

New Consumer Protection Act

- The Consumer Protection Act, 2019 (“New Act”) has come into force majorly from 20.7.2020.
- It replaces the earlier act viz The Consumer Protection Act, 1986 (“Old Act”).
- The New Act provides more protection to consumers by simplifying procedures, facilitating faster disposal of grievances and introducing certain new provisions.
- This note is to highlight the changes brought about by the New Act, which affect the banks.

(A) Changes to earlier provisions

Sr	Parameter	Old Act	New Act	Impact/ Comment
1	Pecuniary Jurisdiction			
	District Commission	Value of goods or services and compensation Up to Rs 20 lacs	Value of goods or services Up to Rs 1 crore	-Compensation amount is NO LONGER a parameter. This may induce a customer to claim compensation independent (and even higher) of the value of goods/ services. -No ceiling on power of District and State Commission to grant compensation may result into orders for amounts higher than the value of goods/ services. -Potential higher liability.
	State Commission	Value of goods or services and compensation above Rs 20 lacs up to Rs 1 crore	Value of goods or services above Rs 1 crore up to Rs10 crores	
Central Commission	Value of goods or services and compensation Above Rs 1 core	Value of goods or services above Rs. 10 crores		
2	Territorial Jurisdiction	At the place where the seller has office or the place of purchase	Any place where the consumer resides or works	-Ease of filing compliant may lead to more complaints.
3	E Filing/ Hearing by Video Conference	No	Yes	-Potential more instances of liability.
4	Compensation amount to be deposited while filing an appeal	50% subject to ceiling of Rs 25k/ Rs 35k/ Rs 50k	50% with NO ceiling	-Need to be more careful in the 1 st instance.
5	Appeal when?	In any case	Only when there is substantial question of law	-Lesser chance/ purpose of preferring appeal.

(B) Additional provisions brought by the New Act

Sr	Parameter	Impact/ Comment
1	Power to execute under CPC	-Earlier, an award holder had to approach civil court for execution of award. -Now the Commission has this power which would make execution faster. -More chances of liability to the seller.
2	Product Liability & Penal Consequences, Unfair Trade Practice, Misleading Advertisements	-These provisions are akin to provisions relating to unfair trade under earlier MRTP Act and create a generic cause of action. -May lead to liability to the seller. -Need to be more careful in product design, marketing and appropriateness.
3	Central Consumer Protection Authority	-New Regulator with wide powers of enforcement by inquiry, investigation, suo moto actions, recall products, order reimbursement of the price of goods/ services, cancel licenses and file class action suits, if a consumer complaint affects more than 1 individual. -Necessitates additional compliance preparedness.