) the essence of the dispute, his or her claim and its justification.

- (3) An electronically submitted submission shall not require a signature.
- (4) Copies of documents confirming the transactions, as well as other documents justifying the submission (if possible) shall be appended to the submission.
- (5) The trader or service provider shall, within 15 working days from the day of receipt of the submission, provide a written reply to the consumer to the submission and inform regarding the potential way of carrying out the claim or solving the dispute, if an agreement regarding carrying out of the claim or alternative way of carrying out the claim has not been reached in the abovementioned time period.
- (6) If due to objective reasons it is not possible to provide a reply to the submission of the consumer within the time period referred to in Paragraph five of this Section, the trader or service provider shall inform the consumer thereof in writing without delay, indicating a reasonable time period, within which the reply will be provided, as well as shall justify the necessity for such extension.
- (7) If the trader or service provider is of the opinion that the claim of the submitter is not justified, or is ready to offer another solution for the dispute to the consumer, it shall inform the consumer thereof in writing within the time period referred to in Paragraph five of this Section. The trader or service provider has a duty to justify refusal to the claim of the consumer.
- (8) If the consumer is satisfied by the solution offered by the trader or service provider, the dispute shall be deemed as solved.
- (9) If the trader or service provider does not provide a reply to the submission of the consumer within the time period specified in Paragraph five or six of this Section, it shall be deemed that the trader or service provider refuses to satisfy the claim of the consumer.
- (10) If the trader or service provider refuses to satisfy the claim of the consumer or the consumer is not satisfied with the solution offered by the trader or service provider, the consumer is entitled to turn to:
  - 1) the Consumer Rights Protection Centre in order to receive assistance in solving the dispute;
  - 2) a out-of-court solver of consumer disputes, if such has been established in the relevant field;
  - 3) the Commission for Solving the Consumer Disputes, if the assistance provided by the Consumer Rights Protection Centre in solving the dispute has not ensured a results and it is possible to convene the Commission for Solving the Consumer Disputes in the relevant field for examining a dispute;
  - 4) the court.

## **Section 26.<sup>2</sup> Assistance of the Consumer Rights Protection Centre in Solving a Dispute**

- (1) Having received a submission from a customer regarding a dispute with a trader or service provider, the Consumer Rights Protection Centre depending on the circumstances referred to in the submission shall provide assistance to the consumer in solving the dispute, if necessary, carrying out negotiations with the trader or service provider.
- (2) The Consumer Rights Protection Centre shall examine a submission of the consumer regarding a dispute with the trader or service provider, if all of the following conditions are conformed to:
  - 1) the consumer has turned with the complaint or submission to the trader or service provider at first and tried to resolve conflict via reconciliation;
  - 2) the submission of the consumer regarding a dispute with a trader or service provider is submitted not later than within a year from the day when the complaint or submission of a consumer is submitted to the trader or service provider;
  - 3) written materials and other proofs substantiating the existence of the dispute and subject-matter of the dispute have been appended to the submission.

## Chapter VI.<sup>2</sup>

### Commission for Solving the Consumer Disputes

*[8 June 2015 / Chapter shall come into force from 1 January 2016. See Paragraph 27 of Transitional Provisions]*

#### Section 26.<sup>3</sup> Commission for Solving the Consumer Disputes and Its Competence

(1) The Commission for Solving the Consumer Disputes (hereinafter – Commission) is an independent collegial decision-making body, which on the basis of a submission of a consumer solves a dispute between the consumer and the trader or service provider. The work of the Commission shall be ensured by the Consumer Rights Protection Centre.

(2) The Commission is the out-of-court solver of disputes in accordance with the Law On Out-of-Court Solvers of Consumer Disputes.

(3) Chairperson and members of the Commission shall be independent and objective in examining a dispute and taking a decision and are not subject to order or other influence.

(4) In examining disputes, the Commission shall apply the procedures laid down in this Law.

(5) The Commission shall not examine a dispute, if:

1) the consumer has not turned to the trader or service provider in order to solve the dispute by negotiation;

2) the dispute is insignificant or vexatious;

3) the dispute is examined or has been examined by another out-of-court solver of disputes or the court, as well as if solving of the dispute is within the competence of another out-of-court solver of disputes;

4) the dispute is regarding goods or service, the price of which does not exceed 20 euros, or regarding goods or service, the price of which exceeds 14 000 euros;

5) solving of the dispute would cause serious disturbances in efficient operation of the Commission;

6) the dispute is regarding health care services;

7) the dispute is regarding legal services;

8) the dispute is regarding services related to the use of residential premises;

9) the dispute is regarding losses, payment documents or debt recovery;

10) insolvency of the trader or service provider has been declared;

11) the dispute is regarding the insurance service of civil legal liability of vehicle owners of motor vehicles;

12) since the day when the complaint or submission was submitted to the trader or service provider, more than a year has passed.

#### Section 26.<sup>4</sup> Composition of the Commission

(1) The Commission shall consist of the chairperson and members of the Commission. Members of the Commission shall be representatives and specialists of the consumer rights protection associations referred to in Section 22 of this Law and associations of merchants in the field, in which the dispute is examined, or they have corresponding experience in solving of such disputes.

(2) The associations referred to in Paragraph one of this Section have the right to delegate a representative for participation in the Commission, informing the Consumer Rights Protection Centre thereof, which shall draw up and update the list of members of the Commission.

