
Chapter 2

Unit 1 - People in business

Resolving Conflict in the Market Place

Chapter Notes & past Exam Question

Question 1

(2022 - 2011)

WHAT ARE THE ELEMENTS OF A LEGALLY BINDING CONTRACT?

Contract

^{Def} This is a legally binding agreement between two or more people that is enforced in a court of law. This means that if a contract is broken the court can order them to complete the contract or else pay compensation

Law of Contract

^{Def} This set out the rule for providing a contract and when it is terminated (Finished)

Past Exam Questions

2021 Q1 A

2019 Q1 A

2014 (ABQ)

2013 Q1 C

2010 Q1 C

There are 8 elements that you need to know for the law of contract. These are

1. Offer

1. This is when one-person agrees to buy something from another person. It can be done verbally, in writing or by conduct.
2. It shows the willingness of the person making the offer to enter an agreement under specific terms.
3. An offer must be accepted as it is with no changes to the original off - if there are changes it is called a counter offer and this can be accepted or rejected.
4. An offer can be terminated if it is 1. Revoked - withdrawn before the other party accepts it, 2. Not accepted on time or 3. Rejected by the other party

2. Acceptance

1. This means that the other party **agrees to all the terms of the original offer without any conditions** or added on items. The acceptance must be clear and complete
2. An acceptance can be communicated in 3 ways - 1. Verbally, 2. In Writing and 3. By conduct

NOTE - Agreement is when there is an offer and acceptance. There must be a clear complete and unconditional offer and an acceptance of that offer by another party.

TIP - If this questions comes up in the exam - use Agreement as your statement and then explain with using offer and acceptance as your explanations. For higher level I would advise to not use offer and acceptance as two of your points

3. Consideration

This is when each part to the contract gives something of **value** to the other person. It is what each party offers to the other as evidence of their agreement. For example, if you buy a pair of jeans, you get the jeans, and the shop gets the money

4. Intention to contract

This means that both parties entering the contract must agree to create a legally binding contract that could be held up in court. All business contracts have intention to contract but social contracts don't. For example, if you agree to meet you friend at the shop at 7 pm and they don't show up you cant take them to court

5. Consent to Contract

This means that each party must enter the contract on their own free will. Consent must be voluntary and honest. This may not occur if

1. you have been pressurised against your will to enter the contract
2. If you have been given false information to agree to the contract or
3. If a genuine mistake can be showed to have happened

6. Capacity to contract

This means that the people agreeing to the contract must have legal right to do so. For example, the following do not have legal right to enter a contract

- a) Anyone under 18 except for items they would buy at that age
- b) People who are intoxicated, insane or of unsound mind
- c) If a company is acting Ultra Vires - This is when a company is trading outside there Memorandum of Association. This is what the company was set up to do. IT they are selling cars and decide to sell tractors instead they would be trading Ultra Vires

7. Legality of Form

Legality of form means that certain contracts must be drawn up in writing before they can become legally binding. Examples would include Hire purchases agreements, Insurance Policies.

8. Legality of Purpose

This means that for a contract to be legally binding it must be for legal purposes and not breaking the law. The contract must be in full compliance with all laws

HOW TO TERMINATE A CONTRACT

Termination of a contract

^{Def} This means that the contract is no longer legally binding and enforced by the law or courts

Past Exam Questions

2021 Q4 C

2018 Q1 A

2016 Q1 B

2012 Q1 B

There are four ways of terminating a contract and they include the following

1. Performance

This is when all parties to the contract have completed and carried out their duties as set out in the contract. They have fulfilled all their obligations as agreed.

Example - A builder said they would build an extension for €20,000. You pay them €20,000 and they build the extension the way you agreed

2. Agreement

Both parties to the contract agree to end a contract by mutual consent whether the purpose of the contract has been achieved.

Example - The builder is finding it hard to get to build your extension and you both agree to terminate the contract and you to find a new builder

3. Frustration

This is when something unforeseen occurs and prevents the contract from being completed. It makes it impossible for the contract to be completed.

Example - This could include fire, death or bankruptcy.

4. Breach of Contract

This is when one of the parties to the contract breaks a condition. A condition is an important/essential element of a contract. One of the parties doesn't do what they said they would do in the contract. The other party has a right to take them to court and is entitled to compensation

Example, the builder agrees to use beech for the wood in the extension but used oak instead.

