

SCHEDULE 1

Inappropriate Conduct in Advertising & Promotion

This schedule to the ASIAL *Code of Practice for the Marketing of Home Security Systems* describes in greater detail specific application of the Code in the context of marketing home security systems:

Misleading and Deceptive Conduct:

Advertising and other communication must be accurate and true. Any conduct that misleads or deceives, or is likely to mislead or deceive, is against the law. (*Section 52, Trade Practices Act 1974*)

Misleading or deceiving someone may include:

- Telling them lies;
- Creating an incorrect impression;
- Making claims that are untrue, exaggerated, or cannot be substantiated;
- Leading someone to a wrong conclusion;
- Leaving out important information.

Important rules that underpin the 'don't mislead or deceive' principle include:

- You can mislead or deceive someone simply by being careless, even if there is no intent to do so;
- Whether communication is misleading or deceptive depends not on the audience the message was intended to reach, but on the audience that actually receives the message;
- Whether someone is misled or deceived depends largely on the overall impression created;
- There is no requirement for someone to actually be misled to break the law. The mere likelihood or potential that someone may be misled or deceived is sufficient.

Specific conduct or selling techniques associated with the marketing of home security that ASIAL considers to be misleading or deceptive include:

- Comparing the outright purchase price of an unmonitored security system with the up-front installation fee of a monitored security system, and/or where the company retains ownership of the security system;
- Failing to clearly disclose in all advertising and relevant documents any minimum monitoring contract term, and the total minimum cost over the period of the contract including up-front fees and monitoring;
- Offering to enter someone into a draw where they appear to win a free or discounted security system, without clearly disclosing that provision of the system is conditional upon signing a monitoring agreement, or where 'everyone is a winner', or where legally required permit numbers or terms & conditions of the draw are not displayed;

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- Giving the impression that Police, Fire, Ambulance, or other Emergency Services will quickly respond to all alarms, or implying that alarm signals go 'direct' to Police, Fire, Ambulance, or other Emergency Services;
- Indicating that a 'special offer' is 'limited', when in fact it is generally available. This may include advertising 'only available to first 50 callers', or 'offer only available in this neighbourhood this week';
- Advertising products at specific prices in circumstances where it is unlikely to be available for a reasonable period (bait advertising);
- Advertising security systems 'free' or otherwise discounted, without clearly indicating that this is actually an 'up-front' installation fee, conditional upon signing a monitoring agreement. It is not acceptable merely to indicate 'conditions apply';
- Showing disclaimers only in fine print, or in an area that is difficult to find. Any qualifications or exclusions must be made highly visible and specific. For example, when stating an up-front price to install a security system that is conditional upon signature of a monitoring agreement, the minimum clearly stated wording, is:
 - “* \$XX is the up-front installation fee. The total minimum cost is \$XX including XX months monitoring at \$XX per month”;
 - Telling someone that patrol response is available in areas where it may not be available, or telling someone that specific response times are guaranteed in every circumstance.

Unconscionable, Unethical, or Unfair Conduct:

The *Trade Practices Act* prohibits conduct that is unconscionable or unfair. In the context of home security, this means that security providers must not act in an unconscionable way particularly to vulnerable, disadvantaged, or uninformed customers. Unconscionability essentially involves the exploitation by a stronger party of an evident disability suffered by a weaker party, such as illiteracy, inexperience, age, or mental or physical disability.

Specific conduct or selling techniques associated with the marketing of home security that ASIAL considers to be unconscionable include:

- Signing up someone to a contract without disclosing the nature of important clauses (for instance, the term of the contract);
- Disguising important terms or conditions by the use of small print;
- Deceptive layout of an advertisement or document to disguise important information;
- Taking advantage of someone's mental or physical limitations.

Other Unlawful Practices:

Consumer protection laws also require that ASIAL Members never engage in any of the following unethical or unlawful practices:

Harassment or Coercion:

Examples might include a large person standing in close proximity to the customer, or phoning at a late hour, or using gestures or words that may be considered intimidating, being 'pushy' and refusing to accept 'no' as an answer, refusing to leave when asked to do so, or using threats or force to collect payments.

High Pressure or Scare Tactics:

It can be difficult to judge what might scare someone, so prudence is wise. Something that may have no affect on one customer might leave another customer trembling with fear. ASIAL members must be sensitive to this, and so must avoid using potentially threatening third party stories, avoid presenting newspaper crime articles, avoid emotive words like 'rape', 'home invasion', and 'stab', and avoid making predictions like 'you might be invaded tomorrow'.

Providing Unsolicited Goods or Services:

This occurs if you provide and demand payment for goods or services that the customer has not in fact requested. Illegal action with criminal consequences includes getting someone to sign a blank or partly completed document and completing it later, getting someone to sign an agreement without being given full opportunity to read it first, or amending an agreement without the customer's written permission.

Referral Selling:

Referral selling involves inducing someone to purchase goods or services with the promise that they will receive a rebate or other payment if they provide the names of other prospective customers. For example, convincing someone to install a home security system on the basis that they may earn a reward by signing up their contacts is illegal and may have criminal consequences.

Pyramid Selling:

Pyramid selling occurs when someone is induced to pay money to join a selling or trading scheme in the expectation that they themselves will receive payment for sponsoring others into the scheme. Pyramid selling can be distinguished from multi-level marketing schemes (which are not illegal) in which participants are rewarded with respect to purchasing and retailing activities – not for the mere act of sponsoring.