(3) Upon proposal of the director of the Consumer Rights Protection Centre the list of chairpersons of the Commission shall be drawn up and updated by the Minister for Economics.

(4) An employee of the Consumer Rights Protection Centre may fulfil the duties of a member of the Commission, if he or she is included in the list referred to in Paragraph two of this Section

and if in the field, in which the dispute is examined, it is not possible to invite a representative of the consumer rights protection association in the composition of the Commission.

### **Section 26.<sup>5</sup> Requirements to be Brought Forward to the Candidates of Chairpersons and Members of the Commission**

(1) The following person may be the chairperson of the Commission:

1) who has the necessary knowledge and skills in out-of-court solving of consumer disputes or solving of disputes in the court, as well as general knowledge regarding law and higher education in social sciences;

2) who is proficient in the Latvian language;

3) who has good reputation;

4) who has not been punished for intentional criminal offences or has been rehabilitated, or whose criminal record has been removed or extinguished;

5) who is not a member of the consumer rights protection associations referred to in Section 22 of this Law or of associations of merchants.

(2) The following person may be a member of the Commission:

1) who has secondary vocational education or higher education and experience in the represented sector or in the field of consumer rights protection;

2) who is proficient in the Latvian language;

3) who has not been punished for intentional criminal offences or has been rehabilitated, or whose criminal record has been removed or extinguished.

### **Section 26.<sup>6</sup> Expenses Related to Examination of Disputes and Operation of the Commission**

(1) Solving of disputes at the Commission is free of charge.

(2) The chairperson of the Commission shall receive remuneration for participation in the Commission. The amount of remuneration for participation of the chairperson of the Commission in a meeting of the Commission and the procedures for disbursing such remuneration shall be determined by the Cabinet.

(3) The consumer rights protection associations referred to in Section 22 of this Law may be financed for the participation in solving of consumer disputes and for the promotion of the use of mechanisms for out-of-court solving of consumer disputes from the resources from the State budget assigned for such purpose to the Consumer Rights Protection Centre in the current year. The conditions for assigning the financing for participation in solving of consumer disputes and for the promotion of the use of mechanisms for out-of-court solving of consumer disputes, as well as the procedures for supervising the utilisation of such financing shall be determined by the Cabinet.

(4) Expenses related to the operation of the Commission are covered from the resources assigned for such purpose in the budget of the Consumer Rights Protection Centre.

## **Chapter VI.<sup>3</sup>**

### **Procedures for Examining Disputes at the Commission for Solving the Consumer Disputes**

*[8 June 2015 / Chapter shall come into force from 1 January 2016. See Paragraph 27 of Transitional Provisions]*

### **Section 26.<sup>7</sup> Submission Regarding Examination of a Dispute**

(1) A consumer shall submit a submission regarding examination of a dispute to the Consumer Rights Protection Centre in writing.

(2) The consumer shall include the following information in the submission regarding examination of a dispute:

1) his or her given name, surname, address of the place of residence and contact information;

2) contact information of the trader or service provider (for a natural person – the given name, surname and address; for a legal person – the name, registration number and legal address);

3) the essence of the dispute, his or her claim and its justification;

4) information confirming that measures have been taken for solving the dispute, upon agreement with the trader or service provider.

(3) The consumer shall append such documents to the submission, which justify the request, including a copy of the document confirming the transaction (cheque or another payment confirmation), as well as a copy of the complaint or submission submitted to the trader or service provider and of the reply received (if possible).

(4) An electronic submission shall not require a signature.

(5) If the submission of the consumer does not conform to the requirements of Paragraphs two and three of this Section or all the necessary documents have not been appended thereto, the consumer shall be informed regarding deficiencies and a time period for their elimination shall be determined. If deficiencies are not eliminated within the specified time period, the consumer shall be informed in writing that the dispute will not be examined.

(6) If examination of the dispute is not within the competence of the Commission in accordance with Section 26.<sup>3</sup>, Paragraph three of this Law, the consumer shall be informed thereof not later than within three working days from the day when a submission of the consumer regarding examination of a dispute has been received.

### **Section 26.<sup>8</sup> Preparation for Examination of a Dispute**

(1) Upon receipt of a submission regarding examination of a dispute, a copy of the submission shall be sent to the trader or service provider within three working days.

(2) The trader or service provider shall, within 15 days from the day of receipt of the copy of the submission referred to in Paragraph one of this Section, provide a reply regarding the information referred to in the submission of the consumer and inform regarding the potential solution to the dispute (if any) or provide a justification for refusal of carrying out the claim.

(3) A copy of the reply of the trader or service provider shall be sent to the consumer within three working days from the day of receipt of the reply.

(4) If the consumer is satisfied by the solution to the dispute offered by the trader or service provider, the dispute shall be deemed as solved.

(5) If the consumer is not satisfied by the solution to the dispute offered by the trader or service provider or if the trader or service provider has not provided a reply within the specified time period, the parties to the dispute are informed regarding transfer of examination of the dispute to the Commission.

### **Section 26.<sup>9</sup> Inviting of the Composition of the Commission for Examination of a Particular Dispute**

(1) The Commission, the composition of which shall include the persons from the list referred to in Section 26.<sup>4</sup>, Paragraph two of this Law, shall be established for examination of a particular dispute (also several equivalent or similar disputes).