WHAT ARE THE REMEDIES FOR BREACH OF CONTRACT?

If a condition is broken, and a breach of contract has occurred one of the parties are entitled to one of the following three

1. Rescind (Cancel) the Contract

This means that if a condition is broken the other party is entitled to cancel the contract or refuse to do what they said they would do.

For example, you ordered a red car and they deliver a blue one you

2. Sue for financial compensation

This means that you can sue for any losses that you incur. This can be done by hiring a solicitor.

If a warranty is broken the contract can still be fulfilled but at greater expense and inconvenience. Compensation can be sought for breaches of warranty, but the contract can't be rescinded

3. Seek Specific performance

This is a remedy for a breach for a contract. This means getting the court to order the other party to keep their side of the agreement

For Example - for the sale or lease of land, for the sale of a unique item such as a work of art or completion of construction to a property or an extension to a property

Past Exam Questions
2015 Q1 B

WHAT LEGISLATION PROTECTS CONSUMERS RIGHTS**Caveat emptor**

^{Def} This means 'Let the buyer beware'. When you are purchases items, a consumer must use common sense - if it is too good to be true. If you take your case to court and you haven't followed this rule your case may fail probable is. There are two piece of legislation that protect a consumer., These include

1. Sale of Goods and Supply of Services Act 1980
2. The Consumer Protection Act 2007

WHAT IS THE SALE OF GOODS AND SUPPLY OF SERVICE ACT 1980?

This act sets out 3 things

1. The legal right of consumers
2. The legal responsibilities of retailers
3. The legal remedies

<p style="text-align: center;">Past Exam Questions 2020 Q1 B 2017 Q1 C 2014 Q1 C 2011 Q1 B</p>

The only place where this act doesn't apply is the purchase of private second-hand cars and buying something from a friend or private individuals

1. The Legal right of consumers

a) Merchantable Quality

Goods should be of **reasonable standard/quality taking into account what they are supposed to do, their durability and their price**. The mobile phone is a high price commodity, therefore should be of a high standard. If the good is not of merchantable quality, the consumer could seek a refund, replacement, or repair depending on the type of fault and the time frame.

For Example - A €50 pen versus a €1 pen.

b) *Good must be fit for purpose*

This means that the goods must be able to do what they are supposed to do and what they were designed for. They must be fit for the particular purpose for which the buyer intends to use them). It must do exactly what it says on the tin

For example - if a product is to toast bread, then it must toast bread

c) *Good must be as described*

This means that you can't be misled into buying something by the description of goods or services given orally by a salesperson or an advertisement. If a salesperson sells you something, they must give you the product they were talking about.

d) *Legal ownership and quite possession*

This means that the person who is selling the product or service must own the product. They must have legal ownership. As a result, the buyer will own the product when they buy it and use it as they want. This is quite possession.

2. The Responsibilities of Retailers

- a) *Defect in the product* - Retailers are responsible for fixing any problem with the product and not the manufacturer. This is because you have the contract with the business and not the manufacturer.
- b) *Respect consumer rights* - Retailer must respect the rights of the consumer mentioned above.
- c) They must deal with complaints even if they relate to a faulty good.
- d) *Illegal Signs* - Signs that are displayed limiting the consumer's rights are not allowed. These signs include 'Credit notes only', 'Goods not exchanges'.

Additional Rights

1. Signs limiting consumer rights

Signs such as 'Credit Notes Only', 'No Cash Refunds', 'No exchange' are prohibited under the Sale of Goods & Supply of Services Act. These signs are illegal and do not affect your statutory consumer rights. A credit note is not a refund as it restricts you to shopping in that shop. It is an offence for the retailer to display signs that give the consumer the impression that they have no legal rights.

2. Guarantees

Guarantees are additional protection given to the consumer and they cannot limit the consumer's rights under consumer law. The guarantee must clearly show what goods are covered, the time frame involved and the procedure for making claims. The consumer can choose to have the goods

fixed by the manufacturer or they can insist that the retailer deals with the complaint. The contract is between the seller and the buyer.

3. Services

When a consumer buys a service; The service provider must have the necessary skill/qualification. The consumer is entitled to redress if the service is not provided with due care, diligence and attention or if the materials used are not of merchantable quality.

4. Unsolicited Goods

These are goods that are sent to someone without having ordered them. The consumer has the right to keep the goods without payment after thirty days if the consumer has sent written notice to the sender and informed them where they can be collected. They have the right to keep the goods after six months if the sender has not collected them and the consumer has not prevented the firm from collecting them.

