

## **TIE-IN SALES: issues for the consumer**

*Executive summary*  
June 2010

In a tied-in sale, the consumer can purchase a desired good or service only if he also purchases another good or service. Tied selling may occur either at purchase time, when the merchant makes the desired acquisition conditional on another acquisition; or after the contract is entered into, for example by imposing on the consumer the acquisition of goods or services chosen exclusively by the merchant.

In chapter 1 of this report, tied-in sales are defined. In chapter 2, the Canadian legislative framework for the practice is described. In chapter 3, remedies available to consumers are determined; the remedies' effectiveness is assessed and a few court decisions are reported. In chapter 4, the author explores the reality of the practice in Canada.

The situation of tied-in sales in Europe, France, Belgium, the United States, Canada and three Canadian provinces is described both in terms of legislation and practice. In addition, the pros and cons for consumers of tied-in sales are specified, as well as the rights and remedies available to consumers confronted by this practice.

This report establishes that tied-in sales are more and more widespread and are not specifically regulated or prohibited in a general way. As the author points out in this report, "Certain measures provided for in provincial consumer-protection laws could likely be invoked by a consumer challenging a tied-in sale. The consumer could also invoke general provisions with regard to good faith and even to contract formation rules.

"It is difficult to assume how the courts would receive claims based on such arguments regarding tied-in sales. According to provincial consumer protection organizations and consumer rights organizations generally, tied-in sales are not grounds for complaints by Canadian consumers."

The main recommendations of Union des consommateurs are:

### **to provincial legislators:**

1. That legislation be adopted to specifically regulate the practice of tied-in sales in all consumer sectors, by prohibiting it under all circumstances and declaring it ineffective against consumers;
2. That measures prohibiting tied-in sales be included in consumer protection laws in order to facilitate the application of those measures;
3. That merchants establish simple, quick and effective systems for refunding payments made by consumers on whom tied-in sales were imposed;

*La force d'un réseau*

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**to provincial legislators, as part of regulations on tied-in sales:**

4. That consumer protection laws contain a definition of tied-in sales that is inspired not only by the *Competition Act*, but also by French and Belgian provisions regarding tied-in sales;
5. That batch selling be allowed only if a batch's composition and the price of each product in the batch are indicated, and that if the consumer can acquire the products in the batch separately from the same merchant, he be so informed.

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French version available on our website.

The present document summarizes a research report published by Union des consommateurs in June 2010 as part of a research project funded by Industry Canada's Office of Consumer Affairs. This report is available in French and in English on our website.