(2) The composition of the Commission for examination of a particular dispute shall include not less than three persons, one of whom is the chairperson of the Commission, and representatives of consumer rights protection associations and associations of merchants in equal amount.

- (3) The chairperson or a member of the Commission shall, without delay, inform regarding circumstances which affect or may affect his or her independence or impartiality.
- (4) In the case referred to in Paragraph three of this Section the respective chairperson or member of the Commission is not included in the composition of the Commission.

### **Section 26.<sup>10</sup> Time Period for Examination of a Dispute**

- (1) The Commission shall examine a dispute and take a decision not later than within 90 days from the day when all the documents necessary for taking of a decision have been received.
- (2) In case of a complex dispute the Commission is entitled to extend the abovementioned time period up to one year, informing the parties to the dispute regarding reasons for extension and the anticipated time that will be necessary in order to complete examination of the dispute.

### **Section 26.<sup>11</sup> Examination of a Dispute**

- (1) The Commission shall examine a dispute at its meeting without the presence of parties to the dispute and decide on the dispute on the basis of information submitted by the parties to the dispute (written procedure).
- (2) If it is not possible to solve the dispute without oral explanations of the parties or it is more efficient and quicker to examine it upon the parties to the dispute being present, the Commission may decide on inviting the parties to the dispute to its meeting (oral procedure). Parties to the dispute are informed regarding the meeting of the Commission not later than two weeks in advance.
- (3) Both parties to the dispute have equal rights to become acquainted with the case materials, express their opinion and defend their rights.
- (4) The parties are entitled to attract specialists during examination of the dispute or to use representation or assistance of a third party as they deem necessary and on their own account.
- (5) During examination of a dispute any party to the dispute may invite an expert for provision of an opinion or propose that other activities are performed, the purpose of which is to obtain evidence. If any of the parties to the dispute wish to invite an expert or to perform other activities, the purpose of which is to obtain evidence, then this party shall also cover the respective expenses.
- (6) If until the moment when the decision of the Commission is taken the parties agree on solution to the dispute, the Commission shall terminate examination of the dispute.

### **Section 26.<sup>12</sup> Decision of the Commission**

- (1) After examining the dispute the Commission shall take a decision in its meeting with a simple majority of votes. The member of the Commission who has participated in examination of the dispute is not entitled to refrain from voting.
- (2) The Commission shall take a decision to terminate the dispute, if it is not possible to solve the dispute due to objective reasons or because of lack of evidence in the case.
- (3) Information regarding the consumer and the trader or service provider, the essence of the dispute, the decision taken, its justification and legal norms applied shall be indicated in the decision of the Commission.
- (4) The decision of the Commission shall be sent to the parties to the dispute within five working days after taking thereof.
- (5) The decision of the Commission shall be of recommendatory nature, and it shall not be subject to contestation or appeal.
- (6) The decision of the Commission shall enter into effect upon notification thereof. The decision shall be deemed notified:

- 1) on the eighth day, counting the time period from the day when it was registered as the document to be sent, if the decision was sent in the form of a simple postal item;
- 2) on the seventh day after handing it over at the postal office, if the decision was sent in the form of a registered postal item;
- 3) on the second working day after sending thereof, if the decision was sent by electronic mail.

(7) The decision of the Commission shall be carried out voluntarily within 30 days after the day of entering into effect thereof, except the case when a longer time period for carrying out is specified in the decision of the Commission. If the trader or service provider is assigned, in the decision of the Commission, to perform the activities necessary for execution of the request of the consumer, the consumer shall inform regarding performance thereof.

(8) The current information regarding decisions of the Commission not being carried out may be posted on the website of the Consumer Rights Protection Centre. Upon request of the trader or service provider information regarding continuation of examination of a dispute in the court shall be appended to the information posted on the website.

## **Chapter VII Consumer Claims**

*[24 April 2014 / The new wording of the title of Chapter shall come into force from 13 June 2013. See Paragraph 22 of Transitional Provisions]*

### **Section 27. Consumer Claims Regarding Goods and Services not in Conformity with the Provisions of a Contract**

(1) A consumer is entitled to submit a claim to the trader or service provider in respect of the non-conformity of goods or service with the provisions of a contract within two years of the day of purchase of the goods or receipt of the services. The consumer shall submit a statement of claim to the trader or service provider within two months from the day when he or she has discovered the non-conformity of the goods or service with the provisions of a contract. The date shall be considered as the date of purchase of the goods when the trader or the service provider has delivered and the consumer has received the relevant goods.

(2) If a manufacturer or trader of goods or the service provider has issued a guarantee for the goods or the services, the consumer is entitled, after the end of the time period referred to in Paragraph one of this Section, to submit a claim with respect to the all of the remaining period of the guarantee in accordance with the conditions indicated in the guarantee document. A claim submitted by the consumer shall be examined in conformity with the conditions laid down in the guarantee document.

