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CONSUMER PROTECTION LAW 5741-1981

CHAPTER ONE: INTERPRETATION

Definitions

1. In this Law –
 - "the Advisory Committee"** – the committee appointed under section 22A;
 - "Commissioner"** – the Commissioner appointed under section 19;
 - "the Authority"** – the Consumer Protection and Fair Trade Authority, established under section 19A;
 - "this Law"** – including the regulations under it;
 - "sale"** – including rental, hire purchase, exhibition for sale, offer to sell, and exchange;
 - AID number@** – as defined in section 1 of the Companies Law 5799-1999;
 - "asset"** – goods, real estate, rights, securities within their meaning in the Securities Law 5728-1968, and Government bonds;
 - "dealer"** – any person who, as an occupation, sells assets or provides services, including a producer;
 - "transaction"** – the sale of an asset or the provision of a service;
 - "advertising"** – includes advertising financed or supported by a commercial factor connected to the subject of the advertisement, or for which the advertiser received – in advance or after the fact – payment or any other benefit or an undertaking to receive them from any said commercial factor;
 - "consumer"** – any person who buys an asset or obtains a service from a dealer in the course of his occupation, for a use which is essentially personal, domestic or familial;
 - Aname@**, in respect of an individual – the first and last name, and in respect of a body corporate – the registered name of the body corporate in the register kept under the Law, under which it was set up, and its address;
 - "the Minister"** – the Minister of Industry, Trade and Tourism.

CHAPTER TWO: DECEIT AND EXPLOITATION OF HARDSHIP

Prohibition of deceit

2. (a) A dealer must not do anything – by deed or by omission, in writing, by word of mouth or in any other manner, also after the transaction has been contracted – which is liable to mislead a consumer on any substantive element of the transaction (hereafter: deceit); without derogating from the generality of the aforesaid, the following matters shall be deemed substantive for a

transaction:

- (1) the quality, nature, quantity and category of an asset or service;
 - (2) the size, weight, shape and components of an asset;
 - (3) the delivery date or the date on which the service is provided;
 - (4) the use which may be made of the asset or service, the benefit that may be derived from them and the risks involved in them;
 - (5) the ways of treating the asset;
 - (6) the identity of the maker, of the importer or of the service provider;
 - (7) the commercial name or designation of the asset or service;
 - (8) where the asset is made;
 - (9) the date on which the asset was made or its expiration date;
 - (10) the sponsorship, incentive or permission given for the asset's production or sale, or for the provision of the service;
 - (11) the conformity of the asset or of the service to a standard, specification or model;
 - (12) the availability of replacement parts, attachments or special materials, or of such as are suitable for the asset's repair or for use with it;
 - (13) the regular or customary price or the price formerly asked, including terms of credit and rate of interest;
 - (14) professional opinions or test results about the quality of the asset or of the service, its nature, the results of its use and the risks involved therein;
 - (15) any previous use made of the asset, or that it is new or rebuilt;
 - (16) maintenance service and its conditions;
 - (17) conditions of guarantees for the asset or service;
 - (18) the quantity in stock of goods of the category that is the subject of the transaction;
 - (19) that the transaction is not in the course of business;
 - (20) that the asset sold stems from a bankruptcy, receivership or liquidation of a company;
 - (21) the terms of canceling the transaction.
- (b) Dealers shall not sell, import or keep for commercial purposes assets that involve deceit, and they shall not use aforesaid assets for the provision of a service.
- (b1) Dealers shall not put up signs or give notice in any other manner that they are not responsible for any bodily hurt which a consumer is liable to suffer within his business or on his premises.
- (b2) If a dealer gives notice in any manner whatsoever that the consumer does not have the right to cancel a transaction or to have his money refunded, then he shall make it clear in his notice

- that it does not apply to the instances prescribed under Law.
- (c) The provisions of this section shall also apply to advertising.

Must not exploit a consumer's hardship

3. (a) In order to contract a transaction, dealers must not do anything—by deed or by omission, in writing, by word of mouth or in any other manner whatsoever – which constitutes exploitation of –
- (1) a consumer's mental or physical weakness;
 - (2) ignorance of the language in which the transaction is contracted.
- (b) Dealers shall not do anything – by deed or by omission, in writing, by word of mouth or in any other manner – which constitutes exploitation of the consumer's hardship or ignorance, or an exertion of unfair influence over him, all in order to contract a transaction on terms that are not customary or not reasonable, or in order to obtain consideration in excess of the customary consideration.

Obligation of full disclosure to the consumer

4. (a) Dealers must disclose to consumers –
- (1) any defect or poor quality or other property known to them, which significantly detracts from the asset's value;
 - (2) any property of the asset, which – in the course of its ordinary use or maintenance – requires special maintenance or a special way of using it in order to prevent harm to the user, to any other person or to the asset,
 - (3) any substantive particular about the asset, which the Minister prescribed with approval by the Knesset Economics Committee;
- however, it shall be a good defense for the dealer, if he proves that the asset's fault, quality, property or substantive particular was known to the consumer.
- (b) The provisions of subsection (a) shall also apply to a service.

Lettering in a standard contract

- 4A. The Minister may prescribe, by regulations, the minimum size of some or all of the letters in a standard contract and how they shall be written, within its meaning in the Standard Contracts Law 5743-1982.

Identity of the business

- 4B. A dealer must reveal his name and ID number to a consumer on each of the following:
- (1) correspondence on his behalf addressed to a certain consumer; for purposes of this paragraph, "**correspondence**" – order form, certificate of guaranty and certification of installation;
 - (2) a contract proposal on his behalf;

- (3) a contract to be signed by him;
- (4) a credit payment slip or a tax invoice.

Must disclose policy on returned goods

- 4B. (a) When a dealer offers, presents or sells goods to a consumer, then at his place of business he shall prominently display a notice in clear and legible letters, which specifies his policy on the return of goods for reasons other than a fault; the said notice shall state whether said goods can be returned, including restrictions on the return of goods, the conditions of returning them, how and what kind of repayment the consumer shall receive (in this Law: policy on returns); if the notice states that goods cannot be returned, either generally or in certain cases, then the provisions of section 2(b2) shall apply.
- (b) When a consumer wishes to return goods to a dealer, not because of any fault, in accordance with the policy on returns stated in the notice, and if the dealer does not act in accordance with that policy, then the consumer may return them to the dealer within seven days after the refusal, and the dealer shall have to repay him the full amount of the consideration he received, in the manner in which the consumer paid it, on condition that there was no deterioration in the condition of the goods; for this purpose, merely opening the packaging shall not, by itself, be deemed a deterioration of the condition of the goods, unless the Minister, with approval by the Knesset Economics Committee, prescribed differently for goods or categories of goods.
- (c) If the dealer did not display a notice said in subsection (a), then it is assumed that his policy on returns is to allow consumers to return the goods to him, and the provisions of subsection (b) shall apply to this matter, mutatis mutandis.
- (d) The provisions of this section shall not apply to –
- (1) food products or perishables;
 - (2) goods that can be recorded or copied, if the consumer opened their original packaging;
 - (3) goods produced specially according to the consumer's order;
 - (4) goods, which according to legal provisions must not be returned;
 - (5) goods designated by the Minister with approval by the Knesset Economics Committee.
- (e) The provisions of this section shall not derogate from any right the consumer has under any statute, in the case of a breach of the terms of the transaction.
- (f) The Minister may prescribe provisions for the purposes of this

section, including on displaying the notice at the place of business, as said in subsection (a), and on the size of the letters.

Drawing up and delivering a written contract

5. (a) If the Minister has reasonable cause to assume that it is necessary to do so in order to prevent deceit or exploitation of the hardship of consumers, then he may prescribe – by regulations for categories of businesses or services – that the dealer must draw up a written contract with the consumer, stating in it the particulars prescribed by regulations.
- (b) When a dealer is about to sign a contract with a consumer, he must give him a reasonable opportunity to examine the contract before he signs it, and he must also give him a copy of it after it is signed.

Responsibility for deceitful packaging

6. (a) If the design of the asset or its packaging, the outside of the packaging or anything attached to it involves deceit, then the maker, importer, packager and designer shall also be deemed to have violated the provisions of section 2.
- (b) In an action for a wrong under this section, it shall be a good defense for the maker, importer, packager and designer, if he proves that not he, but another person whose name and address he states was responsible for the deceit.

Responsibility of deceitful advertising

7. (a) If any advertisement involves deceit, then the following shall be deemed to have violated the provisions of section 2:
 - (1) the person on whose behalf the advertisement was published, and the person who brought the matter to the advertising medium and thereby caused it to be published;
 - (2) if the advertisement was obviously misleading, or if they knew that it is deceitful, then also the distributor or the person who actually decided on the publication.
- (b) If an advertisement states facts about the properties of an asset or of a service, or about the results of tests conducted on them, or about results to be expected from their use, then the Commissioner may demand from the person, on whose behalf the advertisement was published, or from the person who brought the matter to the advertising medium and thereby caused it to be published, that he present evidence to prove those facts; if he does not present aforesaid evidence to the Commissioner's satisfaction, then that shall constitute a priori proof that the advertisement was misleading, but it shall constitute a good defense for the person on whose behalf the advertisement was published, or for the person who brought the matter to the

advertising medium and thereby caused it to be published, that they did not know or were not required to know that the advertisement is misleading.

