

FTC Business Alert

Selling on the Internet: Prompt Delivery Rules

The Internet is the fastest growing source of mail order sales. It's estimated that consumers spent \$200 billion on Internet-based goods and services in 2008. The explosive growth in the goods and services sold online took many online sellers by surprise: demand outpaced supply, depleting inventories and disappointing customers. The Federal Trade Commission is advising online merchants to review their obligations under the Mail or Telephone Order Merchandise Rule to better serve their customers.

The Rule spells out the ground rules for making promises about shipments, notifying consumers about unexpected delays, and refunding consumers' money. Enforced by the FTC, the Mail or Telephone Order Rule applies to orders placed by phone, fax, or the Internet. Your compliance can have bottom line benefits for your company — that is, satisfied customers are repeat customers.

Complying With The Rule

By law, you must have a reasonable basis for stating that a product can be shipped within a certain time. If your advertising doesn't clearly and prominently state the shipment period, you must have a reasonable basis for believing that you can ship within 30 days.

If you can't ship within the promised time (or within 30 days if you made no promise), you must notify the customer of the delay, provide a revised shipment date and explain his right to cancel and get a full and prompt refund.

For definite delays of up to 30 days, you may treat the customer's silence as agreeing to the delay. But for longer or indefinite delays — and second and subsequent delays — you must get the customer's written, electronic, or verbal consent to the delay. If the customer doesn't give you his okay, you must promptly refund all the money the customer paid you without being asked by the customer.

Finally, you have the right to cancel orders that you can't fill in a timely manner, but you must promptly notify the customer of your decision and make a prompt refund.

