

**LAW OF MONGOLIA
ON CONSUMER PROTECTION**

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(Turiin medeelel #3, 2004)

**CHAPTER ONE
GENERAL PROVISIONS**

Article 1. Purpose of the Law

1.1. The purpose of this Law shall be to govern relationships concerning consumer protection arising from sale and purchase of goods and products (hereinafter referred to as “goods”), performance of works and provision of services.

Article 2. Legislation on Consumer Protection

2.1. The legislation on consumer protection shall consist of the Constitution of Mongolia, the Civil Code, this Law, and other acts of legislation enacted in conformity therewith.

2.2. If an international agreement to which Mongolia is party provides otherwise than this Law, then the former shall prevail.

Article 3. Definitions

3.1. For the purposes of this Law:

3.1.1. “Consumer” shall mean an individual who orders, purchases goods, receives or uses any services for personal and family use only rather than for commercial purpose;

3.1.2. “Seller” shall mean business entity or organization irrespective of the form of organisation, sole proprietor or individual offering the goods to consumers;

3.1.3. “Producer” shall mean business entity or organization irrespective of the form of organisation, sole proprietor or individual producing the goods with the purpose of to sell to consumers;

3.1.4. “Contractor” shall mean business entity or organization irrespective of the form of organisation, as well as sole proprietor or individual performing work or providing services, either for consideration or for free to consumers;

3.1.5. “Warranty” shall mean a guarantee period of quality and safety of the goods, works or services provided by producer, seller, or contractor;

3.1.6. “Contract for work and services” shall mean any work defined in Articles 343 and 359 of the Civil Code.

Article 4. Principles of Consumer Protection

4.1. The following principles shall be adhered to in consumer protection:

4.1.1. The goods, works, and services being offered at the market shall meet the respective requirements of consumer's safety, quantity, volume, quality, durability and purpose;

4.1.2. Consumers shall be ensured the possibilities to obtain true information on goods, works, and services and to acquire consumer culture;

4.1.3. Any harm caused to the consumer's health, life, property, non-property interests and environment shall be redressed, the violated rights restored, and losses compensated for.

CHAPTER TWO CONSUMER RIGHTS

Article 5. Consumer Rights to Receive Quality and Safe Goods, Works and Services

5.1. Consumers shall have the right to use goods, receive works and services that match the consumer protection standards established by relevant authorities, technical conditions, building and hygiene norms, pharmacopeias and prescriptions, as well as the quality, quantity and safety requirements set forth in the legislation and contracts.

5.2. Consumers shall be entitled to the guarantee and durability period of quality and safety of goods.

5.3. If producer does not provide a warranty period for durable goods, unless otherwise provided in the law, buyer shall be entitled to a six months warranty quality and safety period commencing from the date of purchase.

5.4. The person who causes harm to the consumer's life, health, property or environment due to the failure to ensure the quality and safety of goods, works or services, shall be liable to compensate the harm as provided in Chapters 18 and 52 of the Civil Code.

5.5. Consumers shall be entitled to the protection of their rights violated due to the goods, works or services of inadequate quality through non-governmental organizations operating in the field of consumer protection.

5.6. Consumers shall have the right to demand from producers numbers of relevant documents, information on the license granting authority, as well as the permits and conclusions on the quality and safety of the goods issued by an inspection authority.

Article 6. Consumer's Entitlement to the Redress of the Harm and Compensation for the Loss Suffered at the Fault of Producers, Sellers or Contractors

6.1. Consumers shall protect their economic interests by having the harm redressed or the loss compensated for which they suffer at the fault of producers.

6.2. In case of physical defects (as to the quantity, volume, size, quality or period) in the goods or violation of rights, a consumer shall be entitled to demand the redress of the harm or compensation of the loss within the period set forth in contract or if such period is not set forth in the contract, to demand from the seller to immediately redress the harm or compensate the loss.