- (c) (1) An advertisement that is liable to cause a reasonable person to think that its contents are not an advertisement shall be deemed misleading advertising, even if its contents are not misleading;
- (2) if a person publishes an advertisement in the form of a report, article or journalistic news item, without clearly stating that it is an advertisement, then that shall be deemed misleading advertising, even if its contents are not misleading;
- (3) for purposes of this subsection, the participation of a journalist, including a presenter, reader or moderator in any communications medium, shall be deemed misleading advertising, if it does not include a clear differentiation between his journalistic work and the advertisement;
- (4) the Minister may, with approval by the Knesset Economics Committee, prescribe rules on the formulation and the manner, in which an advertiser must state or broadcast that the matter at hand is an advertisement.
- (d) It is assumed that advertising is by the person indicated in it as the one who offers the asset or service, unless the advertisement itself states differently.
- (e) If advertising is liable to mislead consumers in Israel, then it is immaterial – for purposes of this section – whether it was produced in Israel or abroad.

Advertising aimed at minors

7A. The Minister may prescribe – by regulations with approval of the Knesset Economics Committee – principles, rules and conditions for advertising and marketing methods aimed at minors, including the prohibition of advertising or marketing methods that are liable to mislead minors, to exploit their age, naiveté or lack of experience, or which encourages activity that can cause physical injury, or can cause harm to their physical or mental health; aforesaid regulations may relate to minors in general, or up to a certain age.

Restrictions on the use of names

- 7B. (a) If one of the conditions specified in subsection (b) applies to a person, then he shall not present or advertise himself, directly or indirectly, as a person whose sole aim is to protect and advise consumers, and he shall not call himself by a name which implies that he works for a said purpose.
- (b) (1) He acts out of business considerations or for the purpose of profit;

- (2) he is financed or supported by a commercial factor;
- (3) all or part of his income is from –
 - (a) the publication of commercial information;
 - (b) payments by commercial factors that participate in the surveys he conducts;
 - (c) fixed or one-time membership fees paid by commercial factors;
 - (d) payments by commercial factors for the use of the results of surveys, tests or competitions conducted by him;
 - (e) sponsorships of commercial activity.
- (4) his publications include open or concealed, paid or unpaid advertising for a commercial factor.

CHAPTER THREE: CREDIT SALES, ADVANCES, PEDDLING AND SPECIAL SALES

Definitions

8. In this chapter –
- "cash price"** – the price set for an asset or service if all of it is paid when the sale contract or the service contract is concluded;
- "credit price"** – the price set for an asset or service if it includes a supplement to the cash price because not all of it is paid when the sale contract or the service contract is concluded;
- "installment price"** – installment payments of the price set for the asset or service, which do not include any supplement to the cash price because not all of it is paid when the sale contract or the service contract is concluded;
- "special sale"** – end of season sale, total or partial clearance sale, a sale on the occasion of some event, a sale at which the consumer is offered a benefit in addition to the goods or service for which he paid, or any other sale at which all or some of the goods or services of the business are offered at reduced prices during a certain period, otherwise than by allowing discounts to specific customers;
- "credit transaction"** – a transaction for which a credit price was set;
- "advance"** – payment in advance of all or of part of the price, before the asset is delivered or the service provided; for this purpose, the delivery of a bill, within its meaning in the Bills Ordinance, shall also be deemed payment, even if it is given for a date that is later than its issue date;
- "peddling"** – a transaction offered to a consumer by a dealer or by a person on his behalf, who – otherwise than by invitation – comes to his place of residence, of military service, of work or of study, or to their vicinity, or to any other place that is not the dealer's place of business

or that of any person on his behalf (hereafter: the consumer's place), or any approach by the dealer at his initiative to the consumer in any manner whatsoever, in consequence of which the dealer or a person on his behalf came to the consumer's place in order to contract a transaction.

Information on particulars in credit transaction

9. (a) The Minister may, by Order, prescribe goods and services for which a dealer must not set a credit price in any transaction with a consumer, unless he informed him advance – in the manner prescribed in the Order – of all or some of the following particulars:
- (1) the credit price and the cash price;
 - (2) the rate of the interest included in the credit price, as calculated on an annual basis;
 - (3) the nature and amount of any other addition to the price;
 - (4) the amounts of payments of the credit price, and in a hire purchase transaction – of rent payments and their dates;
 - (5) any condition according to which the consumer's rights will be adversely affected, and all the interest and every fine which he will be charged if he fails to comply with any of the conditions of the transaction;
 - (6) any condition about rules of evidence, about law procedures or about the local competence of a Court;
 - (7) any other particular.
- (b) The Minister may, by Order, prescribe goods and services in respect of which – if they are sold or provided for an installment price – the dealer must inform the consumer in writing of any of the conditions specified in subsection (a)(4), (5) and (6), if such were set for the transaction.

Differential

10. If it is found that the difference between the cash price and the credit price, or the rate of interest, or the amount of any other addition is in fact greater than that of which the dealer informed the consumer under section 9, or that the installment price is greater than the cash price, then the consumer may pay the lower amount, unless the dealer proved that the difference was due to an error in good faith, which the consumer could have noticed under the circumstances of the transaction.

Noncompliance with Order

11. If a dealer failed to comply with the provisions of an Order made under section 9, then a Court may – on application by the consumer and taking into account the circumstances of the matter, including the date on which the application was submitted – cancel the transaction and

Order that the subject of the transaction be returned to the dealer and that the consideration or part of it be returned to the consumer, and it may charge the dealer with the expenses caused to the consumer, and it may issue any other direction which it deems just.

Condition on payments

12. (a) If – in a credit transaction or in a transaction in which the price is an installment price – the dealer prescribed that the asset be repossessed or that the entire remaining amount fall due if the consumer is late in paying a single installment, then that condition shall be void, unless the transaction was one of a category of transactions for which the Minister prescribed, by Order, that they may be canceled because of aforesaid arrears, and if the conditions set therefor in that Order have been met.
- (b) If the dealer failed to live up to one of the substantive conditions of a transaction said in subsection (a), then even a delay in the payment of more than one installment shall not be grounds for repossession of the asset or for a demand that the remainder of the amount be paid immediately.

Advances and collateral

13. (a) The Minister may, by Order, prescribe transactions, in which the dealer shall not have the right to accept advances from consumers in amounts greater than prescribed in the Order, except under certain circumstances prescribed in the Order, or if he gave the consumer collateral as prescribed in the Order.
- (b) If a consumer paid an advance on a transaction, and if the asset was not delivered or the service was not provided to him within two weeks after the agreed date, and – if there is no agreed date – within two months after the payment, because of reasons for which the seller or the service provider is responsible, then the dealer shall have to pay interest at the rate set in section 4(a) of the Adjudication of Interest and Linkage Law 5721-1961, from the agreed date until the asset or the service is actually delivered.
- (c) If the dealer failed to provide collateral, which he was obligated to provide under subsection (a), then he shall pay double the rate of interest in subsection (b) for the said delay, from the day on which he accepted the advance until the day of delivery.

Transaction for a fixed term

- 13A. (a) In this section –
- "end of transaction or undertaking"** –one of the following times, as the case may be:
- (1) the time for the end of the transaction under paragraph (1) of the definition of "transaction for a fixed period";
- (2) the end of the period in which the goods or services are

bought at a reduced price or in which some other benefit is given for then under paragraph (2) of the said definition;

- (3) the date on which the effect ends for transactions contracted under paragraph (3) of the said definition;

"transaction" – as defined in section 1, except for a real estate transaction or an undertaking to carry out a transaction, within their meaning in sections 6 and 7 of the Land Law 5729-1969;

"transaction for a fixed period" – each of the following:

- (1) a transaction for a certain period for the acquisition of goods or services;
- (2) a transaction in which during a certain period goods and services are acquired at a reduced price or in which some other benefit is given in their respect, whether the transaction itself is for an indefinite period or for a definite period, other than a transaction in the course of which – during a limited period or unconditionally – the dealer reduced the price of the goods and services or offered a different benefit;
- (3) a transaction connected to another transaction, so that – during a certain period – the price for the acquisition of goods or services in one transaction is affected by or has an effect on the price paid in the other transaction;

"period of notification" – the period between sixty days before the expiration of a transaction or undertaking and thirty days before that date.

- (b) In a transaction for a fixed period in which a dealer debits payments against the consumer's account, under an authorization to debit an account or under an authorization to debit a credit card, as defined in section 14B(b), the dealer shall inform the consumer during the period of notification when the transaction or undertaking will end; the said date shall be stated in each of the following:

- (1) the contract, if there is a written contract, or in the document under section 14C(b);
- (2) each invoice, receipt or payment notice sent to the consumer in the period that begins thirty months before the date of the end of the transaction or undertaking, but if any of these is sent to the consumer more than once a month, then this provision shall apply only once a month.