(3) [18 June 2015]

*[22 November 2001; 19 June 2008; 24 April 2014; 18 June 2015 / See Paragraph 30 of Transitional Provisions]*

### **Section 28. Consumer Rights, if Goods not in Conformity with the Provisions of a Contract Are Sold or Given for Use to a Consumer**

(1) A consumer to whom goods not conforming to the provisions of a contract are sold or given for use is entitled to require the performance of one of the following actions by the trader or service provider:

- 1) rectification of the non-conformity of the goods with the provisions of the contract;
- 2) exchange of the goods for such goods, with which conformity with the provisions of the contract would be ensured;
- 3) appropriate reduction of the price of the goods;

- 4) revocation of the contract and repayment to the consumer of the amount paid for the goods.
- (2) Firstly the consumer is entitled to request that the trader or service provider rectifies the non-conformity of the goods with the provisions of the contract free of charge or exchanges the goods for such with which conformity with the provisions of the contract is ensured free of charge, except the case where it is not possible or is disproportionate.
- (3) Rectification of the non-conformity of the goods or exchange shall be considered as disproportionate, if it causes such costs for the trader or service provider which are not proportionate to the alternative means referred to in Paragraph one of this Section taking into account:
- 1) the value of the goods without non-conformity;
  - 2) the significance of non-conformity;
  - 3) whether the use of alternative means does not cause significant inconveniences for the consumer.
- (4) The goods shall be exchanged or their non-conformity with the provisions of the contract shall be rectified free of charge (including without compensation for consignment of the goods, work, materials and other costs) and within a reasonable time period, without creating inconvenience to the consumer and taking into account the nature of the goods, as well as the intended purpose of use thereof.
- (5) The consumer is entitled to request that the trader or service provider reduce the price of the goods or revoke the contract accordingly and repay the consumer the amount of money paid for the goods, if the trader or service provider within a reasonable time period has not rectified the non-conformity of the goods with the provisions of the contract or has not exchanged the goods against the goods conforming to the provisions of the contract or if the abovementioned actions are performed causing significant inconvenience to the consumer. When reducing the price or revoking the contract and repaying the consumer the amount of money paid for the goods, the depreciation of the goods or benefit acquired by the consumer using the goods may be taken into account and regarding which the contracting parties have agreed.
- (6) If the non-conformity of the goods with the provisions of the contract is minor and cannot substantially affect the possibility of the consumer using the goods, the consumer cannot require the trader or service provider to revoke the contract and repay the amount paid for the goods. The non-conformity of the goods with the provisions of the contract is deemed to be minor if it does not reduce the quality of the performance of the basic functions of the goods or characteristics of use, and it can be rectified without creating changes in the external appearance of the goods that can be visually determined.
- (7) If the goods have become goods not conforming to the provisions of the contract as a result of incorrect or poor quality installation, but the installation of the goods has been performed by the trader or a third person according to the contract entered into with the trader, as well as if the consumer has installed the goods according to incorrect (imprecise) instructions for use or instructions for use not translated into the official language, then the goods are deemed to be not conforming to the provisions of the contract and the consumer is entitled to require fulfilment of the requirements provided for in this Section from the trader.
- (8) Exercising the rights referred to in Paragraph one of this Section shall not exclude the right of a consumer to demand compensation for losses or payment of a contractual penalty.
- (9) Goods not conforming to the provisions of the contract of large size and goods weighing more than 10 kilograms shall be transported for the rectification of deficiencies, exchange, or revocation of contract by the trader or service provider at his expense. If the trader or service provider refuses to transport such goods, the consumer is entitled to transport the goods himself or herself, or with the assistance of a third person, but at the expense of the trader or service provider.

(10) If the consumer transports the goods, the trader or service provider shall, within three working days after receipt of the document confirming the expenses, compensate for the expenses incurred by the consumer due to transportation of the goods.

*[24 April 2014 / The new wording of Section shall come into force from 1 January 2016. See Paragraph 23 of Transitional Provisions]*

### **Section 29. Consumer Rights if Service Non-Conforming to the Provisions of a Contract Has Been Provided**

(1) The consumer, for whom a service not conforming to the provisions of a contract has been provided, is entitled firstly to request that the service provider rectifies non-conformity with the provisions of the contract of the provided service free of charge. If it is not possible, the consumer is entitled to request that the service provider reduces the price of the service or repays the amount of money paid for the service accordingly. In reducing the price or revoking the contract and repaying the consumer the amount of money paid for the service, the benefit, which has been acquired by the consumer using the service and regarding which the contracting parties have agreed, may be taken into account.

(2) The service provider has an obligation to fulfil such request referred to in Paragraph one of this Section, which is appropriate and proportionate taking into account the nature of the service and non-conformity thereof, as well as not causing inconvenience for the consumer.

(3) Exercising the rights referred to in Paragraph one of this Section shall not exclude the right of a consumer to demand compensation for losses or payment of a contractual penalty.

*[24 April 2014 / The new wording of Section shall come into force from 1 January 2016. See Paragraph 23 of Transitional Provisions]*

### **Section 30. Consumer Rights if Goods are not Delivered or Service Is not Provided Within a Specified Period of Time**

(1) Unless the parties have agreed otherwise, the trader or the service provider shall deliver the goods by transferring them into possession of the consumer without undue delay, but not later than 30 days from the conclusion of the contract.

(2) Where the trader or the service provider has failed to fulfil his or her obligation to deliver the goods within the specified time period agreed upon with the consumer or within the time period set out in Paragraph one of this Section, the consumer shall request the trader or the service provider to make the delivery of goods within an additional time period appropriate to the circumstances. If the trader or the service provider fails to deliver the goods within that additional time period, the consumer is be entitled to unilaterally withdraw from the contract.

