European Codes of Conduct for Direct Selling towards consumers
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Adopted in 1995

Preface

National Direct Selling Associations (DSAs) may use and publish the European Direct Selling Code of Conduct towards Consumers and the European Direct Selling Code of Conduct towards Direct Sellers, between Direct Sellers and between Companies separately and in a different manner of distribution if required.

DSAs may also combine the two codes and use and publish them as a single entity.
European direct selling
Code of conduct towards consumers

1 General 7
2 Conduct towards consumers 10
3 Code enforcement 15
1 General

1.1 Scope

The European Direct Selling Code of Conduct towards Consumers (hereinafter referred to as the “Code”) is published by Seldia for its member DSAs. The Code concerns the relations between direct selling companies and direct sellers on the one hand and consumers on the other hand. The Code is aimed at achieving the satisfaction and protection of consumers, the promotion of fair competition in the framework of free enterprise, and the enhancement of the public image of direct selling, which is to sell quality products on fair terms and conditions to consumers.

1.2 Glossary of terms

For the purposes of this Code:

1. ‘direct selling’ means any selling method which is based on the explanation or demonstration of products to a consumer by a salesperson, hereinafter called ‘direct seller’, away from business premises, typically in the consumer’s home, in that of another consumer or at the consumer’s place of work.

2. ‘Consumer’ means any natural person who buys products for purposes which can be regarded as outside his trade, business or profession.

3. ‘Direct Selling Association (DSA)’ means any national association of direct selling companies which represents the direct selling industry in a European country and which is a member of Seldia.

4. ‘Direct selling company’ or ‘company’ means any business entity which markets products associated with its trademark or service mark or identifying symbol through a distribution system based on direct selling and which is a member of a DSA.

5. ‘Distribution system’ means any organization and method designed for the marketing of products.

6. ‘direct seller’ means any natural or legal person who is member of the distribution system of a direct selling company and who sells, facilitates or assists in the sale of products of that company away from business premises, typically in the consumer’s home, in that of another consumer or at the consumer’s place of work.

7. ‘Product’ means any goods, tangible or intangible, or service.

8. ‘Party selling’ means direct selling to a group of consumers invited by a host to that end.

9. ‘Order form’ means any document used to order products.

10. ‘Recruiting’ means any activity conducted for the purpose of offering a person the opportunity to become a direct seller.

11. ‘Code administrator’ means an independent person or body appointed by a DSA to monitor member companies’ observance of the DSAs’ code and to resolve complaints under the code.
1.3 Associations

Every DSA pledges to adopt a code of conduct that incorporates the substance of the provisions of the Code, as a condition of its admission and continuing membership in Seldia.

1.4 Companies

Every DSA member company pledges to abide by the Code as a condition of admission and continuing membership in the DSA. Every DSA member company shall be required to promote to the public its DSA affiliation and the national codes.

1.5 Direct Sellers

Direct sellers are not bound directly by the Code, but shall be required by their companies to adhere to it or to rules of conduct meeting its standard as a condition of membership in the companies’ distribution systems.

1.6 Self-regulation

The Code is a measure of self-regulation by the direct selling industry. It is not a law, and its obligations may require a level of ethical behaviour which exceeds existing legal requirements. Non-observance does not create any civil law responsibility. With termination of its membership in a DSA, a company is no longer bound by the Code, the provisions of which remain applicable to events or transactions occurring during the time a company was a member of the DSA.
1.7 Law

Companies and direct sellers are presumed to comply with the requirements of law and therefore the Code does not restate all legal obligations.

1.8 Standards

The Code contains standards of ethical behaviour for direct selling companies and direct sellers. DSAs may vary these standards provided that the substance of the Code is preserved or as is required by national law.

It is recommended that the Code be used as evidence of industry standards.

1.9 Territorial Application

Every DSA pledges that it will require each member as a condition of admission and continuing membership in the DSA to comply either with; the National Codes wherever the DSO is member of a national DSA; the European Codes wherever within the EEA the DSO is not a member of a national DSA; the World Code wherever outside the EEA the DSO is not a member of a national DSA.
2. CONDUCT TOWARDS CONSUMERS

2.1 Prohibited Practices

Direct sellers shall not use misleading, deceptive or unfair sales practices.