6.3. Consumers shall be entitled to demand from the seller who has sold defective, incomplete, or inadequate in quantity, volume, or quality goods to eliminate the harm or compensate for the loss as provided in Article 254 of the Civil Code one of the following:

6.3.1. To demand remedy of the defect free of charge or compensation of the cost incurred by consumer him/herself or by third party to remedy such defect;

6.3.2. To reduce the price of the goods in proportion to the defects;

6.3.3. To refuse to accept or re-calculate the price due for the goods which fail to meet the quantity or volume specified in the contract;

6.3.4. To replace the defective goods or return the goods and make refund; or

6.3.5. To terminate contract;

6.3.6. In case of failure of the seller to notify the consumer of the defects or incompleteness of the goods, the seller shall immediately replace the goods at the consumer's demand, or if that is not possible, within a time period agreed with the consumer replace or complete the goods, and if that is still not possible and if the consumer demands so, to partially or fully refund the price;

6.3.7. If within the warranty period goods fail to satisfy the purpose not at fault of the consumer or if the consumer discovers hidden defects, the seller shall replace or repair the goods free of charge within a time period agreed with the consumer. If that is impossible and the consumer demands so, the price or the difference shall be fully refunded.

6.4. The loss incurred by the consumer due to inadequate quality of works or services or non-performance of contractual obligations shall be compensated as follows:

6.4.1. by reducing the contract price in proportion to the loss incurred by the consumer due to the performance of work or service which fails to meet the contractual terms and conditions;

6.4.2. in case of consumer's refusal to accept the work or services due to the failure to meet the contractual conditions when performing work or providing services using consumer's materials, the contractor shall, unless the consumer otherwise provided for in the contract, perform the work or services meeting the contractual conditions by using materials of the same kind and quality.

6.5. If a consumer's complaint about inadequate quality, defects or incompleteness of goods, works or services is proved to be groundless by an opinion of a competent person, and if the consumer has violated the rules of transportation, storage or use of the goods pursuant to Article 255.1.3 of the Civil Code, then the seller shall not be liable for the relevant costs and expenses.

Article 7. Consumer Right to Information on Goods

7.1. Consumers shall have the right to be ensured objective information on goods to assist them in making a right choice.

7.2. Producers shall provide to consumers the following information regarding their goods:

7.2.1. Name and address of producer, trademark and other identification marks, bar code of the goods;

7.2.2. Purpose and consumption features of the goods;

7.2.3. Ingredients and components, methods of storage and use of the goods;

7.2.4. Description of the goods and price;

7.2.5. Amount and unit of measurement of the goods;

7.2.6. Guarantee and usage periods of the goods; and

7.2.7. Instructions for proper use of the goods.

Article 8. Consumer Right Defendable In Court

8.1. Consumers shall be entitled to claim to court in case of refusal of producer, seller, or contractor to satisfy their demands to redress the harm caused or compensate for the loss incurred.

Article 9. Consumer's Right to Acquire Consumer Culture

9.1. Consumers shall have the right to acquire consumer culture and to have opportunity to learn about it.

Article 10. Limitation Period for Claims Concerning Defects of Goods, Works and Services

10.1. In case of detecting defects in goods, works or services consumers shall have the right to make claim within the time period set in Articles 254 and 349 of the Civil Code.

10.2. In case of seasonal goods, the guarantee period shall run from the beginning of the given season.

10.3. In case of delivery of the goods by mail the period for making claim shall run from receipt of the claim by the consumer.

10.4. Producers, sellers and contractors shall be obliged to remedy defects in the goods, work or service within a reasonable period. The reasonable time period and the amount of a penalty shall be set out in the contract and certified by signatures of the both parties.

10.5. A producer, seller, or contractor who fails to perform its duty to timely remedy the defects in the goods, work or service shall be subject to a penalty pursuant to Article 232 of the Civil Code.

Article 11. Invalidity of Contracts with Consumers

11.1. Consumers, producers and contractors may conclude contracts of sale or supply of goods, or performance of work or services in writing or orally.

