

Consumer Rights (Transfer of Ownership under Sales Contracts) Bill

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Make provision about when ownership of goods is transferred to consumers under sales contracts

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Transfer of ownership under a sales contract

- (1) The Consumer Rights Act 2015 is amended as follows.
- (2) In section 4 (ownership of goods), for subsection (2) substitute—
- “(2) For the time when ownership of goods is transferred—
- (a) under a sales contract to which section 18A or 18B applies, see 5 those sections, and
- (b) in any other case, see in particular the following provisions of the Sale of Goods Act 1979 (which relate to contracts of sale)—

section 16:	goods must be ascertained	
section 17:	property passes when intended to pass	10
section 18:	rules for ascertaining intention	
section 19:	reservation of right of disposal	
section 20A:	undivided shares in goods forming part of a bulk	15
section 20B:	deemed consent by co-owner to dealings in bulk goods	

- (3) Where a sales contract to which section 18B applies is for goods that are contained in a bulk (within the meaning of the Sale of Goods Act 1979),

nothing in this Chapter prevents the consumer from becoming an owner in common of the bulk by virtue of section 20A of that Act.”

(3) After section 18 insert—

“When is ownership transferred under a sales contract?”

- 18A Transfer of ownership: goods identified and agreed on** 5
- (1) This section applies to a sales contract for—
- (a) goods that are identified and agreed on when the contract is made, or
 - (b) an undivided share, specified as a fraction or percentage, of goods that are identified and agreed on when the contract is made. 10
- (2) But it does not apply if the contract is a conditional sales contract.
- (3) The contract is to be treated as including a term that ownership of the goods or share transfers to the consumer when the contract is made.
- (4) Any term of the contract that purports to provide for ownership of the goods or share to transfer to the consumer at a time later than that provided by virtue of this section is to that extent of no effect. 15
- 18B Transfer of ownership: goods not identified and agreed on**
- (1) This section applies to a sales contract for—
- (a) goods that are not identified and agreed on when the contract is made, or 20
 - (b) an undivided share in goods that are not identified and agreed on when the contract is made.
- (2) But it does not apply if the contract is a conditional sales contract.
- (3) If the goods are to be manufactured for the consumer to a specification agreed between the trader and the consumer, the contract is to be treated as including a term that ownership of the goods or share transfers to the consumer when the manufacture is completed. 25
- (4) In any other case, the contract is to be treated as including a term that ownership of the goods or share transfers to the consumer when the first of the following occurs— 30
- (a) the goods are labelled with the consumer’s name in a way that is intended by the trader to be permanent;
 - (b) the goods are set aside for the consumer in a way that is intended by the trader to be permanent; 35
 - (c) the alteration of the goods to a specification agreed between the trader and the consumer is completed;
 - (d) the consumer is told by the trader that goods bearing a unique identifier will be used to fulfil the contract;
 - (e) on examining the goods the consumer agrees that they are to be used to fulfil the contract; 40
 - (f) the goods are delivered to a carrier for delivery to the consumer;
 - (g) the goods are delivered to the consumer;

- (h) the goods that are to be used to fulfil the contract are identified by the trader in some other way, and the trader intends the identification to be permanent.
- (5) Any term of the contract that purports to provide for ownership of the goods to transfer to the consumer at a time later than that provided by virtue of this section is to that extent of no effect.” 5
- 2 Consequential amendments of the Sale of Goods Act 1979**
- (1) The Sale of Goods Act 1979 is amended as follows.
- (2) In section 1 (contracts to which Act applies), for subsection (5) substitute –
- “(5) Certain provisions of this Act do not apply to – 10
- (a) a contract to which Chapter 2 of Part 1 of the Consumer Rights Act 2015 applies;
- (b) a contract to which section 18A or 18B of that Act applies.”
- (3) In section 16 (goods must be ascertained) –
- (a) at the beginning insert “(1)”, and 15
- (b) at the end insert –
- “(2) This section does not apply to a contract to which section 18B of the Consumer Rights Act 2015 applies.”
- (4) In section 17 (property passes when intended to pass), at the end insert –
- “(3) This section does not apply to a contract to which section 18A or 18B of the Consumer Rights Act 2015 applies.” 20
- (5) In section 18 (rules for ascertaining intention) –
- (a) at the beginning insert “(1)”, and
- (b) at the end insert –
- “(2) This section does not apply to a contract to which section 18A or 18B of the Consumer Rights Act 2015 applies.” 25
- (6) In section 19 (reservation of right of disposal), at the end insert –
- “(4) This section does not apply to a contract to which section 18A or 18B of the Consumer Rights Act 2015 applies.”
- (7) In section 43 (termination of lien), at the end insert – 30
- “(3) In subsection (1)(a), the words “without reserving the right of disposal of the goods” do not apply to a contract to which section 18A or 18B of the Consumer Rights Act 2015 applies.”
- 3 Extent, commencement and short title**
- (1) This Act extends to England and Wales only. 35
- (2) This Act comes into force at the end of the period of two months beginning with the day on which it is passed.
- (3) This Act does not apply to a contract made before the day on which this Act comes into force.

- (4) This Act may be cited as the Consumer Rights (Transfer of Ownership under Sales Contracts) Act 2020.