- (c)
 - (1) any condition in the contract, which provides that the contract between the parties will continue after the date of the end of the transaction or undertaking shall be of no effect, and the contract shall be deemed to provide that it will lapse on that date;
 - (2) if a dealer proposed to a consumer during the period of notification to extend the contract between them and the

consumer informed the dealer that he agrees to the extension, then the effect of the contract between the parties shall be extended as they agreed; if a dealer proposed to a consumer after the period of notification to extend the contract between them and the consumer informed the dealer that he agrees to the extension, then the effect of the contract between the parties shall be extended as they agreed; however, during the first thirty days of the extension period the dealer does not have the right to increase the price of the transaction or to change its conditions to the consumer's disadvantage and the consumer may give notice of the cancellation of his agreement.

- (d) The provisions of subsection (c)(1) shall not apply to –
- (1) goods or services or categories of goods or services specified in Schedule Three, provided that the dealer informed the consumer in writing during the period of notification of the date on which the transaction or the undertaking will lapse; in the notice the dealer shall specify the conditions of the transaction and he shall state explicitly that the contract between them will continue after the date of the end of the transaction or undertaking, unless the consumer gives notice that he wants it to end, and that the consumer has the right to end the contract at any time; the Minister may, with approval by the Knesset Economics Committee, change Schedule Three and he may prescribe additional provisions or conditions that shall apply to the goods or services specified in that Schedule;
 - (2) a transaction said in paragraphs (2) or (3) of the definition of "transaction for a fixed period" on condition that all the following hold true:
 - (a) the amount of the payments after the end of the period of the transaction or undertaking were stated clearly and in detail in the written document that was given to the consumer when the contract between the dealer and the consumer was made, and the said document may state that the stated amounts will be linked to an index, as defined in section 31(b)(3); however, if the payments after the end of the period of the transaction or undertaking will be determined by the Government or by a Minister, then the dealer shall state in the notice the price of the transaction when the notice is being given, as well as the aforesaid price;
 - (b) during the period of notification the consumer was given a notice according to the provisions of subsection (b), provided the notice was in writing and the conditions of the transaction were specified in it;

however, there shall be no obligation to give a said notice if the date of the end of the transaction or undertaking is not later than four months after the date on which the contract for the transaction was made, and the consumer shall have the right, after the end of the period of the transaction or the undertaking, to give notice that the contract between him and the dealer has lapsed, without being charged any payment whatsoever due to the lapse of the contract.

- (e) For purposes of this section, the dealer shall bear the onus of proving that the consumer agreed to extends a contract between him and the dealer.

Sending an invoice and a payment notice to the consumer

- 13B. (a) Without derogating from the provisions of any statute, in a transaction in which a dealer debits a consumer's account under an authorization to debit an account or under an authorization to debit a credit card, as defined in section 14B(b), the dealer shall to the consumer, at his address that is on record with the dealer, or by a computerized method, if the consumer gave his explicit consent thereto in advance (in this section: address) at least once every six months the details of the payments he paid in the preceding six months, or a copy of the invoices that relate to the payments that the consumer paid in the said period, including details of the said payments, if they were not sent to the consumer's address before that.
- (b) Subsection (a) shall not apply to a transaction in which payments are fixed, uniform and independent of consumption or use, except when the consumer asked to receive at his address the details of the payments said in that subsection .
 - (c) The Minister may, with approval by the Knesset Economics Committee, prescribe provisions on how invoices, payment notices or receipts shall be sent from dealers to consumers.

Note: The above section 13B goes into effect on January 10, 2009 – Tr.

Obligation of disclosure in an ongoing transactions

- 13C (a) In this Law –
- "**ongoing transaction**" – a transaction for the acquisition of foods or services in an ongoing manner, including any change in the transaction or addition thereto that does not constitute a new transaction, all irrespective whether the transaction is for a definite period or for an indefinite period, except for a transaction between a gas consumer and a gas supplier for the supply of gas;
 - "**gas**", "**gas supplier**" and "**gas consumer**" – as defined in section 14 of the Arrangements in the National Economy Law

(Law Amendments) 5749-1989.

- (b) When a dealer is about to enter into an ongoing transaction with a consumer he must verbally disclose the following particulars to him before the transaction is contracted:
 - (1) the consumer's right to cancel the ongoing transaction and how to cancel it, including the said right in respect of a transaction for an indefinite period, as well as the need for giving an identifying particular for the cancellation according to the provisions of section 13D(b);
 - (2) in a transaction for a definite period – the length of the transaction and the date of its end;
 - (3) details of the payments the consumer must pay for a cancellation, if any, under the conditions of the ongoing transaction, and the way the said payments are calculated, to the extent that that was prescribed;
 - (4) the dealer's address and telephone number, and also his facsimile number and electronic address, if such there are, by means of which a cancellation notice may be delivered to the dealer.
- (c) If the ongoing transaction was drawn up in a written contract, then the dealer shall also include the particulars said in subsection (b) in the contract signed with the consumer; if the ongoing transaction was agreed verbally, then the dealer shall give the consumer a written document that includes the said particulars, not later than the date on which the goods or services are supplied; the particulars shall appear in the contract or in the said written document near each other, with special emphasis and in clear and legible letters.
- (d) The provisions of subsections (b) and (c) shall add to and not derogate from the provisions of sections 4B and 14C; however, if the ongoing transaction is a long distance deal, as said in section 14C, then the dealer may include the particulars said in subsection (b) in the document under the provisions of section 14C(b).
- (e) Without derogating from the provisions of subsections (b) and (c), in an ongoing transaction –
 - (1) the dealer shall state in each invoice, receipt or payment notice sent to the consumer, with special emphasis and with clear and legible letters, the particulars said in subsection (b)(4) in respect of giving a notice of cancellation;
 - (2) the dealer shall publish on his Internet site, if such there is, the ways of canceling an ongoing transaction, as well as the particulars said in subsection (b)(4) and in section 4B.

Note: The above section 13C goes into effect on October 10, 20089 – Tr.

Cancellation of an ongoing transaction

- 13D. (a) When a consumer cancels an ongoing transaction, he may give the cancellation notice to the dealer in one of the following manners, at the consumer's choice (in this Law: cancellation notice):
- (1) verbally – by telephone or verbally at the place of business;
 - (2) in writing – by registered mail, by electronic mail or by facsimile, if the business has one.
- (b) (1) in his cancellation notice the consumer shall specify his name and ID number, and if the cancellation notice is given verbally as said in subsection (a)(1) – an additional identifying particular, if that was agreed with the consumer at the time the contract was made;
- (2) in respect of a cancellation notice given the dealer in writing, as said in subsection (a)(2), the Minister may prescribe categories of ongoing transactions in which the dealer may require the consumer to give him – in addition to his name and ID number – also his address or another identifying particular that is required for cancellation of the ongoing transaction.
- (c) A contract for an ongoing transaction shall lapse within three business days after the cancellation notice was given under the provisions of subsections (a) and (b), and if the cancellation notice was given by registered mail – within six business days after it was handed in for dispatch, all of the consumer did not state a later date in the cancellation notice (in this paragraph: Cancellation date); on the cancellation date the dealer shall stop supplying the goods or the services, and he shall not charge the consumer for goods and services given after the cancellation date.
- (d) If the consumer gave a cancellation notice under the provision of subsections (a) and (b) and the dealer continued to debit payments against the consumer for the ongoing transaction because of circumstances of which the dealer did not know and was not supposed to know, or which he did not see and was not supposed to see in advance and if cancellation of the ongoing transaction was not possible because of those circumstances, then the provisions of subsection (c) and of section 31A(a)(2b) shall not apply, as long as those circumstances prevail.

Peddling transaction

14. (a) In a peddling transaction the consumer may cancel the agreement –
- (1) for a sale – from the day on which the agreement was concluded, until fourteen days after the sold object was delivered;

- (2) for a service, if it has not yet begun to be provided – within fourteen days after the agreement was concluded.
- (b) When an agreement has been canceled under subsection (a)(1), then the peddler shall return to the consumer whatever he received under the agreement, and the consumer shall return the goods to the peddler; however, if the goods have deteriorated substantially, then the peddler may deduct from what he received the amount by which the value of the goods declined.
- (c) The provisions of this section shall not apply to transactions in perishable goods.
- (d) The Minister may prescribe, in regulations with approval by the Knesset Economics Committee, particulars of which a peddler must inform a consumer.
- (e) The Minister may prescribe, by Order with approval by the Knesset Economics Committee, that the provisions of this section shall also apply to other transactions that are not carried out in a permanent place of business.