(3) Paragraph two of this Section shall not be applicable, if the trader or the service provider has refused to deliver the goods or if delivery of goods within the period of time agreed by the contracting parties is essential taking into account all the circumstances of the conclusion of the contract or if the consumer informs the trader or the service provider, prior to the conclusion of the contract, that delivery of goods by or on a specified date is essential. If the trader or the service provider fails to deliver the goods at the time agreed upon with the consumer or within the time period set out in Paragraph one of this Section, the consumer is entitled to unilaterally withdraw from the contract immediately.

(4) Unless the contracting parties have agreed otherwise, the service provider shall provide a service within a reasonable period of time taking into account the nature and amount of the service.

(5) If the service provider has failed to fulfil his or her obligation to provide a service at the specified time agreed upon with the consumer or within the time period set out in Paragraph four of this Section or provides the service only partly, the consumer shall request the service provider to provide the service within an additional period of time appropriate to the

circumstances. If the service provider fails to provide the service within that additional time period, the consumer is entitled to unilaterally withdraw from the contract.

(6) Paragraph five of this Section shall not be applicable if the service provider has refused to provide the service or if the provision of the service within the time period agreed by the contracting parties is essential taking into account all the circumstances of the conclusion of the contract or if the consumer informs the service provider, prior to the conclusion of the contract, that provision of the service by or on a specified date is essential. If the service provider fails to provide the service at the time agreed upon with the consumer or within the time limit set out in Paragraph four of this Section, the consumer shall be entitled to unilaterally withdraw from the contract immediately.

(7) If the consumer withdraws unilaterally from a contract in accordance with that laid down in this Section, the trader or the service provider shall, without undue delay, reimburse the consumer all amounts paid by the consumer in accordance with the contract.

*[24 April 2014]*

### **Section 30.<sup>1</sup> Passing of Risk for Delivery of Goods**

(1) When supplying goods to the consumer, the risk of loss of or damage to the goods shall pass to the consumer when the consumer or his representative has acquired the physical possession of the goods.

(2) Where the consumer has selected to assign delivery of the goods to the carrier and such possibility was not offered by the trader or the service provider, the risk of loss of or damage to the goods shall pass to the consumer upon delivery to the carrier. In such case the consumer is entitled to bring an action against the carrier in accordance with the procedures laid down in the Civil Law.

(3) This Section shall not be applied to supply of water, gas or electricity, except for the cases where water, gas or electricity are put up for sale in a limited volume or a set quantity, as well as to contracts for the district heating and contract for supply of such digital content which is not supplied in a tangible medium.

*[24 April 2014]*

### **Section 31. Consumer Claims in Relation to Consumer Credit or Purchase of Services**

(1) A consumer is entitled to unilaterally withdraw from the consumer credit contract if he or she exercises the right of withdrawal provided for in Section 12 of this Law and payment for the goods or the service is to be made, in part or in full, by means of a consumer credit contract. In such case, the creditor may not require the consumer to pay a contractual penalty or compensation for losses related to revocation of the consumer credit contract.

(2) In order to withdraw from a consumer credit contract in accordance with the provisions of Paragraph one of this Section, the consumer shall notify the creditor in writing on the fact that he or she exercises the right to withdraw from a contract on purchase of goods or service and regarding return or sending of the relevant goods or item to the trader or the service provider fulfilling the duty specified in Section 12, Paragraph five of this Law and append proofs to a notification regarding return or sending of the goods or item. The consumer credit contract shall be terminated on the day when the creditor has received the aforementioned notification and proofs of the consumer regarding return or sending of the goods or item.

(3) Upon termination of a consumer credit contract the trader or the service provider respectively shall immediately, not later than within 30 days from the day of termination of the consumer credit contract, repay the amounts of money received in accordance with the contract. The duty of the consumer is to pay the interest and other payments only for the period of time until the day of termination of the consumer credit contract.

(4) If the consumer has the right to exercise the rights referred to in Section 28, Paragraph one, Clause 4, Section 29, Paragraph one and Section 30, Paragraph two of this Law to request repayment of the amount of money paid for the goods or service, but he or she, performing the activities specified in laws and regulations, cannot achieve that the trader or the service provider fulfils lawful requests thereof, the consumer has the right to bring an action against a creditor within six months from the day of receipt of the goods or service or the day when the consumer should have received the goods or service in accordance with the contract. The creditor has a duty to examine the consumer's claim within 30 days.

(5) The provisions of this Section shall be applied to such consumer credit contracts which are intended only for the financing of the contract, in part or in full, on delivery of particular goods or provision of a particular service, if both referred to contracts actually form a commercial unit. A consumer credit contract and a contract on delivery of particular goods or provision of a particular service form a commercial unit in the following cases:

- 1) the trader or the service provider grants a credit to the consumer;
- 2) a third person grants a credit to the consumer and a creditor uses the services of the trader or the service provider in relation to entering into or preparation of the credit contract;
- 3) a third person grants a credit to the consumer, and particular goods or particular service is clearly specified in the credit contract.

(6) The provisions of this Section shall not be applied for consumer credit contracts abovementioned in Section 12.<sup>1</sup> Paragraph eight, Clauses 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of this Law.

