

A scenic landscape photograph of a river winding through a dense forest towards mountains. The river is light blue and flows from the left towards the center. The forest is a thick green, and the mountains in the background are hazy and blue.

ANNUAL REPORT


2022



CONSUMER
PROTECTION BC

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Our offices are located on the traditional lands of the ƵSÁNEĆ and Ləkʷəŋən (Lekwungen), hə́ŋqəmíhə́m (Hun'qumyi'num), Sk̓wxwú7mesh (Squamish) and Secwepemctsín (Shuswap)-speaking Peoples and ancestors, and our work extends across the homelands of the Indigenous Peoples within what we now call British Columbia. We honour the many territorial keepers of the lands and waters where we work.

MESSAGE FROM THE BOARD CHAIR AND CEO

On behalf of Consumer Protection BC, we are pleased to present our 2022 Annual Report.

Our effectiveness as a regulator relies on our ability to adapt to a constantly evolving marketplace and to the changing needs of those we are entrusted to serve. While reading this Report, you may notice a recurring theme of flexibility and responsiveness: we will provide details on our execution of Business Plan strategies and tactics, and share stories of instances where we adapted to new information or changes in the environment and accordingly altered our approach.

We executed on our four Business Plan strategies, making significant progress in each area. As part of our efforts to *enhance the consumer inquiry and complaint process by leveraging technology*, we considered a digital complaint ticketing system, but decided not to pursue it. Instead, we developed new tools to better support consumers in resolving their issues and will be evaluating their effectiveness in the coming years. We continued to prioritize our data-driven approach under our focus to *create consumer insights through a corporate data strategy*. We implemented new frameworks for data governance and cataloging and created a roadmap to guide our future efforts. To *increase compliance of continuing services contracts*, we worked with licensed travel agencies to bring the types of contracts they use into compliance – efforts that will continue into 2023. For our final strategy, *respond to marketplace risks through targeted consumer and supplier education*, we launched year one of a three-year educational campaign and informed consumers about their debt collection rights, reaching nearly 2.5 million people on Facebook alone.

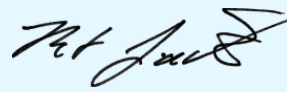
2022 was a significant year for our organization, marked by several achievements. In May, we began administering new legislation to license and regulate high-cost credit grantors in the province; in October, we were certified as a Great Place to Work for the sixth consecutive year, a testament to our ongoing commitment to developing a strong corporate culture; and by the end of the year, we facilitated the return of nearly \$0.6 million in consumer refunds from businesses.

In closing, we would like to express our appreciation for the exceptional efforts and unwavering dedication of our employees. Despite the continued challenges presented by the COVID-19 pandemic, our staff have consistently worked collaboratively to find innovative solutions and deliver high levels of value to our interest holders.

We look forward to continuing to serve the consumers and businesses of British Columbia in the year ahead and on behalf of the BC Government.



Rod Dewar
Board Chair



Robert Gialloreto
President & CEO

A lush green forest scene with sunlight filtering through the trees, creating a warm and natural atmosphere. A large teal rectangular overlay covers the center of the page, providing a background for the text.

Rod Dewar
Chair of the Board of Directors

Gigi Chen-Kuo
Director
Governance & Nominating Committee Chair

Glen MacInnes
Director (Ministerial Appointment; ended November 2022)

Cathy McIntyre
Director
Human Resources & Compensation Committee Chair

William Snell
Director
Finance & Audit Committee Chair

Ali Solehdin
Director

BOARD OF DIRECTORS

2022 HIGHLIGHTS



\$586,000

With our help, consumers received over \$586,000 in refunds from businesses

We answered **9,314** consumer questions

We issued/renewed **7,226** licences

We completed **161** investigations

We inspected **341** licensed businesses

We were certified as a Great Place to Work for the sixth year in a row



Our website was viewed **935,701** times and our consumer blog was viewed **268,614** times



We shared information with:

69,630 followers on Facebook

4,133 followers on Instagram

5,855 email subscribers

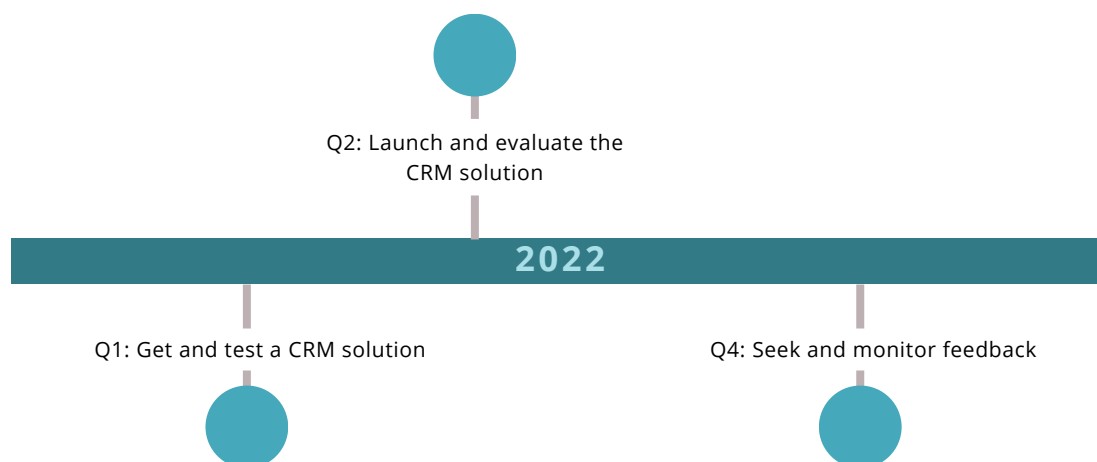
In May, we began licensing and regulating high-cost credit grantors and started administering a new fund that supports related education and compliance efforts

PERFORMANCE ASSESSMENT

The strategies presented in the 2022 - 2024 Business Plan are designed to enhance our effectiveness as a regulator. They describe the outputs we provide to deliver consumer protection services throughout BC; promote fairness and understanding in the marketplace; and administer any Act delegated to us in the public interest. The strategies are also coupled with measures of what success looks like.

Actual annual performance is compared against each performance target and, where required, provides an explanation. Our Business Plan is a three-year roadmap and the details within this Annual Report speak to our progress in 2022.

Business strategy 1: Enhance the consumer inquiry and complaint process by leveraging technology



Tactic 1: We installed and tested a pilot customer relationship management (CRM) ticketing system through Q4 2021 and Q1 2022. Testing outcomes showed that a CRM would ultimately not meet our needs and we decided not to proceed with its implementation. As a result, the remaining two tactics were halted and replaced with the tactics below.

- **Tactic (new):** Implement standard email response templates for consumer inquiries (Q4 2022). Email templates were launched in Q4 2022 to reduce internal processing times and ensure clear and consistent messaging to consumers.
- **Tactic (new):** Introduce a consumer knowledge base to our website (Q4 2022). This self-serve library of information was launched on our website in Q4 2022 to assist consumers with out-of-mandate issues by offering them a referral to an agency that may be able to assist.

Performance measures	2022 target	2022 actual
Increase percentage of in-mandate complaints ¹	>50%	38% ²
Reduce average wait times for web and written complaint responses ³	0 - 2 days	3 days ⁴
Divert existing or reach new consumers by enhancing or adding a communication channel	1 - 3% of inquiries	0% of inquiries ⁵

1. A higher percentage for this performance measure indicates our resources are increasingly dedicated to resolving in-mandate problems; consumers with complaints that can be resolved by our partners and the courts are receiving referral information more quickly.