Transaction for acquisition of a vacation unit

- 14A. (a) A dealer shall not carry out any transaction on the matter of the acquisition of a vacation unit, unless all the following hold true:
- (1) a written contract was signed between him and the consumer (in this section: the contract);
 - (2) until the date on which the contract was signed, the dealer delivered to the consumer a form signed by him, which includes all the particulars specified in subsection (b) (hereafter: disclosure form); the disclosure form shall be delivered separately from the contract, and the consumer shall certify its receipt by his signature; regulations under section 4A shall apply, mutatis mutandis, to the disclosure form.
- (b) In the disclosure form the dealer shall specify precisely all the following information, and it alone:
- (1) particulars about the dealer: his full name, ID number and full address in Israel and abroad; if the dealer is a body corporate – also the type of body corporate, its number and where it is registered;
 - (2) if the dealer is not the owner of the rights at the vacation units site – the particulars enumerated in paragraph (1) about the owner of the rights, a definition of the dealer's status in relation to the site of the vacation units and the legal connection between him and the owner of the rights to the site of the vacation units;
 - (3) a detailed description and the location of the site of the vacation units, and also of the unit sold;
 - (4) the nature of the right sold in the transaction and during

- what period it will be in effect;
- (5) if construction of the site of the vacation units has not yet been completed – the stage of construction at which the site is now, the estimated date of completion of the construction, and the date by which the dealer guarantees that it will be possible to realize rights at the site of the vacation units for the first time;
- (6) if the dealer undertook to give the consumer collateral to secure his payments or his rights under the contract – particulars of that collateral;
- (7) specification of the services included in the rights to the vacation unit;
- (8) specification of the common areas at the site of the vacation units, which the consumer has the right to use and the conditions for their use;
- (9) the price of the vacation unit, including every additional payment which the consumer will be required to pay in order to acquire the rights in the transaction;
- (10) the amount which the consumer will be required to pay as his share in the management and maintenance of the vacation unit and of the site of the vacation units, including the method for calculating those amounts and the times for their payment;
- (11) the consumer's right – if any – to use similar rights at other vacation unit sites, the payments required therefor, the way they are determined and the dates for their payment;
- (12) restrictions – if any – on the consumer's right to use, to transfer or to deal in his rights under the contract;
- (13) particulars on the consumer's right to cancel the transaction, in accordance with the provisions of subsection (c);
- (14) particulars on the jurisdiction of Courts in Israel or abroad, in accordance with the provisions of subsection (d).
- (c) In a transaction for the purchase of a vacation unit the consumer may cancel the contract within fourteen days after the contract was signed by both parties, or after the day on which the consumer certified receipt of the disclosure form under the provisions of subsection (a), whichever is later; the cancellation shall be made by written notice to the dealer.
- (d) The competent Court in Israel shall have jurisdiction in any action connected to a transaction under this section; however, in respect of a vacation unit located outside Israel the consumer may bring action in a Court of the country in which that unit is located.
- (e) In this section –
"site of the vacation units" – a building or a venture, either in Israel or abroad, where an arrangement of vacation units is or is intended to be managed;

"vacation unit" – a right, whether or not of ownership, which gives its holder the right to use a room or other living space in Israel or abroad at intervals during at least three years, for a period of two days or more in the course of each year.

Payment by credit card

- 14B. (a) If a consumer undertook to pay the consideration for a transaction said in section 14A by means of a credit card, then the issuer of the card shall not charge the amount of the debit to the customer before at least thirty days passed after the day on which a document in witness of the transaction between the customer and the supplier was deposited with him; if the customer informed the issuer within the said thirty days that the transaction was canceled in accordance with the provisions of section 14A(c), then the issuer shall not debit any amount in respect of that transaction.
- (b) In this section –
"Debit Card Law" – the Debit Cards Law 5746-1986;
"credit card" and **"customer"** – as defined in the Debit Cards Law;
"document in witness of the transaction" – a document within its meaning in section 8 of the Debit Cards Law, signed by the consumer.

Sale transaction at a distance

- 14C. (a) When marketing at a distance, the dealer must disclose to the consumer at least the following particulars:
- (1) the dealer's name, ID number and address in Israel and abroad;
 - (2) the main characteristics of the asset or of the service;
 - (3) the price of the asset or service and the possible payment terms;
 - (4) when and how the asset or service will be supplied;;
 - (5) the period during which the offer will be in effect;
 - (6) particulars on responsibility for the asset;
 - (7) particulars on the consumer's right to cancel the contract in accordance with the provisions of subsection (c).
- (b) In a sale transaction at a distance the dealer shall give the consumer – not later than on the date on which the asset or the service is supplied – a document written in Hebrew or in the language in which the marketing announcement was made, which includes the following particulars:
- (1) the particulars said in subsection (a)(1) and (2);
 - (2) the price of the asset or service and the payment terms that apply to the transaction;
 - (3) the manner in which the consumer can realize his right to cancel the transaction according to the provisions of

- subsection (c);
- (4) the producer's name and the country in which the asset was produced;
- (5) information on responsibility for the asset or service;
- (6) additional conditions that apply to the transaction.
- (c) In a sale transaction at a distance the consumer may cancel the transaction in writing –
 - (1) for an asset – from the day the transaction was made and until fourteen days after the asset was received or after the document including the particulars said in subsection (b) was received, whichever was later;
 - (2) for a service – within fourteen days after the transaction was made, on condition that the cancellation be at least two days – other than days of rest – before the date on which the service is to be provided.
- (d) The provisions of this section shall not apply to a sale transaction at a distance of –
 - (1) perishable goods;
 - (2) hospitality, travel, vacation or entertainment services, if the date set for the provision of the service is within seven days – other than days of rest – after the transaction was made;
 - (3) information, as defined in the Computers Law 5755-1995;
 - (4) goods specially produced for the consumer in consequence of the transaction;
 - (5) goods that can be recorded, copied or duplicated, if the consumer opened their original packaging.
- (e) The Minister may, with approval by the Knesset Economics Committee, designate sale transactions at a distance that are not enumerated in subsection (d), to which some or all the provisions of this section shall not apply.
- (f) In this section –
 - "price of asset"** – the total price of the asset or service, including transportation, as well as any other additions or expenses to be borne by the consumer;
 - "sale transaction at a distance"** – a contract for the sale of an asset or the provision of a service, which was made in consequence of marketing at a distance, without any joint presence of the parties to the transaction;
 - "marketing at a distance"** – a dealer's approach to a consumer by mail, telephone, radio, television, electronic communication of any kind whatsoever, facsimile, the publication of catalogs or advertisements or by similar means, in order to contract a transaction not by any joint presence of the parties, but by one of the aforesaid means.

Written cancellation of transaction

14D. For purposes of the provisions of sections 14A(c) and 14C(c), written cancellation may also be effected by means of facsimile or electronic communication.

Effect of cancellation of transaction

14E.(a) If a consumer canceled a contract under sections 14A(c) or 14C(c) in consequence of a fault in the asset that is the subject of the contract or transaction, or because the asset or the service did not conform to the particulars provided to him under sections 14A(a) and (b) or 14C(a) and (b), then –

- (1) the dealer shall refund to the consumer, within 14 days after he received notification of the cancellation, that part of the transaction price which the consumer has paid and cancel the consumer's debit for the transaction, and he shall not collect any cancellation fee whatsoever from the consumer;
 - (2) if the consumer received the asset that is the subject of the contract or of the transaction, then he shall place it at the dealer's disposition in the place where the asset was delivered to him, and he shall so inform the dealer, and the same holds true for any kind of asset received by the consumer in consequence of making the transaction or contract.
- (b) If a consumer canceled a contract under sections 14A(c) or 14C(c) for reasons other than those enumerated in subsection (a), then –
- (1) the dealer shall refund to the consumer, within 14 days after he received notification of the cancellation, that part of the transaction price which the consumer has paid and cancel the consumer's debit for the transaction, and he shall not collect any amount whatsoever from the consumer, except for a cancellation fee that shall not exceed 5% of the price of the asset that is the subject of the contract or the transaction, or NS 100, whichever is less;
 - (2) if the consumer received the asset that is the subject of the contract or of the transaction, then he shall return it to the dealer at his place of business, and the same holds true for any kind of asset received by the consumer in consequence of making the transaction or contract.
- (c) The provisions of subsections (a) and (b) shall not derogate from a dealer's right to claim his damages due to the fact that the asset's value decreased or that its condition deteriorated significantly.
- (d) In this section, "**cancellation fee**" – including expenses or obligations in respect of dispatch, packaging or any other expense or obligation, which the dealer argues that he incurred or owes because he contracted the transaction or contract, or because of

its cancellation.

Refund or credit for returned goods

- 14F. (a) In a transaction for the acquisition of goods, categories of goods, services or categories of services designated by the Minister, the consumer may cancel the purchase agreement within a period prescribed by the Minister, but if the transaction is for the acquisition of goods and the consumer received the goods he acquired –
- (1) he shall return them to the dealer;
 - (2) the goods were not damaged and they were not used.
- (b) The Minister shall prescribe provisions for implementing the provisions of subsection (a), including about the refund of the consideration paid by the consumer for the goods or the services, and including the manner and type of the monetary refund, as well as circumstances under which –
- (1) the right to cancel the transaction shall apply, shall not apply or shall be restricted;
 - (2) the dealer shall be authorized to deduct a cancellation fee from the monetary refund, at a rate which he shall determine.
- (c) Regulations under this section shall be made with the approval of the Knesset Economics Committee.

Special sale

15. (a) If a dealer announced – in public or in the place of business – a special sale, then he shall make it clear which goods or services are, and which goods or services are not included in it, the price he charged for them before the sale and the amount of reduction or their price after the reduction, as well as the conditions of the special sale.
- (b) If a dealer announced a special sale and wants to change the particulars said in subsection (a), then he shall give notice thereof in the manner in which he made the first announcement.
- (b1) If a dealer makes a public announcement – not in the place of business – of a special sale of goods or services, then he shall include in the announcement the minimum number of items offered in it and the maximum reduction; the provisions of this subsection shall not apply to goods or services, the retail price of which at the special sale does not exceed NS 50; the Minister may, with approval by the Knesset Economic Committee, increase or reduce the said amount in respect of goods or services that he designates, and he may also provide that provisions on publication of the minimum number of items offered at a special sale not apply to certain categories of goods or services that he designates.