11.2. If the terms of a contract concluded with a consumer are less favourable than those set forth in the Law on Consumer Protection and other acts of legislation, then the former shall be null and void.

CHAPTER THREE

DUTIES OF PRODUCERS, SELLERS AND CONTRACTORS

Article 12. Duties of Producers, Sellers and Contractors

12.1. Goods, works, and services offered in the market by producers, sellers and contractors shall meet the requirement of not causing harm to consumers' life, health and environment, obligatory standards and the requirements of technical regulations.

12.2. When putting goods into circulation sellers shall be obliged to have contracts concluded with the producer (supplier) for supplying the goods that meet the requirements set forth in this Law.

12.3. Producers, sellers and contractors shall be obliged to dispose the consumers' complaints on the quality of the goods, works and services in accordance with law.

12.4. If it is established that goods, works or services offered in the market are potentially hazardous to consumers' life, health, property or environment, then the producer, seller or contractor shall immediately inform the public.

12.5. Producers and the sellers shall be obliged to sell the goods that meet the requirement of the guarantee period. In case of sale of goods of inadequate quality the producer or seller shall take back the goods at consumer's demand and refund the price.

12.6. Producers, sellers and contractors shall eliminate in accordance with law the harm caused to the consumer's health, property and environment due to violation of the safety requirements of the goods.

12.7. Producers, sellers and contractors shall immediately terminate supply or sale of goods and withdraw them from circulation in the case where it is proved that in spite of the consumer's observing the rules of transportation, storage and/or use, the goods have caused harm to the consumer's life, health, property or environment.

12.8. Producers, sellers and contractors shall be prohibited from giving to consumers false information regarding the goods, works and services.

12.9. It shall be prohibited to conclude sales contracts or contract for works or services by misleading or using force which violate consumer rights.

Article 13. Setting of Warranty Period and Rights of Producers and Contractors

13.1. Unless otherwise provided in the law, producers and contractors shall set a guarantee period for goods, works and services.

13.2. When offered to the market, goods, works and services shall carry clear and easy for consumers safety instructions of use, storage and transportation, attention remarks, production date, sale documentation, address and label.

13.3. If the law or standards set the requirements for the goods to be harmless to consumers' life, health, property and environment, then the meeting of such requirements shall be certified by an independent relevant authority.

Article 14. Producer's Duty to Repair and Provide Other Technical Services

14.1. Producers shall be obliged to arrange repair and technical services of the goods with the purpose to ensure reliable working within the period of usability, as well the production period, and in the case of cessation of production of the goods until the expiration of the wearing out period. If no such period is set, the producer shall be obliged to supply the respective spare parts of the goods within 5 years from putting of the goods into circulation.

Article 15. Period for Remedying Defects of the Goods, Works and Services

15.1. In case of complaint concerning defects in goods, works or services, such defects shall be remedied within the following period:

15.1.1. A seller shall immediately redress the possible harm caused due to incorrect setting of durability of foodstuffs or daily consumption goods;

15.1.2. In the case of a valid reason (public quarantine), or in case of seller (producer or contractor)'s sickness, death, bankruptcy, dissolution, or suspension or termination of its business during the disposing of the complaint concerning the goods, works or services the seller (producer or contractor) shall agree with the consumer to postpone the period for remedying the defects of the goods.

15.2. If the period for remedying the defects is missed without any valid reason, the seller (producer or contractor) shall pay a penalty equal to 0.1 percent of the total price of the goods, works, or services per each day of such delay.

CHAPTER FOUR

MANAGEMENT AND ORGANIZATION OF CONSUMER PROTECTION

Article 16. Powers of the State Central Administrative Body in Charge of Consumer Protection

16.1. The state central administrative body in charge of consumer protection shall exercise the following powers:

16.1.1. To implement state policies related to consumer protection;

16.1.2. to undertake measures to promote fair competition with the purpose to provide consumers with a wide possibility to select cheap, safe, and quality goods according to their demand;

16.1.3. to have the implementation of consumer protection legislation monitored, inspections conducted jointly with state inspection agencies, provided information and promotion activities, organized trainings and other activities by non-governmental organizations, provide them professional and methodological support.