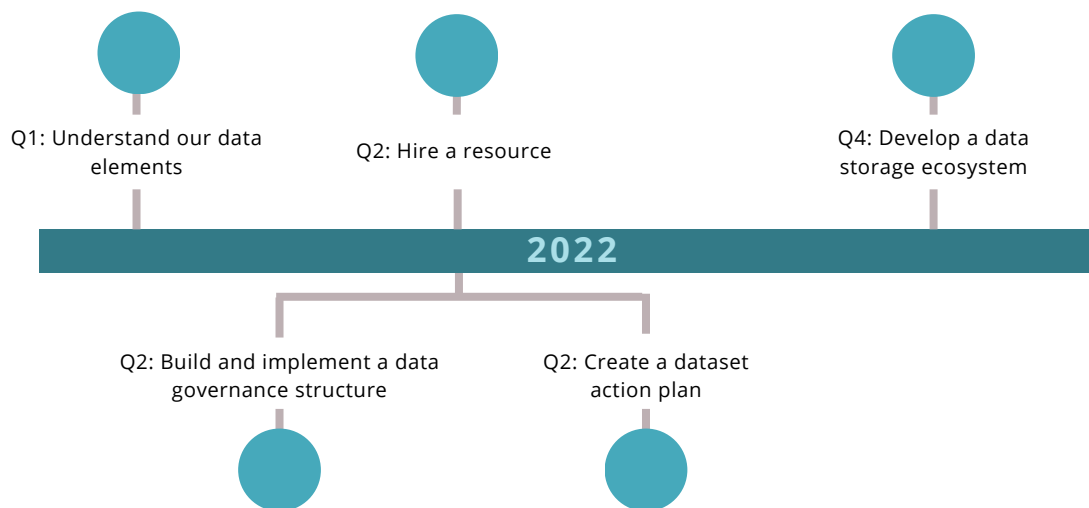
2. Despite efforts to increase in-mandate complaints by limiting the access of those with out-of-mandate complaints to live telephone and complaint form channels, consumers continued to leave messages and submit forms with out-of-mandate complaints. The lower-than-expected result was largely guided by marketplace and consumer trends and issues that Consumer Protection BC has no control over.

3. This target is the expected outcome, in terms of days, to respond to a consumer complaint. It measures complaint turnaround time; a lower number of days represents consumers getting information or referrals more quickly.

4. Due to marketplace demands such as travel disruptions, staffing levels and a decision to not implement a customer relationship management tool, this target was not met.

5. To assist consumers with out-of-mandate issues, staff added a knowledge base to our website in Q4 2022. Due to the short time the tool was available, staff did not see a shift in diverting consumers by the end of 2022.

Business strategy 2: Create consumer insights through a corporate data strategy



Tactic 1: The framework for our data catalogue was created and implemented in Q3 2022. We will continue to refine the data definitions and complete data point cleanup.

Tactic 2: A data analytics position was filled at the end of Q2 2022.

Tactic 3: In Q2 2022, a data governance framework was built to improve the effectiveness of our data management and related communication across the organization.

Tactic 4: A flexible data roadmap to position us as a data-driven organization was completed in Q4 2022.

Tactic 5: A data storage ecosystem was created and finalized in Q1 2022. We will be exploring data warehousing and cloud hosting for our key data repository opportunities in 2023.

Performance measures	2022 target	2022 actual
Develop data management function including human, technological and operational resources to implement the corporate data strategy	100%	100%
Number of data-driven compliance and inspection-oriented strategies that address high-risk market activities	2 - 4	2 ⁶
Increase in number of targeted campaigns to vulnerable consumers based on complaint trends in data	1	1 ⁷
Number of features for licensees in MyAccount portal that use data to present new information and support related to licensing and compliance	2	2 ⁸
Increase the number of features in our consumer assistance channels (web, social, phone, etc.) that rely on data to present relevant and topical information to serve consumer interests	1	1 ⁹

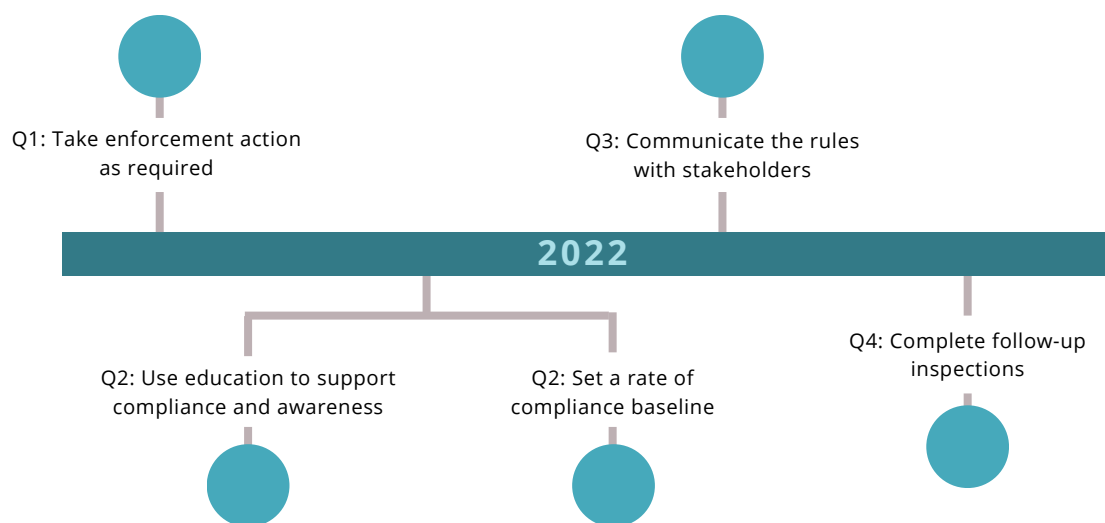
6. Data insights in 2022 focused on non-compliant travel agency contracts and debt collection complaints and compliance in parallel with the debt-related consumer education campaign.