- (b2) If a dealer announces a special sale of goods in public or at the place of business, then he shall keep what in respect of the nature and extent of the announcement is a reasonable supply of the goods included in the special sale, except when the dealer stated differently in his announcement.
- (b3) If the supply of goods offered at a special sale has run out, or if some or all the services are no longer offered at the special sale, then the dealer shall not continue to make his announcement of the special sale in public or at his place of business; however, if some of the items in the said stock have run out, then the dealer may continue to make the announcement only at the place of business, on condition that he announce which items that have run out.
- (c) The provisions of this section shall not derogate from the provisions of any enactment on the display of prices of goods or services.

Special price

- 16. If a dealer announced a sale or a special price of damaged goods or of goods of lower than usual quality or of goods with an expiration date (by Law, by custom or by the maker's recommendation), which approaches, then his announcement shall include the reason for the discount or for the special price.

CHAPTER FOUR: LABELING GOODS AND DISPLAYING PRICES

Labeling and packaging goods

- 17. (a) Dealers must give the following information on or attached to goods intended for consumers:
 - (1) the name and trade name of the commodity;
 - (2) the country of its production;
 - (3) the name, ID number and address of the producer, and if the item is imported, the name, ID number and address of the importer;
 - (4) the quantity of the commodity, and a detailed list of the basic materials of which it is composed.
- (b) The Minister may designate by Order –
 - (1) goods to which the provisions of subsection (a) shall not apply;
 - (2) additional particulars that must be included, including particulars on the retail price of the goods, the date of their production, their expiration date, whether they are

- dangerous for general use or for use by children in different age groups, as will be determined, instructions for their use, their quality and tolerance, resilience or other properties, including properties which makes them acceptable to all or part of the public;
- (3) the obligation to label goods before they are imported;
 - (4) provisions on the manner and form of labeling goods.
- (b1) The Minister may, in consultation with a representative consumer organization, prescribe by Order conditions, upon compliance with which a commodity shall be marked with a name or designation that bears witness to its quality or nature and that is also likely to prevent error or deception in the identification, acquisition, or use of a food product.
 - (b2) The Minister may, with approval by the Knesset Economics Committee, prescribe directions on a dealer's obligation to mark goods in the form and manner prescribed by him, so that the manufacturer can be identified.
 - (b3) (1) The Minister may, with approval by the Knesset Economics Committee, prescribe directions on the obligation provide information on non-ionizing radiation from an instrument that emits radiation or produces it when it is operated, including the level of permitted radiation and additional information on this subject, as he may prescribe, and also ways of providing this information, whether by markings on the radiation emitting instrument or attached to it on in other ways.
 - (2) Regulations under this subsection may prescribe different provisions for different categories of radiation emitting instruments.
 - (3) In this subsection –
 - "radiation emitting instruments"** –
 - (a) mobile telephone instruments, connected through a system of cellular wireless installations;
 - (b) instruments or machines intended for consumers, which emit non-ionizing radiation, or the operation of which produces said radiation;
 - "non-ionizing radiation"** or **"radiation"** – the emission of electromagnetic waves with too little energy to cause the creation of ions.
 - (c) Labeling shall be in Hebrew, unless provided otherwise.
 - (d) If the Minister concludes that it is necessary to do so in order to protect consumers, then he may – by a general Order or by Orders for categories – prescribe that goods must be packaged in the way, form and manner prescribed in the Order.
 - (e) Repealed
 - (f) If any other enactment includes a provision for the consumers' protection, and if it contradicts subsection (a) or an Order under

subsection (b), then the provision of the other enactment shall prevail.

Definitions for purposes of Chapter Four

17A. In this Chapter, "**the total price**" – the price that includes all the payments for goods or services and all the taxes that apply to them or to their sale, which are collected by the dealer, and inter alia –

- (1) value added tax, fees and mandatory payments;
- (2) any other payment connected to the acquisition of that asset or service as part of the transaction, the consumer not having been given any practical possibility to waive it as part of the transaction.

Obligation to display price on goods and the binding price

17B. (a) If a dealer offers, displays or sells goods to consumers, then he shall display their total price on them or on their packaging.

(b) The price shall be displayed as said in subsection (a), as follows:

- (1) only the total price, and only in Israel currency;
- (2) in a clearly visible place, using clear and legible numbers.

(c) The provisions of subsections (a) and (b) shall also apply to goods displayed by a dealer in any manner whatsoever that gives grounds for the assumption that the goods or similar goods are offered by him for sale to consumers.

(d) The determining price for goods shall be the price displayed on them according to the provisions of this section, even if the price at the cash register is higher than the said price.

(e) The Minister may, with approval by the Knesset Economic Committee, prescribe categories of goods, in respect of which it shall be obligatory to display – in addition to or in place of the total price – the price per unit of size, weight or volume, all as he shall prescribe.

Display of prices of services

17C. The Minister may prescribe that every dealer, whose business or part of whose business is the performance of services in a sphere he prescribed, shall – at his place of business – display the total price asked for the provision or performance of the service; the total price shall only be displayed in Israel currency, in a clearly visible place, using clear and legible numbers.

Publicity and stating prices of goods and services

17D. Dealers shall not publicize and state – explicitly or by implication – a price of goods or services offered to consumers, other than the total price, and that only in Israel currency.

Restriction on displaying the total price

17E. Notwithstanding the provisions of sections 17A to 17C, during seven

days after the rate of a tax, fee or other obligatory payment applicable to a sale has been increased or decreased, a dealer may refrain from including the rate of the increase or decrease in the displayed price, on condition that in an easily visible place in the business it is stated that prices do not include the increased or decreased rate.

Different rules for publication of prices of goods or services

17F. The Minister, or any Minister in the sphere of his authority together with the Minister, may – with approval by the Knesset Economics Committee – prescribe rules for the publication or display in a different manner of the prices of goods or services, or of categories of goods or services.

Exemption

- 17G. (a) The provisions of this Chapter shall not apply –
- (1) to an asset that is intended to be sold abroad, or to a service which, in its entirety, is to be carried out abroad; for this purpose, "**abroad**" – exclusive of an area, as defined in the Value Added Tax Law 5736-1976;
 - (2) repealed
 - (3) to goods or services specified in Part One of Schedule One, on the conditions prescribed there.
- (b) Notwithstanding the provisions of sections 17B(b)(1), 17C and 17D, the publication and display of the total price of an asset or service, as specified in Part Two of Schedule One, may be in a foreign currency, on condition that its Israel currency price be determined according to the exchange rate stated there.
- (c) The Minister – and in respect of another Minister's sphere of authority in consultation with that Minister – may change Schedule One with the approval of the Knesset Economics Committee.

Prohibited sale and possession

18. Dealers must not sell, and must not keep in their possession for sale, goods for which any obligation under this Chapter has not been complied with.

CHAPTER FOUR "A": RESPONSIBILITY FOR AFTER SALE SERVICE

Responsibility for goods and services

- 18A. (a) The Minister may, by regulations with approval by the Knesset Economics Committee, obligate producers, importers, wholesalers and retailers of goods or services to provide after sale service to consumers, and he may also prescribe instructions for this matter, including the following –
- (1) the repair of shortcomings and faults and the partial or complete replacement of goods at no charge during a period

- which he shall set;
 - (2) provision of the service at the consumer's address;
 - (3) the ways and times for provision of the service;
 - (4) the operation of service stations at certain places or in certain areas;
 - (5) the issue of certificates of responsibility, their contents and the prohibition to include in said certificates any condition that restricts a consumer's right under any enactment.
- (b) The Minister may, with approval by the Knesset Economics Committee, prescribe provisions on the matters specified in subsection (a)(2) to (4), about the contract for repairing faults and defects and for replacing goods also not after a sale, including the said repair and replacement during a longer period of responsibility than that prescribed under subsection (a), and about contracts for the provision of service, in which service is conditional on the goods in the consumer's possession being in working condition.
- (c)
 - (1) If a technician's visit to the consumer's premises is required in order to meet the obligations under subsection (a) during the period of responsibility that was set according to that subsection or according to the service contract, in which the service is conditional on the goods in the consumer's possession being in working condition, or according to the service contract of a category prescribed by the Minister, then the person obligated to provide the service under the provisions of this section (in this section: the service provider) shall coordinate the date and hour of the visit to the consumer.
 - (2) The time for waiting for a technician said in paragraph (1) shall not be longer than two hours after the agreed time, but the service provider may propose to the consumer that he wait for a telephone call as substitute for the said coordination, on condition that the consumer will not have to wait longer than two hours on his premises and that it was made clear to the consumer that he may reject a said proposal, if that does not make things easier for him.
 - (3) The service provider may inform the consumer, not later than 8:00 PM on the evening before the time agreed for the visit that the technician's visit is postponed and agree on a new date and time for the visit, on condition that the said postponement does not delay provision of the service to later than the period of time prescribed under any statute.
- (d) If the service provider violated the provisions of subsection (c), then in respect of that violation the consumer shall be entitled to compensation without any proof of damage, as specified below:
 - (1) if the technician's visit was coordinated under the provisions

- of subsection (c) and two hours passed after the waiting period said in subsection (c)(2) – compensation in the amount of NS 300; if three hours passed after the said waiting period – compensation in the amount of NS 600;
 - (2) if the service provider acted in violation of the provisions of subsection (c)(2) about the telephone call – compensation in the amount of NS 300.
- (e) The service provider may offer compensation – in goods or services – in kind to a consumer who is entitled to compensation under subsection (d), on condition that he informed the consumer that he has the right to choose between monetary compensation and the offered compensation and the consumer agreed thereto; the burden of proving that the consumer agreed to the compensation under this subsection rests on the service provider.
- (f) If the delay was due to causes of which the service provider did not know and was under no obligation to know when the date and time of the technician's visit were set, or if he did not see and could not have seen them in advance and he could not prevent them, then the consumer shall not be entitled to compensation under this section.