2.2 Identification and Demonstration

From the beginning of the contact with a consumer, direct sellers shall identify themselves and their company and explain the purpose of their solicitation. In party selling, direct sellers shall make clear the purpose of the occasion to the host and the participants. Prior to the conclusion of the sale, direct sellers shall provide an explanation and/or a demonstration of the product, as well as the following information:

a) the identity of the company and its address;
b) the main characteristics of the products being offered;
c) the price of the products including all taxes;
d) delivery costs, where appropriate;
e) the terms of payment, credit arrangements, delivery or performance;
f) the existence of a right of withdrawal or cancellation;
g) the terms of any guarantee;
h) details and limitation of after-sales service.

The information given to the consumer shall be provided in a clear and comprehensible manner with due regard to the principles of good faith in commercial transactions and the principles governing the protection of those who are unable, pursuant to national legislation, to give their consent, such as minors.
2.3 Answers to Questions

Direct sellers shall give accurate and understandable answers to all questions from consumers concerning the product and the offer.

2.4 Order Form

An order form shall be delivered to the consumer at the time of sale, which shall identify the company and the direct seller and provide the consumer with the full contact details of the company and where applicable the direct seller, and all material terms of the sale (corresponding to 2.2).

2.5 Verbal Promises

Direct sellers shall only make verbal promises concerning the product which are authorized by the company.

2.6 Right of withdrawal and Return of Goods

Companies and direct sellers shall make sure that any order form contains, whether it is a legal requirement or not, a right of withdrawal during a period that is at least the one provided by law, including the right to obtain reimbursement of any payment or goods traded in. Companies and direct sellers offering an unconditional right of return shall provide it in writing.
2.7 Guarantee and After-Sales Service

Terms of a guarantee or a warranty, details and limitation of after-sales service, the name and address of the guarantor, the duration of the guarantee and the remedial action open to the purchaser shall be clearly set out in the order form or other accompanying literature or provided with the product.

2.8 Literature

Promotional literature or mailings shall not contain any product description, claims or illustrations which are deceptive or misleading. It shall contain the name and address or telephone number of the company and may include the telephone number of the Direct Seller. It shall also be compliant with the present Code and the rules regarding marketing towards children and youngsters, in particular those of the Unfair Commercial Practices Directive and the Audiovisual Media Services Directive.

2.9 Testimonials

Companies and direct sellers shall not refer to any testimonial or endorsement which is not authorized, not true, obsolete or otherwise no longer applicable, not related to their offer or used in any way likely to mislead the consumer.
2.10 Comparison and Denigration

Companies and direct sellers shall refrain from using comparisons which are likely to mislead or which are incompatible with principles of fair competition. Comparisons shall only be made in accordance with the provisions on comparative advertising set out in Directive 2006/114/EC concerning misleading and comparative advertising. Companies and direct sellers shall not denigrate any firm or product directly or by implication. Companies and direct sellers shall not take unfair advantage of the goodwill attached to the trade name and symbol of another firm or product.

2.11 Respect of Privacy

Personal, telephone or electronic contact shall be made in a reasonable manner and during reasonable hours to avoid intrusiveness. A direct seller shall discontinue a demonstration or sales presentation upon the request of the consumer. Companies and Direct Sellers shall take appropriate steps to ensure the protection of all private information provided by actual or prospective customers.

2.12 Fairness

Direct sellers shall not abuse the trust of individual consumers, shall respect the lack of commercial experience of consumers and shall not exploit a consumer’s age, illness, mental or physical infirmity, credulity, lack of understanding or lack of language knowledge.
2.13 Referral Selling

Companies and direct sellers shall not induce a consumer to purchase products based upon the representation that a consumer can reduce or recover the purchase price by referring other consumers to the sellers for similar purchases, if such reductions or recovery are contingent upon some unsure future event.

2.14 Performance

Any order shall be executed as quickly as possible and in any case within 30 days from the day following that on which the consumer signs the order, unless the parties have agreed otherwise.