7. Year one of our three-year consumer education campaign was informed in part by insights from debt collection complaints.

8. New features were implemented in MyAccount to share inspection data and post-inspection letters with licensees. These features were complemented by MyAccount financial reporting enhancements for debt collection agencies (completed in Q4 2022).

9. We implemented a new consumer-facing knowledge base on our website (from Strategy 1) to act as a new assistance channel. The knowledge base uses inquiry data to identify the highest number of out-of-mandate complaints received, improving relevance for consumers seeking assistance.

Business strategy 3: Increase compliance of continuing services contracts



Tactic 1: Based on follow-up inspections, 54 out of 73 gyms and fitness studios inspected in 2021 were identified to still have varying levels of non-compliance with continuing service contract requirements and appropriate follow-up action was taken in response.¹⁰

Tactic 2: In Q2 2022, an educational email newsletter was distributed to 700 gyms and fitness studios in BC. The campaign explained to businesses that their contracts were captured under BC's consumer protection laws, outlined their obligations and spoke to the benefits of using compliant contracts. The information also linked readers to business-focused information on our website. Email open rates averaged 56%, representing a much higher rate than the industry benchmark of 28.7%.

Tactic 3: Based on inspections of licensed travel agencies, we identified that 67 of the 70 businesses inspected (96%) were not compliant with some aspect of future performance and/or distance sales contract provisions. Looking closer at the inspection results, 54% of businesses were not compliant with future performance requirements, while 97% of those engaged in distances sales were not compliant with distance sales contract requirements.

10. Examples of continued non-compliance include contracts missing prescribed notices of cancellation for consumers and itemized service prices.

Tactic 4: All the inspected travel agencies received a post-inspection communication advising of the inspection results. They were also informed that corrective measures were needed before follow-up inspections would be conducted at the end of the year.

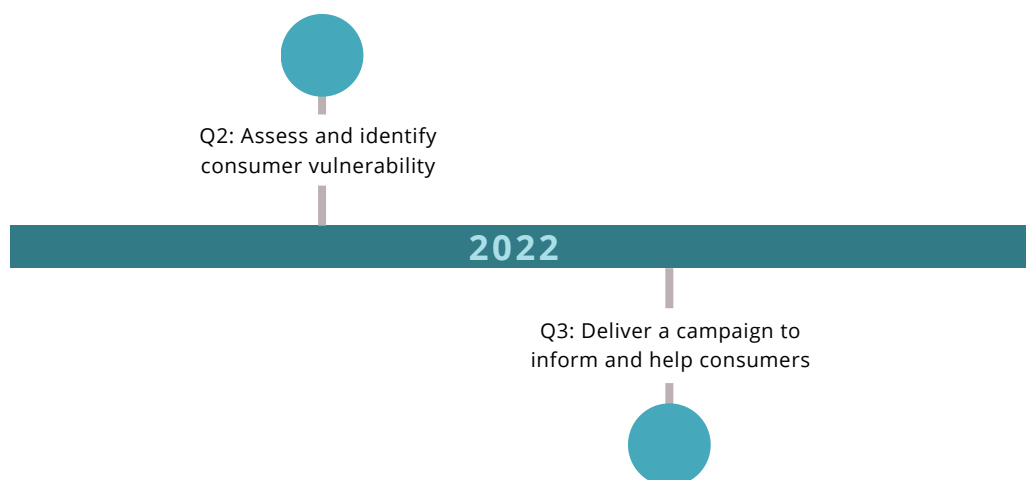
Tactic 5: We conducted follow-up inspections of 62 travel agencies (five others were no longer operating). Results showed that, despite clear direction on issues of non-compliance stemming from initial inspections, 53% of businesses were still in non-compliance with elements of BC’s consumer future performance and/or distances sales contract requirements.¹¹ These outcomes helped drive tactics for our 2023 Business Plan related to contract compliance in the travel sector.