Article 17. Powers of Aimag, Capital City, Soum, and District Hurals of Citizens' Representatives

17.1. Aimag, capital city, soum, and district Hurals of Citizens' Representatives shall exercise the following powers:

17.1.1. To consider and approve the policies for, plans, and budget of consumer protection activities to be conducted within the respective territory;

17.1.2. To support non-governmental organizations operating in the area of consumer protection within the respective territory and assess their activities;

Article 18. Powers of Aimag, Capital city, soum, and district Governors

18.1. The aimag, capital city, soum, and district Governors shall have the following powers:

18.1.1. To organize and monitor the implementation of policies and legislation on consumer protection;

18.1.2. To organize trainings on consumption culture;

18.1.3. To cooperate on the contract basis with non-governmental organizations operating in the area of consumer protection within the respective territory and support them.

Article 19. Functions of Consumer Protection Non-governmental Organizations

19.1. Non-governmental organizations operating in the area of consumer protection shall have the following functions:

19.1.1. To make proposals to the relevant authorities to terminate the production or sale of the goods that can be hazardous to consumers' life, health, property and environment and warn the public about such goods through the mass media;

19.1.2. To require to improve the quality of and to obtain respective guarantees for the goods;

19.1.3. To have the quality and safety of goods examined and conclusions drawn by authorized laboratories;

19.1.4. To conduct informal trainings of consumers on consumption culture;

19.1.5. to submit to the respective authorities the matters of imposing liability onto the individuals, business entities and organizations that produce goods, perform works, or provide services hazardous to consumers' life, health, property or environment or fail to fully perform works or services under contracts;

19.1.6. To submit to the relevant authorities proposals to modify or rescind the procedures and regulations that breaks the legislation on consumer protection;

19.1.7. To submit proposals to the relevant inspection authorities or make claims to court to impose sanctions on the officials who failed to take measure despite the receipt of justified complaints about serious violations of consumer protection;

19.1.8. To monitor the implementation of the consumer protection legislation and inform the public of the results of monitoring;

19.1.9. To make proposals on the activities of the state inspections agencies on the basis of consumers' complaints and proposals and submit to the relevant authorities;

19.1.10. To provide consumers with information and counseling on the quality, safety, and market price of the goods.

Article 20. Monitoring the Implementation of Consumer Protection Legislation

20.1. The state bodies and inspections agencies shall monitor the implementation of the legislation on consumer protection.

CHAPTER FIVE MISCELLANEOUS

Article 21. Administrative Liability for the Breaches of the Legislation

21.1. A state inspector shall impose the following sanctions for the breaches of the consumer protection legislation, unless the person responsible is subject to criminal liability:

21.1.1. a fine of 100,000–150,000 togrogs on a business entity or organization, and 10,000- 50,000 togrogs on an individual for breach of 12.5 or Article 13 of this Law;

21.1.2. confiscation of the goods and a fine of 100,000-200,000 togrogs on a business entity or organization and 20,000-50,000 togrogs on an individual for breach of 12.1 of this Law;

21.1.3. a fine of 100,000-250,000 togrogs on a business entity or organization, and 10,000-30,000 togrogs on an individual for breach of 12.8 this Law;

21.1.4. a fine of 100,000–250,000 togrogs on a business entity or organization, and 10,000-50,000 togrogs on an individual breach of 12.9 of this Law;

21.1.5. a fine of 50,000–100,000 togrogs on a business entity or organization, and 20,000-50,000 togrogs on an individual for breach of 6.1, 6.3 and 6.4 of this Law.

VICE-CHAIRMAN OF THE
STATE IKH KHURAL

J. BYAMBADORJ