Provision of free telephone service

- 18B. (a) Dealers named in Schedule Two –
 - (1) shall provide free telephone service, in order to respond to every claim about faults or defects in goods they sold or in services they provided by virtue of any statute or agreement (in this section: telephone service); the telephone service shall also include a human response;
 - (2) shall inform the consumer in a clear and conspicuous manner of the telephone number, at which telephone service is available, and also of the hours of the telephone service in each of the following, if such there are:
 - (a) the agreement between dealer and consumer;
 - (b) every invoice issued to the consumer by the dealer;
 - (c) the dealer's Internet site.
- (b) The Minister may, with approval by the Knesset Economics Committee – prescribe
 - (1) on all aspects of the telephone service under the provisions of this section;
 - (2) change Schedule Two.

CHAPTER FIVE: THE CONSUMER PROTECTION AND FAIR TRADE AUTHORITY, AND THE RESPONSIBILITY AND POWERS OF THE

CONSUMER PROTECTION COMMISSIONER

Commissioner

19. The Government shall, on the Minister's recommendation, appoint a Consumer Protection and Fair Trade Commissioner; an announcement of the appointment shall be published in Reshumot.

Consumer Protection and Fair Trade Authority

- 19A. (a) The Consumer Protection and Fair Trade Authority is hereby established.
(b) The Commissioner shall be the director of the Authority.

The Authority's budget

- 19B. The Authority's budget shall be set in the annual budget law, in a separate budget section, within their meaning in the Budgetary Principles Law 5745-1985; for purposes of the said Law the Commissioner shall be in charge of the budget section.

The Authority's transactions

- 19C. For the implementation of the provisions of this Law, the Commissioner is authorized, together with the Commission's accountant, to represent the Government in transactions said in sections 4 and 5 of the State Property Law 5711-1951, other than real estate transactions, and to sign documents related to said transactions in the name of the State

Authority employees

- 19D. (a) The Authority's employees shall be State employees and the provisions of the State Service (Appointments) Law 5719-1959 shall apply to them.
(b) The Authority's employees shall act according to the Commissioner's instructions and under his supervision.

The Commissioner's tasks

20. (a) The tasks of the Commissioner shall be –
(1) to supervise implementation of the provisions of this Law;
(2) to deal with complaints about violations of provisions of this Law, which he deems substantive, or about other injury to consumers;
(3) to conduct and to initiate surveys and research projects on consumer matters;
(3a) to deal with complaints between dealers and consumers that restrict the consumer's ability to pass from one dealer to another;
(4) to deal with any other matter that is connected with consumer protection, and with which some other agency has

not been charged under Law.

- (b) When the Commissioner receives a complaint on a matter on which some other agency has supervisory and corrective powers under Law after it investigated the complaint, then he shall consult with that agency before he deals with the complaint, and he may transfer the complaint to it; when the Commissioner has transferred an aforesaid complaint, then the agency shall inform the Commissioner of the results.

The Commissioner's Powers

- 21. If the Commissioner or the person appointed by him for that purpose concludes that it is necessary to do so for the implementation of this Law, then he may –
 - (1) enter any place used for business, and there check whether the provisions of this Law are observed, examine documents, samples and goods, and seize anything, if it is reasonable to presume that in its respect an offense against the provisions of this Law was committed or is planned;
 - (2) interrogate any person who is connected to the matter or has information about it, and demand that he appear before him, deliver to him documents, samples and information related to the investigation, on condition that the date of a person's appearance under this paragraph shall – as far as possible – be set in coordination with him and be at a reasonable time;
 - (3) carry out tests of goods or services and publish their results, but he shall not publish anything that is liable to injure any person, if he had not been given an opportunity to present his arguments;
 - (4) inform dealers of their obligation to stop or not to repeat practices that constitute prima facie violations of the provisions of this Law.

Demand for information and documents

- 21A. If the Commissioner or an employee the Commissioner authorized for this matter has reasonable ground to assume that any of the provisions of this Law was violated, then he may demand of any dealer that he give him the information, documents, books and other material that relates to the said violation; in this section, "**dealer**" includes his employee, officer or person who acts on his behalf.

Commissioner's auxiliary powers

- 22. (a) The Commissioner or a person appointed by him for that purpose shall have the powers of a police officer of the rank of inspector under the provisions of section 2 of the Criminal Procedure Ordinance (Testimony), and section 3 of the said Ordinance shall apply to information recorded by him.
 - (a1) The Commissioner shall appoint a person for purposes of section 21 only after he has received appropriate training, as prescribed

by the Minister with approval by the Knesset Economics Committee.

- (b) The provisions of sections 26 to 28 and of Chapter Four of the Criminal Procedure Ordinance (Search and Arrest) [New Version] 5729-1969 shall apply to checks and seizures under section 21(1), as if the check were a search within its meaning in the Ordinance, mutatis mutandis, as the case may be.

Advisory Committee

- 22A. (a) The Minister shall, with the consent of the Minister of Finance, appoint an Advisory Committee to advise the Commissioner at his request on any matter related to consumer protection and fair trade, and to advise him also on preparation of the annual report said in section 22B and on preparation of the Authority's working plan.
- (b) The Advisory Committee shall be composed of six members, as follows:
- (1) an employee of the Ministry of Industry, Trade and Employment, of a rank not lower than that of Deputy Director General;
 - (2) an employee of the Ministry of Finance, of a rank not lower than that of Deputy Director General;
 - (3) two members of the academic staff of recognized institutions of higher education, within their meaning in the Council of Higher Education Law 5718-1958;
 - (4) a representative of a consumer organization, as defined in section 31(c), designated by the Minister;
 - (5) a representative of the dealers, designated by the Minister.
- (c) The Minister shall, with the consent of the Minister of Finance, appoint a member of the Committee to be the Committee's chairman.
- (d) Committee members shall be appointed for a period of three years, and they may be reappointed, but they shall not serve three consecutive periods.

Annual report

- 22B. The Commissioner, in consultation with the Advisory Committee, shall prepare an annual report about the Authority's activity in that year, and he shall submit it to the Government through the Minister.

CHAPTER SIX: PENALTIES AND REMEDIES

Penalties

23. (a) If a dealer committed any of the following, then he shall be liable

to one year imprisonment or to a fine seven times the fine said in section 61(a)(2) of the Penal Law 5737-1977 (hereafter: Penal Law):

- (1) he did anything liable to mislead a consumer in violation of the provisions of section 2;
 - (2) he did anything that constitutes exploitation of a consumer's hardship, as said in section 3;
 - (3) he published misleading advertising in violation of the provisions of section 7(c);
 - (4) he published advertising aimed at minors in violation of the provisions of section 7A;
 - (5) in a transaction for the acquisition of a vacation unit he did not comply with the provisions of section 14A;
 - (6) he interfered in the exercise of the powers of any person who acted lawfully under this Law, or he refused – without reasonable justification – to appear before such a person or to deliver information or anything else that he demanded, in violation of sections 21 and 22;
 - (7) he violated an undertaking that he made under section 28(a)(2) or (3).
- (b) If a dealer committed any of the following, then he shall be liable to a fine seven times the fine said in section 61(a)(2) of the Penal Law:
- (1) he failed to disclose something to a consumer in violation of the provisions of section 4;
 - (2) he used a name that implies that his objective is consumer protection, in violation of the provisions of section 7B;
 - (3) he violated provisions under section 13 on advances and collateral;
 - (4) in a peddling transactions he did not comply with the provisions under section 14;
 - (5) being an issuer of credit cards, he debited a customer in violation of the provisions of section 14B;
 - (6) in marketing from a distance or in a sale transaction from a distance he did not disclose particulars to the consumer or did not deliver a written document in violation of the provisions of section 14C;
 - (7) after a transaction with a consumer was canceled, he acted in violation of the provisions of section 14E;
 - (8) he did not provide service to a consumer, did not deliver certificates of responsibility or did not operate service stations in the manner prescribed under the provisions of section 18A.
- (c) If a dealer committed any of the following, then he shall be liable to a fine three times the fine said in section 61(a)(2) of the Penal Law:

- (1) he violated provisions under section 4A in respect of the size of letters and the manner in which standard contracts are written;
 - (2) he violated provisions under section 5 on the preparation, inspection and delivery of a contract;
 - (3) he violated provisions under section 9 on the delivery of a notice to a consumer;
 - (4) he violated provisions under section 10 on payment of the lower amount;
 - (5) he violated provisions under section 15 on notices about special sales or on the obligation to have a reasonable stock of goods on hand;
 - (6) he violated provisions under section 16 on notices about sales at a discount or at a special price;
 - (7) he violated provisions under section 17 on the marking and packaging of goods;
 - (8) he violated provisions under sections 17B(a) to (c), 17B(d), 17C, 17D or 17F on the obligation to display or publish prices of goods and services or on the collection of their determining price;
 - (9) he sold goods or services specified in Part Two of Schedule One otherwise than at the exchange rate specified in it;
 - (10) he sold or kept goods in violation of section 18.
- (d) If the offense is a continuing offense, then the Court may impose an additional fine at the rate of up to 5% of the amount of the fine set for that offense, for every day on which the offense continues after the date on which notice was delivered or an Order handed down, or beyond the period set in the notice or in the Order, whichever is later; for this purpose –
- "notice" – a notice given under section 21(4);
- "Order" – an Order handed down by the Court under section 30.
- (e) If, in the course of three years, a person again commits an offense under this section, then he shall be liable –
- (1) in the case of offenses under subsection (a) – to one year's imprisonment or double the fine set for those offenses;
 - (2) in the case of offenses under subsections (b) and (c) – to double the fine set for those offenses.
- (f) If one of the offenses enumerated in subsections (a), (b) or (c) was committed by a body corporate, then it shall be liable to double the fine set for those offenses.
- (g) The provisions of section 237 of the Criminal Law Procedure Law [Consolidated Version] 5742-1982 on the service of documents shall apply to the service of an Order under this Law, mutatis mutandis.

Aggravating circumstances

- 23A. (a) If an offense under section 23(a)(1) or (2) was committed under aggravating circumstances, then the person who committed the offense shall be liable to two years imprisonment or to a fine ten times the fine said in section 61(a)(4) of the Penal Law;
- (b) In this section, any one of the following constitutes "aggravating circumstances":
- (1) the act relates to an especially large number of consumers;
 - (2) the act caused especially severe damage to a consumer or to a group of consumers;
 - (3) the person who committed the offense derived especially large profits or benefits from the act.

Imposing a fine after compensation was adjudged under section 31A

23B. When a Court imposes a fine on a dealer convicted of an offense under section 23, it may take into account that exemplary damages under section 31A were adjudged against that dealer by a final judgment for the act for which he was convicted as aforesaid

Additional powers of the Court

24. If a person was convicted of an offense under section 23, then the Court may – in addition to any other penalty – Order that –
- (1) the accused person's goods, with or in respect of which the offense was committed, or the amount for which they were sold be confiscated in whole or in part;
 - (2) that the accused person's business be closed for a period to be prescribed by the Court and in the manner prescribed by it;
 - (3) that a license issued to the accused person be canceled or suspended for a period prescribed by the Court.

Responsibility of employers, principals or officers of a body corporate

25. (a) Employers, principals or officers of a body corporate must supervise and do all in their power in order to prevent the commission of offenses said in section 23 by their employees, agents, the body corporate or any of its employees, as the case may be; if a person violates the provision of this section, then he shall be liable to the fine said in section 61(a)(3) of the Penal Law; for purposes of this section, "**officer of a body corporate**" – a director, active manager, partner – other than a limited partner – or any person who holds a responsible position of behalf of the body corporate over the sphere in which the offense was committed.
- (b) If an offense under section 23 was committed by an employee, agent, body corporate or employee of the body corporate, then it is assumed that the employer, principal, or officer of a body corporate, as the case may be, violated his obligation under subsection (a), unless he proved that he did everything possible in

order to meet his obligation.

26. Repealed

Defense

27. When a person is accused of an offense under the provisions of Chapters Two, Three or Four or of regulations under them, then it shall be a defense if the accused proves that he did not know and was not required to know that the sale or service involved any violation of the said provisions.

Dealer's undertaking

28. (a) If the Commissioner believes that a person committed an offense against the provisions of this Law, then he may – with approval by the Attorney General or his representative – accept from that person a written undertaking that he will –
- (1) abstain from the act or omission specified in the writ of undertaking, which in the Commissioner's opinion constitutes an offense under this Law; an undertaking under this paragraph shall be accompanied by collateral, with or without guarantors, in an amount no greater than the amount of the fine said in section 23(a), and in respect of a body corporate – double the said fine, and for a period of not more than two years;
 - (2) return money or an asset to a consumer;
 - (3) publish notices as the Commissioner shall prescribe.
- (b) When a dealer has given an undertaking said in subsection (a), then no criminal proceedings under section 23 shall be taken against him for the act or omission that was the reason for giving the undertaking.
- (c) If a dealer was convicted of an offense, which – under subsection (a)(1) – he undertook not to commit, then the Court may do one of the following:
- (1) confiscate all or part of the collateral, without imposing any additional penalty on the accused;
 - (2) impose a penalty for the offense, but leave the collateral in effect without confiscating it;
 - (3) confiscate all or part of the collateral and impose any other penalty for the offense.
- (d) Repealed

Exemption

29. When an asset was sold by a Court, by an Execution Office or by another statutory authority, or by a seller who sells on behalf of the State and a confiscated asset or one abandoned for its benefit or some other asset which the State did not acquire or did not use, then the sale

shall not be deemed a transaction for purposes of sections 2, 4, 6 and 7, on condition that the announcement of the sale disclosed that assets of the said kind are being offered, that it warned consumers that their major characteristics are not known and that the authority bears no responsibility for them.

Court Order to prevent an offense

30. On application by the Attorney General, by his representative or by the Commissioner, a Court may –
- (1) Order any person to abstain from any act that constitutes an offense under this Law and to provide collateral therefor;
 - (2) Order any act that is required in order to prevent a said offense.

Compensation

31. (a) Any act or omission in violation of Chapters Two, Three, Four or Four "A" shall be treated like a wrong under the Civil Wrongs Ordinance [New Version].
- (a1) Consumers injured by the wrong are entitled to remedies for the wrong and so are dealers, who in the course of their business are injured by deceit, as said in section 2.
 - (a2) Chapter Six "A" shall not apply to a dealer who was injured by an aforesaid wrong in the course of his business.
- (b) (1) If a Court concludes that the defendant's act or omission caused or is liable to cause a nuisance to the public or to part of it, and if in the submission of his suit the plaintiff was assisted by a consumer organization, then the Court may rule – in addition to any other remedy adjudged for the plaintiff – that compensation be paid to that consumer organization in an amount no greater than four times the damage caused to the plaintiff or the amount of NS14,750, whichever is more; the Minister of Justice may, with approval by the Knesset Economics Committee, change the said amount.
- (2) Changing the amount according to changes that occurred in the index, from the index published in the month in which it was last determined, does not require approval by the Knesset Economics Committee, but the amount shall not be increased under this paragraph sooner than three months after the preceding increase.
 - (3) In this subsection, "**index**" – the consumer price index published by the Central Bureau of Statistics.
- (c) In this section, "**consumer organization**" – the Israel Consumer Protection Council or any other organization approved by the Minister of Justice for this purpose.

Exemplary compensation

- 31A. (a) If a transaction was contracted between a dealer and a consumer and in connection with that transaction the dealer violated any of the provisions specified below, then the Court may – in respect of that violation – adjudge compensation that does not depend on the damage (in this section: exemplary compensation), in an amount of not more than NS 10,000:
- (1) if the consumer asked that the dealer refund the consideration paid in the manner in which it was paid, according to section 4C(b), after the dealer did not act in accordance with the return of goods policy specified in an advertisement under section 4C(a) – and the dealer did not refund all the said consideration;
 - (2) if the consumer asked that the dealer refund the consideration paid in the manner in which it was paid, according to section 4C(b) and (c), after the dealer did not display a notice under section 4C(a) that specifies his policy on the return of goods for reasons other than defects – and the dealer did not refund all of the said consideration to the consumer;
 - (3) if a consumer asked that the dealer refund everything the dealer received by virtue of a peddling agreement, under section 14(b) in consequence of the cancellation of the agreement under section 14(a) – and the dealer did not return to the consumer what he received by virtue of the said agreement;
 - (4) if a consumer asked that the dealer refund the part of the transaction price that he had paid or if the consumer asked that his debit be cancelled under section 14E(a)(1) of 14E(b)(1), in consequence of canceling the contract to buy a vacation unit under section 14A(c) or of canceling a distant transaction under section 14C(2) – and the dealer did not repay the part of the transaction price to the consumer or did not cancel the said debit;
 - (5) if a consumer asked the dealer that he be charged the price shown on the goods, according to section 17B(d), even if its price at the cash register is higher – and the dealer did not act accordingly;
 - (6) if a consumer wanted to pay the price of the goods or of the service in Israel currency according to the exchange rate set in Schedule One under section 17G(b) – and the dealer refused to allow such a payment;
 - (7) If a consumer asked for a certificate of responsibility, as required under section 18A(5), from the maker of the goods or from the dealer– and the producer or the dealer, as the case may be, did not deliver a said certificate;
 - (8) if a consumer requested that the maker of the goods or the

dealer repair a defect that appeared in the goods sold to him, or that he supply replacement parts in order to repair the goods, as is required under section 18A(1) – and the producer or the dealer, as the case may be, did not repair the said defect free of charge during the period of responsibility or did not supply the said replacement parts until the end of the period of responsibility, within the time set therefor under that section.