Performance measures	2022 target	2022 actual
Number of future performance and distance sales-focused contract inspections completed	>70	70
Percentage of future performance and distance sales-focused contract inspections completed that identify business non-compliance	Baseline established	67 / 70 96%
Percentage of future performance and distance sales-focused contract inspections completed that identify continued non-compliance ¹²	0-35%	53%

11. Continued non-compliance was identified in 53% of the 62 total follow-up inspections completed. Identified non-compliance was either minor in nature (identified in 12 inspections, or 19%) or more serious (identified in 21 inspections, or 34%). Examples of minor infractions include contracts missing itemized purchase prices or costs payable by the consumer (such as taxes or shipping charges).

12. A lower percentage for this performance measure would indicate a higher rate of compliance and, therefore, a reduced need for follow-up enforcement.

Business strategy 4: Respond to marketplace risks through targeted consumer and supplier education



Tactic 1 & 2: We launched year one of a three-year educational campaign to inform consumers about their rights when it comes to debt collection in BC. Our target audience was BC consumers between the ages of 45 and 55 who were being contacted by a debt collector.¹³ The goal was to offer information and unassisted (self-help) solutions to this consumer group through quality online content, resources and self-help tools.

The campaign rolled out in two phases (one in the spring and one in the fall) to allow for testing and to optimize performance across all channels, including digital and traditional/out-of-home advertising. The campaign met all objectives and reached almost 2.5 million people on Facebook alone.

13. Research indicates that consumers aged 45-55 are the audience dealing with most non-mortgage debt in Canada and are the most likely to report having been contacted by a debt collector.

Performance measures	2022 target	2022 actual
Meet return on investment campaign targets for digital media (cost per click)	\$0.60 - \$2.50 CPC	\$0.99 CPC
Meet return on investment campaign targets for traditional media (such as radio, newspaper, billboards or television)	Establish baseline	\$44 CPC
Deliver educational content to BC consumers through online campaign content	>18,000 pageviews	26,002 pageviews
Minimize impact on Inquiry Centre resources by providing quality online campaign content that facilitates unassisted solutions for consumers ¹⁴	<18:1,000	3:1,000

14. We aimed to divert potential out-of-mandate inquiries as to not overextend employee resources. We evaluated the success of this measure by maintaining the current ratio of out-of-mandate debt inquiries to debt-related website traffic, accounting for about a 5% increase.

A woman in a pink jacket and a young child in a blue jacket are walking away from the camera on a dirt path through a forest. The woman is holding the child's hand. Sunlight filters through the trees, creating a warm, dappled light effect on the path and foliage. The path is covered with fallen leaves and small plants.

2022 UPDATE ON EMERGING PUBLIC POLICY

High-cost credit grantors

In 2021, we worked with the Ministry of Public Safety and Solicitor General as it developed the regulations required to license and regulate high-cost credit grantors. After engaging with this new sector and other interested parties, we began licensing and regulating high-cost credit grantors on May 1, 2022. In conjunction, we began administering a new Consumer Financial Education Fund. This fund is mandated in law and is used to increase compliance with the new rules and educate consumers about high-cost financial services, including payday loans, high-cost credit products and cheque-cashing services.

Consumer protection law modernization

In 2022, we supported the Province's ongoing policy work and consultations regarding consumer protection in the modern marketplace, which may help inform potential improvements to BC's consumer protection laws moving forward.

First Nations cemeteries

In 2022, we contributed to discussions with the Province and First Nations communities with respect to unmarked burials found on former residential school sites within BC and the potential application of the *Cremation, Interment and Funeral Services Act* (CIFSA). We also continued to offer ourselves as a resource that can provide assistance to First Nations communities in understanding the potential application of the CIFSA with respect to establishing and managing cemeteries in a treaty and non-treaty context and in a manner that recognizes Indigenous rights, culture and traditions.