(7) If such hiring or leasing contract is entered into with a consumer in which the obligations to purchase a contract object are not provided for and such obligations are not provided for in other contracts entered into, the consumer, in the case referred to in Section 30, Paragraph two of this Law in relation to a leasing object, is entitled to unilaterally withdraw from the hiring or leasing contract. Upon termination the consumer hiring or leasing contract, the trader or the service provider respectively and the creditor shall immediately, not later than within 30 days after the day of termination of the hiring or leasing contract, repay the amounts of money received in accordance with the contract.

*[28 October 2010; 24 April 2014]*

### **Section 31.<sup>1</sup> Rights of a Consumer if His Payment Card has been Used Illegally**

*[24 April 2014]*

### **Section 31.<sup>2</sup> Additional Payments**

(1) If in relation to the contract entered into the trader or the service provider ensures a telephone line for the consumer as a possible means for the communication with it, the consumer is not bound for the communication with the trader or the service provider to pay more than the determined basic rate for use of the telephone communications.

(2) The laid down in Paragraph one of this Section shall not prohibit electronic communications the service providers to request the fee for the use of telephone communications.

(3) The trader or the service provider is prohibited to charge from a consumer such fee for the use of means of payment in settlement of accounts for the offered goods or service the amount of which exceeds expenses borne by the trader or the service provider in relation to the use of the relevant means of payment.

*[24 April 2014]*

### **Section 32. Determination of Compensation for Losses**

Claims of consumers for compensation for losses and recovery of penalty shall be settled in the court in accordance with the Civil Procedure Law, taking into account that the consumer

does not have specific knowledge regarding the characteristics and description of the goods purchased or the services provided.

[24 April 2014]

### **Section 33. Liability of Manufacturers, Traders and Service Providers**

(1) Civil, administrative or criminal liability shall apply to violations of consumer rights determined in this Law and other laws and regulations regarding consumer rights protection.

(2) The trader or the service provider, who has compensated a consumer for losses caused to the consumer or repaid the amount of money paid for the goods or services, has a right of subrogation against the person from whom the goods or materials were purchased.

(3) If the manufacturer, trader or service provider agrees with a third person on elimination of the defects of the goods or the services, such agreement shall not release the manufacturer, trader or service provider from direct liability towards the consumer.

(4) If the non-conformity of goods and services to the provisions of the contract has been caused due to the actions or inaction of the manufacturer, trader, distributor, or other person, the trader or the service provider is entitled bring a subrogation action against the relevant persons.

[22 November 2001]

### **Section 34. Release of Manufacturers, Traders or Service Providers from Performance of Guarantee Obligations and Compensation for Losses**

[22 November 2001]

### **Section 35. Liability for Failure to Eliminate Defects of Goods or Services within the Specified Period of Time**

If the trader or the service provider has not eliminated the defects of the goods or the service within 30 days from the day when the consumer submitted a claim regarding the defects of the goods or services, or within the time period specified by appropriately authorised supervisory and monitoring institutions, it is his duty to compensate all losses caused to the consumer due to the delay.

[24 April 2014]

## **Chapter VIII Liability of Supervisory and Control Institutions**

[24 April 2014]

### **Section 36. Reimbursement of Losses Caused by Unreasoned Action of Supervisory and Control Institutions**

[24 April 2014]

### **Transitional Provisions**

1. With the coming into force of this Law, the Consumer Rights Protection Law (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 46/47/48; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1998, No. 5) is repealed.

2. Within three months from the day of coming into force of this Law, the Cabinet shall approve the by-laws of the Consumer Rights Protection Centre.

3. Within three months from the day of coming into force of this Law, the Cabinet shall issue regulations that regulate:

- 1) the conditions of the consumer credit contracts referred to in Section 8 of this Law;
- 2) the conditions of contracts entered into outside the permanent location of sale or provision of services of the undertaking (company) referred to in Section 9 of this Law;
- 3) the conditions of distance contracts referred to in Section 10 of this Law;
- 4) the conditions of contracts regarding obtaining the right of temporary use to a residential building or a part thereof, referred to in Section 11 of this Law.

4. The rights regulated by Section 31 of this Law shall apply only after the Cabinet regulation on consumer credit contracts has come into force.

5. The right of withdrawal, regulated by Section 9 of this Law, shall apply only after the Cabinet regulation on contracts entered into outside the permanent location of sale or provision of services of the undertaking (company) has come into force.

6. The right of withdrawal, regulated by Section 10 of this Law, shall apply only after the Cabinet regulation on distance contracts has come into force.

7. The right of withdrawal, regulated by Section 11 of this Law, shall apply only after the Cabinet regulation on contracts regarding obtaining the right of temporary use to a residential building or a part thereof, has come into force.

8. Amendments to Section 27, Paragraph one; Section 28, Paragraph three; Section 29, Paragraph three and Section 31, Paragraph two of this Law shall come into force on 1 January 2003. Up to 1 January 2003 a consumer is entitled to submit a claim to a manufacturer, trader or service provider regarding the non-conformity of goods or services with the provisions of the contract within one year after the purchase of the goods or receipt of the services.

*[22 November 2001]*

9. The Cabinet shall issue the regulations referred in Section 10, Paragraph four and Section 27, Paragraph three of this Law by 1 June 2002.