- (b) An action for exemplary compensation under subsection (a) shall be brought against a dealer only after the consumer sent or delivered an application under that subsection in writing – also by electronic means; in respect of paragraph (4), it suffices that the consumer canceled the transaction, as said in sections 14A(c) and 14C(c).
- (c)
 - (1) Notwithstanding the provisions of subsection (a), for an offense said in that subsection the Court may adjudge exemplary compensation in an amount greater than NS 10,000, but not greater than NS 30,000, if it concluded that the offense is a repeated offense, a continuing offense or one committed under aggravating circumstances, as defined in section 23A(b).
 - (2) In this subsection –
 - "repeated offense"** – a violation of one of the provisions of the sections enumerated in subsection (a) within two years after a previous violation of a section enumerated in the same paragraph, of which he was convicted under section 23;
 - "continuing offense"** – a violation of one of the provisions of the sections enumerated in subsection (a), after notice had been given under section 21(4) or after an Order was made under section 30, or after the period prescribed in the said notice or Order ended, whichever was later.
- (d) When the Court is about to adjudge exemplary compensation in respect of a dealer for an offense said in subsection (a), the Court may take into consideration that that dealer was convicted of an offense under section 23 because of the same act.
- (e) When the Court is about to determine the amount of exemplary compensation it shall, inter alia, take the following considerations into account and it shall not take into account the amount of damage caused to the consumer in consequence of that violation:
 - (1) enforcing the Law and deterring its violation;
 - (2) encouraging consumers to stand on their rights;
 - (3) the severity, monetary extent and circumstances of the violation;
 - (4) the monetary value of the transaction, in connection with which the violation was committed;

- (5) the monetary extent of the dealer's business;
- (6) the amount of the fine set for that offense under sections 23 or 23A, if a said fine is prescribed.
- (f) The provisions of this section shall not derogate from a consumer's right to compensation under section 31 or to any other remedy in respect of that violation.

Cancellation of sale

32. (a) If an asset was sold and it is later found that, in its respect, an act or omission was committed that under this Law constitutes deceit or exploitation of a hardship, and if they are substantive under the circumstances of the case, and even if – in the case of deceit – the seller himself was not the deceiver, then the consumer may – within two weeks after the transaction was carried out or after the sold object was delivered, whichever is later – cancel the sale by written notice to the seller; the Court may, for special reasons, cancel the sale also after the said period.
- (b) When a sale has been canceled as said in subsection (a), then the seller shall return the consideration received to the buyer within seven days after he received the cancellation notice, and the buyer shall return the asset; if the buyer meanwhile used the asset, significantly reducing its value or causing damage to it, then the seller may deduct from the returned consideration the amount by which the asset's value is lower than its value at the time of the sale.
- (c) The Minister may, by regulations, prescribe particulars, which – if not disclosed to consumers – shall be grounds for canceling a sale; the provisions of this section shall also apply to a said cancellation.

Publication of judgment or correction of publication

33. (a) In consequence of a conviction under this Law the Court may Order that a final judgment or its essence, or the correction of misleading advertising shall be made public in a form and manner to be prescribed by it, and it may Order who shall bear the cost of publication.
- (b) If the Court Ordered that the defendant bear the cost of publication, then that shall be treated like a fine imposed by the Court.

Proof of publication

34. If a copy of a periodical or of another widely circulated printed matter, in which a misleading advertisement is printed, has been submitted, then that shall be a priori proof that the advertisement was published in that periodical or printed matter.

Powers of Customs

35. For purposes of the powers of customs authorities and of customs officers, importation in violation of sections 2(b) and 17 shall be treated like offenses against customs enactments, and customs officers may seize any goods with which or in respect of which the offense was committed as confiscated goods, within their meaning in the Customs Ordinance,.

Chapter Six "A" – Class Actions (Sections 35A to 35J) has been repealed. Its provisions were replaced by the Class Actions Law 5766-2006 – Tr.

CHAPTER SEVEN: MISCELLANEOUS PROVISIONS

Law prevails

36. The provisions of this Law shall apply in spite of any waiver or contrary agreement.

Implementation and regulations

37. (a) The Minister is charged with the implementation of this Law and he may make regulations on anything connected with its implementation.
- (a1) Regulations and Orders under this Law shall be made in consultation with the Commissioner or at his proposal.
- (b) Regulations under this Law, which deal specifically with assets or services within the sphere of activity of one of the Government Ministries, shall be made also in consultation with the Minister in charge of that Ministry.

Commissioner's power to delegate

38. The Commissioner may delegate powers vested in him under this Law to any other State employee, except for the powers under sections 28 or 30.

Restriction on applicability

39. The provisions of this Law shall not apply to services provided by any of the following:
- (1) banking corporations, within their meaning in the Banking (Service to Customers) Law 5741-1981;
- (2) insurers or insurance agents, within their meaning in the Insurance Business (Control) Law 5741-1981.

Repeal

40. The following are repealed:
- (1) the Trade in Used Vehicles Law 5737-1977;

- (2) sections 29A to 29J of the Commodities and Services (Control) Law 5718-1957;
- (3) the definition of "trademark" in section 2, as well as sections 3(1)(a), (b) and (e), 4, 5, 8, 9 and 15A to 15G of the Trademarks Ordinance.

Saving of Laws

41. This Law shall add to and not derogate from any other statute.

The State

42. For purposes of this Law, the State as dealer shall be treated like any other dealer.

Effect

43. This Law shall go into effect on August 1, 1981.

Publication

44. This Law shall be published within thirty days after the Knesset adopted it.

SCHEDULE ONE

(Section 17G)

Part One

(Subsection (a)(3))

- 1. Hotel services in Israel, displayed in a hotel and provided to tourists, on condition that their prices are displayed in accordance with regulations the Minister made with approval by the Knesset Economics Committee.
- 2. Motor vehicle rental service for tourists, for self-drive in Israel, on condition that its price be set and made public in accordance with regulations prescribed by the Minister, in consultation with the Minister of Transportation and with approval by the Knesset Economics Committee.
- 3. In respect of items 1 and 2, "**tourist**" – as defined in section 1 of the Value Added Tax Law 5736-1975.

Part Two

(Subsection (b))

In this Part –

"representative exchange rate", of a certain foreign currency – the representative exchange rate published by the Bank of Israel for that foreign currency;

"selling exchange rate" – the selling rate for transfers and checks, at which the Bank of Israel sells the foreign currency.

1. Payments, fees, levies or taxes prescribed under another enactment, which are to be paid to the Airports Authority or to the Ports Authority in respect of passengers who enter or leave Israel, or in respect of the transport of goods to and from Israel, on condition that their new shekel prices be determined according to the exchange rate said in the said enactment.
2. Goods in warehouses for sale to persons leaving Israel, as defined in regulation 12 of the Customs Regulations 5726-1965, on condition that their new shekel price be determined according to the representative exchange rate last published before the transaction with the consumer is concluded.
3. Passenger or goods transport services by air, on land and at sea, from and to Israel, including at the land transfer points, as well as any lease of ships or aircraft for the said purposes, on condition that their new shekel price be determined according to the last selling rate on the business day before the date of payment, as published in a daily newspaper in Israel; the provision in this section, that new shekel prices be set according to the last selling rate, shall not apply to the international air or sea transport of goods, in respect of which an arrangement was made between an air or shipping carrier and an international organization of aviation or shipping companies, within its meaning in section 7(3) in the Restrictive Business Practices Law 5748-1988.
4. Service of tourism and vacation packages departing from Israel, on condition that their new shekel price be determined according to the last selling rate on the business day before the date of payment, as published in a daily newspaper in Israel.

SCHEDULE TWO

(Section 18B)

1. A general licensee for the provision of fixed line telecommunication services within Israel under the Communications (Telecommunications and Broadcasts) Law 5742-1982 (in this Law: the Communications

Law), except for a special general licensee;

2. a general licensee for the provision of mobile radio telephone services under the Communications Law;
3. a general licensee for the provision of cable broadcasts under the Communications Law;
4. a general licensee for the provision of satellite broadcasts under the Communications Law;
5. a gas supply licensee, within its meaning in the Gas Law (Safety and Licensing) 5749-1989;
6. a vital service supplier licensee, within its meaning in the Electricity Sector Law 5756-1996;
7. a water supplier, within its meaning in the Water Law 5719-1959.

SCHEDULE THREE

(Section 13A)

1. Basic telephone services provided by whoever received a license for the provision of fixed line telecommunication services within Israel or a license for the provisions of mobile radio telephone services under the Communications (Telecommunications and Broadcasts) Law 5742-1982.
2. Gas supply services provided by a gas supplier to consumers of gas.