Consumer story: BC consumer stays a step ahead by knowing her rights

Shaunna's* young daughter, Maxine*, had been enrolled in dance classes at a studio in British Columbia. Shaunna had prepaid for her daughter's annual tuition. Sadly, five weeks into classes, Maxine injured her foot and couldn't participate.

Shaunna took her daughter to a specialist and the doctor advised that Maxine should not attend dance classes to give the injury time to heal. Shaunna contacted the dance studio, provided the doctor's note, explained that she needed to cancel the contract and asked for a refund for the remaining months.



"The business would not accept it," said Shaunna. "They were very resistant to me. They said they didn't have to pay me back a penny." Feeling frustrated, she started looking for help. Shaunna's brother, a lawyer, suggested she reached out to Consumer Protection BC to see if they could assist her.

"[The investigator] was great," says Shaunna. "From there, everything was very smooth." Consumer Protection BC contacted the business and stated that because Maxine was physically unable to participate and had a doctor's note, Shaunna was within her rights to cancel.



After much back and forth, the dance studio eventually agreed to cancel the contract and provide Shaunna with a refund of more than \$1,500 for the remaining months.

When asked what advice she would give to people who are in a similar situation, Shaunna stressed the importance of contacting Consumer Protection BC for help. "Don't go in circles with the business. In situations like this, contact Consumer Protection BC and find out what options you have."

**Names changed to protect the privacy of the individuals involved.*

Curious about your rights when it comes to fitness contracts, like dance classes or gym memberships?

If you sign up for classes that are ongoing and physical in nature, you might be entering what's called a continuing services contract. With these contracts, you may have cancellation or refund rights if you are physically or mentally unable to participate.

[Find out more about continuing services contracts on our website.](#)

OPERATIONAL STATISTICS¹⁵

Licensed sectors:	Consumer inquiries ¹⁶	Licences issued and renewed	Compliance inspections
Cremation, interment and funeral services	426	1,211 ¹⁷	104
Debt collection, bailiffs and repayment agents	788	3,210	6
High-cost credit grantors	57	355 ¹⁸	3
Home inspectors	61	477	24
Motion picture and video retailers, distributors and theatres	20 ¹⁹	799	6
Payday lenders	90	161	47
Telemarketers	3	35	0 ²⁰
Travel agents and travel wholesalers	545	978	151
Total	1,990	7,226	341

Total number of consumer inquiries	9,314
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15. For more information, please read our [Licensed Industry Overviews](#) and our [Financial Statements](#) in the News and Media Centre section of our website (under Our Publications).

16. Volumes are based on each unique contact point logged by our tracking system, not on combined interactions with consumers on certain issues. Not all inquiries handled were within our mandate.

17. This number includes active and inactive-but-protected cemeteries.

18. High-cost credit grantors required licences as of May 2022. The industry was issued an interim licence for the May to October 2022 period and the presented number includes both renewals and new applications processed (and is not reflective of the industry size).

19. Includes inquiries about the motion picture and classification sector.

20. Generally, compliance inspections are categorized as risk-based, random and follow-up. With telemarketers, a complaint-based approach is taken.

Investigation files concluded:	161
Assets, recoveries and restitution:	
Administrative penalties to the Consumer Advancement Fund ²¹	\$41,350
Costs recovered through compliance orders and undertakings	\$27,708
Consumer restitution	\$586,785
Motion picture classification:	
General release exhibition trailers and motion pictures viewed	1,218
General release exhibition trailers and motion pictures additional approvals	37,738

21. Established through the *Business Practices and Consumer Protection Act*, the Consumer Advancement Fund (CAF) is a fund used to educate consumers and suppliers and to increase compliance with the Act, amongst other purposes. The CAF is funded, in part, by administrative monetary penalties that are levied under the consumer protection statutes Consumer Protection BC administers.