*[22 November 2001]*

10. Until the issue of the Cabinet regulations referred to in Paragraph 9 of these Transitional Provisions, but not later than 1 June 2002 the following Cabinet Regulations are in force to the extent that they are not in contradiction to this Law:

- 1) Regulation No. 299 of 24 August 1999, Procedures for the Submission of Consumer Claims regarding Inappropriate Quality Goods or Services and the Conduct of Expert-examination of Goods or Manufactured Articles;

- 2) Regulation No. 316 of 7 September 1999, Regulations regarding Distance Contracts;

- 3) Regulation No. 29 of 23 January 2001, Regulations on the Labelling of Household Washing Machines, Clothes Dryers and Combined Washing and Clothes Drying Machines;

- 4) Regulation No. 30 of 23 January 2001, Regulations on the Labelling of Household Refrigerators and Freezers;

- 5) Regulation No. 31 of 23 January 2001, Regulations on the Labelling of Household Ovens;

- 6) Regulation No. 32 of 23 January 2001, Regulations on the Labelling of Household Dishwashing Machines;

- 7) Regulation No. 33 of 23 January 2001, Regulations on the Labelling of Household Light Bulbs.

*[22 November 2001]*

11. Section 8, Paragraph five of this Law shall come into force on 10 July 2007.

*[17 May 2007]*

12. The Cabinet shall by 3 July 2007 issue the regulations referred to Section 8, Paragraph eight of this Law.

*[17 May 2007]*

13. The Cabinet shall by 1 September 2008 issue the regulations referred to in Section 8, Paragraph four of this Law where the information to be included in the consumer credit contract, the methods for calculation of the annual interest rate, fair reduction of the total cost of credit, as well as conditions when the requirements of consumer credit contract need not be applied shall be provided for. Until the issuance of these regulations, Cabinet Regulation No. 257 of 13 July 1999, Regulations regarding Consumer Credit Agreements, shall be applied.

*[19 June 2008]*

14. Until 1 July 2009 the Cabinet Regulation No. 312 of 31 August 1999, Procedures for Organising of Wholesale Trade and Retail Trade, issued in accordance with Section 14, Paragraph one, Clause 3 of the Law On the Structure of the Cabinet, shall be in force.

*[21 May 2009]*

15. Paragraphs 8.<sup>3</sup>, 8.<sup>4</sup> and 8.<sup>5</sup> of Section 25 of this Law shall come into force on 1 July 2009 and these provisions shall be applicable in examining the complaints received after 30 June 2009.

*[21 May 2009]*

16. Section 25, Paragraph 10.<sup>1</sup> of this Law shall come into force on 1 July 2009. The decisions of the Consumer Rights Protection Centre, which have been appealed until 30 June 2009 by submitting a submission to the Ministry of Economics, shall be examined in accordance with those laws and regulations which were in force on the day when the Consumer Rights Protection Centre took the relevant decision.

*[21 May 2009]*

17. Section 8, Paragraph 1.<sup>2</sup> and 1.<sup>3</sup> of this Law shall come into force on 1 March 2011, but Section 8, Paragraph 1.<sup>1</sup> of this Law — on 1 November 2011.

*[20 December 2010]*

18. The Cabinet shall issue:

1) until 31 December 2010 – the regulation referred to in Section 8, Paragraph four of this Law which provides for the content and procedures for the provision of the information to be provided for entering into a consumer credit contract, the requirements to be set for a consumer credit contract and the information to be included therein, the method for calculation of the annual interest rate, informing of a consumer during the term of operation of a credit contract, pre-term payment of a credit and fair reduction of the total cost of credit, the requirements to be applied for certain types of credit contracts and the duties of credit intermediaries, as well as the legal regulation for consumer crediting against movable property pledge; and

2) until 28 February 2011 — the provisions abovementioned in Section 8, Paragraph 1.<sup>3</sup> of this Law which provides the procedures for the issue, re-registration, cancellation, suspension of the operation of a special permit (licence) for the provision of a consumer credit service, the requirements with which a capital company shall comply so that it could receive a special permit (licence), and also the amount of a State fee and the payment procedures thereof.

*[20 December 2010]*

19. The new revision of Section 11 of this Law and deletion of Section 12, Paragraph two, Clause 3 of this Law shall come into force on 23 February 2011.  
*[28 October 2010]*

20. Until 1 February 2011 the Cabinet shall issue the regulation referred to in Section 11, Paragraph thirteen of this Law, which provides for the time periods and procedures for exercising the right of withdrawal, the withdrawal form and the effects of exercising of the right of withdrawal, as well as the special requirements to be observed upon entering into the contract on the right of long-term use of a holiday accommodation, a contract on long-term holiday services, a resale contract on the right of long-term use of a holiday accommodation or on long-term holiday services and an exchange contract on the right of long-term use of a holiday accommodation.  
*[28 October 2010]*

21. Amendments to Section 8, Paragraph 1.<sup>3</sup>, new wording of introductory part of Paragraph 4.<sup>3</sup>, deletion of Paragraph 4.<sup>3</sup>, Clause 1 and new wording of Clause 10, and also Paragraphs 1.<sup>4</sup>, 4.<sup>4</sup>, 4.<sup>5</sup>, 4.<sup>6</sup>, 10.<sup>1</sup>, twelve, thirteen and fourteen of this Law shall come into force from 1 July 2014 and these amendments shall be applicable to the contracts entered into starting from 1 July 2014.  
*[24 April 2014; 19 September 2014]*