Consumers shall be informed if companies or direct sellers are unable to perform their side of the contract on the grounds that the products ordered are unavailable. In that case, consumers may obtain a refund of any sums they have paid as soon as possible and in any case within 30 days from the day on which the company receives the communication of the withdrawal.
3. CODE ENFORCEMENT

3.1 Companies’ Responsibility

The primary responsibility for the observance of the Code shall rest with each company. In case of any breach of the Code, companies shall make every reasonable effort to satisfy the complainant.

Each member company and pending member company is required to designate a DSA Code Responsibility Officer. The Code Responsibility Officer is responsible for facilitating compliance with the Code by their company and responding to inquiries by the DSA Code Administrator. He or she will also serve as the primary contact at the company for communicating the principles of the DSA Code of Ethics to their independent salespeople, company employees, customers and the general public.

3.2 DSA’s Responsibility

DSAs shall provide a person responsible for complaint handling. DSAs shall make every reasonable effort to ensure that complaints are settled.

3.3 National Code Administrator

Each DSA shall appoint an independent person or body as Code Administrator. The Code Administrator shall monitor companies’ observance of the Code by appropriate actions. The Code Administrator shall settle any unresolved complaint of consumers based on breaches of the Code and shall furnish an annual report on the operation of the Code.
3.4 Actions

Actions to be decided on by companies, DSAs or Code Administrators may include cancellation of orders, return of goods purchased, refund of payment or other appropriate actions, including warnings to direct sellers, cancellation or termination of direct sellers’ contracts or other relationships with the company, warnings to companies, exclusion of companies from DSA membership, and the publication of such actions and sanctions.

3.5 Complaint Handling

Companies, DSAs and Code Administrators shall establish complaint-handling procedures and ensure that receipt of any complaint is confirmed within a short time and decisions are made within a reasonable time. Handling of consumer complaints shall be free of charge to the consumer.

3.6 Publication

DSAs shall publish the Code and make it known as widely as possible. Printed copies shall be made available free of charge to the public.

3.7 European Code Administrator

A European Code Administrator is established. The European Code administrator consists of a committee of four members. Three of them are from the direct selling sector and are appointed by the board of Seldia. The fourth member, also designated by the board of Seldia and acting as chairman, is independent from the sector. The Executive Director of Seldia is ex officio secretary of the Code Administrator.
The European Code Administrator can take one of the actions mentioned in the next paragraph where the consumer has his residence in a member state of the EEA or a company or a direct seller is active in one of the EEA countries.

The European Code Administrator may

1. receive and decide on complaints from parties (consumers, direct sellers, direct selling companies, consumer bodies etc) from one of the EEA countries without a DSA in membership of Seldia involving a direct selling company in membership of Seldia or of a DSA in membership of Seldia

2. receive and decide on complaints from parties related to cross-border transactions and involving a direct selling company in membership of Seldia or of a DSA in membership of Seldia from one of the EEA countries

3. receive and decide on complaints from DSAs in membership of Seldia in one of the EEA countries involving a direct selling company in membership of Seldia and

4. receive complaints from DSAs in membership of Seldia from one of the EEA countries involving direct selling companies in membership of WFDSA, WFDSA CEO Council or of DSAs outside membership of Seldia with the aim of mediation together with such direct selling companies, WFDSA and the DSA in question.

3.8. Procedures (or in annex)

1. Information Gathering
Where, in response to a complaint, it is necessary to gather further information to determine the points of fact and of rules concerning the case, the Code Administrator shall inform the company concerned about the complaint and the identity of the complainant. The Code Administrator may ask the DSO and the complainant to supply further information. After examining the facts and in the light of the rules set in this Code, the Code Administrator will decide within three months after the complaint has been received, whether further action should be taken.

2. Procedures
If the Code Administrator considers that there may be an infringement of the Code, it addresses a request to the Company concerned, requesting it to submit its observations within one month. The Company has to adopt within one month a position on the points of fact and of Code on which the Code Administrator bases its decision to open a procedure. In the light of the reply or absence of a reply from the Company the Code Administrator may decide to issue an opinion, clearly and definitively setting out the reasons why it considers there to have been incompliance with the Seldia Code and calling on the Company to comply with the Code within 3 months. The Board of Seldia can decide to make the opinion public, on a proposal by the chairman of the Code Administrator after a recommendation to that effect by the Code Administrator.