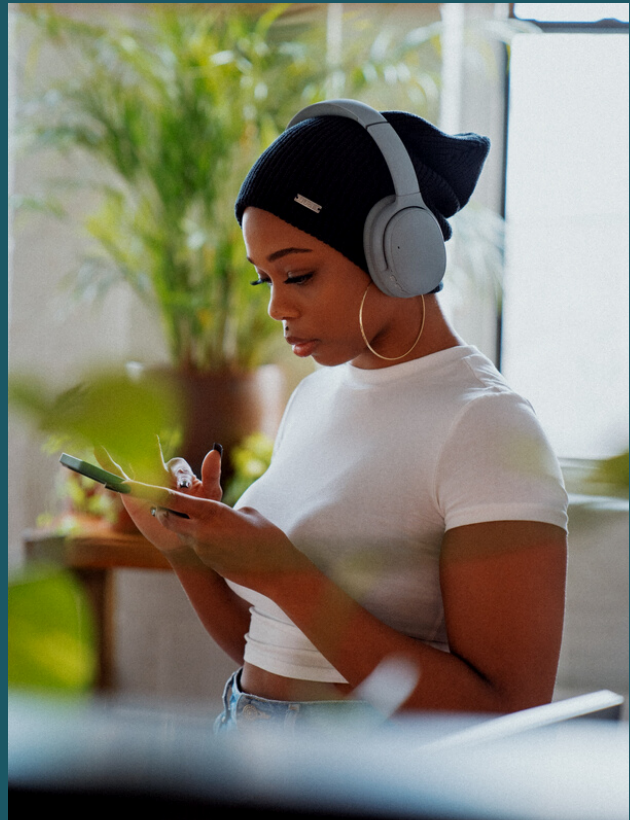
Consumer story: BC regulator helps consumer out of unlawful contract

Jaclyn's* gym membership was put on hold due to the pandemic. Months later and out of the blue, Jaclyn got a surprising email from her gym.

"They said my membership was active all of a sudden and they were trying to collect money from the last 11 months," said Jaclyn. "I told them if the membership was active again, I wanted to cancel it entirely. I wasn't comfortable participating."

After much back and forth, the business would not cooperate. They would not let Jaclyn cancel her membership. The business claimed that because they had a certain clause in the contract about cancellations, Jaclyn was locked into the contract.

"It was very stressful," said Jaclyn. But then Jaclyn remembered that Consumer Protection BC had helped her in the past and decided she would contact them to see if they could help in this situation too.



After providing necessary information to the investigator, Jaclyn was advised that the business could not charge her for the extra 11 months of service. Because the contract had exceeded the maximum length of 24 months, Jaclyn was not locked into the contract and was within her rights to cancel. The clause in the contract was not in compliance with the laws for these contracts in BC.

Consumer Protection BC contacted the business on Jaclyn's behalf and advised them to stop trying to collect payment and that they were obligated to allow Jaclyn to cancel the contract.

When asked about her takeaways from the experience, Jaclyn encourages others to not give in so easily and to ensure whatever contract you sign has legitimate terms.

"You can't sign your rights away. Businesses might put rules in your contract that don't line up with the law." Jaclyn encourages other consumers to reach out to Consumer Protection BC if in doubt.

**Names changed to protect the privacy of the individuals involved.*

Curious about your rights when it comes to certain contracts?

Most businesses are allowed to set their own return, refund and cancellation policies. However, there are specific contracts and transactions that are regulated in BC that entitle you to certain rights. In these cases, you may have specific rights under BC law that supersede any clause or policy you may have agreed to when you signed the contract.

For example, if you sign up for a gym membership, you might be entering what's called a continuing services contract. These contracts can't exceed 24 months and after that, the membership must move to a month-to-month term. This allows you to cancel your contract by giving 30 days notice.

[Find out more about continuing services contracts on our website.](#)



FINANCIAL REVIEW

We ended the year with a surplus of \$153,649 compared to a budgeted surplus of \$56,726. This surplus was realized because of higher-than-anticipated revenue in the newly licensed high-cost credit granting sector. Prudent expense management ensured that expense targets were achieved or were under budget, notwithstanding significant uncertainty in the marketplace due to the COVID-19 pandemic and inflation growth.

Our complete audited financial statements, including an accounting of the administration of the Consumer Advancement Fund, Travel Assurance Fund and the Consumer Financial Education Fund, are available in the [publications section](#) of our website.



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