22. Amendments to Section 1, Clause 2, new wording of Clause 4, 5 and 6, Clause 8, new wording of Section 2, Section 4, Paragraphs four, five and six, Section 4.<sup>1</sup> Paragraphs three, five, six and seven, amendments to Section 5 regarding deletion of Paragraph two, Clause 4, amendments to Section 6, Paragraph one, Paragraph one, Paragraph 1.<sup>1</sup>, Paragraph 2.<sup>2</sup>, amendments to Paragraph three, Clause 3, Paragraph three, Clauses 5, 7, 8, 8.<sup>1</sup>, 9, 11, 12, 13, 14, 15, 16, 17 and 18, Section 6, Paragraphs 3.<sup>1</sup>, 3.<sup>2</sup>, 3.<sup>3</sup>, 3.<sup>4</sup>, new wording of Paragraph five, the title of Section 9, new wording of Paragraphs one and two, deletion of Paragraph three, Paragraph five, new wording of Sections 10 and 12, new wording of the title of Chapter III, new wording of Section 17, Paragraph one and Paragraph four, deletion of Section 18, new wording of the title of Chapter VII, new wording of Section 27, Paragraph one, amendment to Paragraph two, new wording of Section 30, Section 30.<sup>1</sup>, amendment to Section 31, Paragraph four, Section 31.<sup>2</sup>, new wording of Section 32 of this Law shall come into force from 13 June 2014, and these amendments shall be applicable to the contracts entered into from 13 June 2014.  
*[24 April 2014]*

23. Section 4.<sup>1</sup>, Paragraph four, new wording of Section 13 and 14, Section 14.<sup>1</sup>, as well as Section 28, 29 and new wording of Section 31, Paragraph four shall come into force from 1 January 2016.  
*[24 April 2014; 18 September 2014; 18 June 2015]*

24. Reference to Section 13, 14 and 28 included in Section 4.<sup>1</sup>, Paragraph five of this Law shall be applicable starting from 1 January 2015.  
*[24 April 2014]*

25. In order to ensure the application of Section 8, Paragraph 1.3 of this Law, the Cabinet shall, not later than by 1 October 2015, submit amendments to the *Saeima* to the Law On Taxes and Fees and shall, not later than by 1 November 2015, make respective amendments to Cabinet Regulation No. 245 of 29 March 2011, Regulations Regarding the Procedures by Which a Special Permit (Licence) for the Provision of Consumer Credit Services Shall Be Issued, Re-Registered, Suspended and Cancelled and the State Fee for the Issue and Re-Registration of a

Special Permit (Licence) Shall Be Paid, as well as the Requirements for a Capital Company for the Receipt of a Special Permit (Licence).  
*[28 May 2015]*

25.<sup>1</sup> The new wording of Section 8, Paragraph 1.<sup>2</sup> of this Law (regarding the State fee to be paid in order to receive a special permit (licence) for the provision of a consumer credit service, as well as regarding supervision of the operation of a provider of credit services) shall come into force from 1 January 2016.  
*[18 June 2015]*

26. A special permit (licence) for the provision of a consumer credit service issued to the merchant by 31 December 2015 shall be valid until expiry of the term of validity thereof.  
*[28 May 2015]*

27. The new wording of Section 25, Paragraph four, Clause 4 and supplementation of this Paragraph with Paragraph 4.<sup>2</sup>, amendments to Section 26 (regarding rewording of the title of Section, deletion of Paragraphs four, six, seven, and nine, regarding replacement of the words in Paragraph eight “has requested assistance in solving a dispute with the manufacturer, trader or service provider, or consultation” with the words “has requested information or consultation”), as well as Chapters VI.<sup>1</sup>, VI.<sup>2</sup>, and VI.<sup>3</sup> shall come into force from 1 January 2016.  
*[18 June 2015]*

28. The Consumer Rights Protection Centre shall establish the Commission for Solving of Consumer Disputes referred to in Section 26.<sup>3</sup> of this Law by 1 March 2016.  
*[18 June 2015]*

29. The Cabinet shall issue the regulations referred to in Section 26.<sup>6</sup>, Paragraphs two and three of this Law by 1 February 2016.  
*[18 June 2015]*

30. Deletion of Section 27, Paragraph three of this Law shall come into force from 1 January 2016.  
*[18 June 2015]*

### **Informative Reference to the European Union Directives**

*[27 October 2005; 19 June 2008; 28 October 2010; 24 April 2014; 18 June 2015]*

This Law contains legal norms, which arise from:

- 1) [24 April 2014];
- 2) Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC;
- 3) Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts;
- 4) [18 June 2015];
- 5) [24 April 2014];
- 6) Directive 2009/22/EC of the European Parliament and of the Council of 23 April 2009 on injunctions for the protection of consumers' interests;
- 7) Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees;
- 8) Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC;

9) Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin;

10) Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services;

11) Directive 2008/122/EC of the European Parliament and of the Council of 14 January 2009 on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts;

12) Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council;

13) Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC.

This Law has been adopted by the *Saeima* on 18 March 1999.

President

G. Ulmanis

Rīga, 1 April 1999