It is important to note that the consumers have not right to redress if 1. They cause the fault, and 2. They changes their mind

3. Remedies

The remedies if to a consumer if a fault occurs included the following

- a) Repair - To get the fault fixed by the business. The consumer also has the right to a full refund if the repair is not satisfactory
- b) Replacement - If the fault is more serious, then the consumer is entitled to get a new product
- c) Refund - If the goods are not of merchantable quality, as described, fit for purpose or as described the consumer is entitled to a full refund not just repair or replacement

WHAT IS THE CONSUMER PROTECTION ACT 2007?

This law protects consumers from unfair business to consumer practices. These practices included Unfair, misleading or aggressive towards consumers. This act is only form business to business practice and not Business to business

1. *Prohibits false description* - Goods must not be sold with a false description. This applies to shop notice, claims made by a sales person or an advertisement
2. *Prohibits False Prices* - It is illegal to give false misleading information about the past present or future price of a product. Goods must be the same price on the product for 28 consecutive days before it can be reduced
3. *Prohibits false or misleading advertising* - 1-hour photos when it takes 24 hours
4. *Prohibits aggressive practices* - It prohibits business from using aggressive practices such as harassing, taking advantage of putting the consumer under pressure to buy a product or service
5. *Enforcement* - This legislation is enforced by the CCPC (Consumer and Competition Protection Commission)
6. *Code of Practice* - Helps draw up code of practice for businesses

Consumer and Competition Protection commission

Past Exam Questions
2021 Q1 A
2016 Q1 C

1. *Informs the consumer*

The CCPC provides consumers with information about their rights in relation to the purchase of goods and services, as well as financial services. They provide a website, a helpline, social media site and engage in radio and television advertising. They also produce a newsletter through a subscription service on their website.

2. *Enforces consumer law*

The CCPC is the statutory body responsible for enforcing all consumer laws. They issue compliance notices, on the spot fines, prohibition notices and produce a Consumer Protection List of all businesses who have breached consumer law.

3. *Advise the Government*

The CCPC advise the Government on consumer issues and recommend where consumers may need extra protection via legislation.

4. *Conduct Research*

The CCPC engages in research into consumer behaviour. They do this in order to advise consumers on how they can change habits and save money or receive better value for money, e.g. switching electricity supplier.

5. Educate consumers:

The CCPC website has many tools for consumers to use to make more informed decisions. These include financial calculators, cost comparisons for various financial services, interactive quizzes

6. Monitors Mergers & Acquisitions

To ensure fair competition in the market for consumers, the CCPC monitors all mergers and acquisition in Ireland. This is to ensure that there are no dominant businesses in particular markets.

HOW CAN CONSUMER COMPLAINTS BE RESOLVED IN A NON-LEGISLATIVE MANNER

Conflict can be resolve in two ways

1. Non-Legislative (Without Laws)
2. Legislative (Using Legislation)

1. Non-Legislative

Conflict can be resolve in 3 ways using a non-legislative manner

1. Meet and Negotiate

The consumer can return to the shop and try to talk with the manager and resolve the problem. You should speak in a polite manner and will need to bring proof of purchase and the faulty good. You should also know your legal right under the relevant legislation and what remedies you are entitle to.

2. Write a letter of complaint

If there is no resolution after talking with the manage you should write a letter of complaint. You should give a letter to the manage and to the head office. This may be useful it a third part is brought in to resolve the conflict. You letter and the business response will show the third party that you have tried to resolve the conflict.

3. Independent Third-party Intervention

This is usually provided by the Consumer Association of Ireland (CAI). This organisation is funded by consumer choice magazine. They report on consumer rights in Ireland. They highlight issue facing consumer and lobby the government to seek improvement in consumer protection

2. Legislative

1. Consumer and Competition Protection Commission

See above for the CCPC functions

2. The Office of the Ombudsman

They only investigate complaints when each party has tried to resolve but it is unsuccessful. They listen to both sides and issue recommendation which are not legally binding. They are appointed by the president and make annual reports to the Oireachtas.

Past Exam Questions
2019 Q1 C

3. Small Claims Court

This is when a consumer has a conflict with a business and is finding it difficult to resolve the problem, they can take a case to the Small Claims court. The small claim court has the following features

Inexpensive

The application fee is €25 which you send along with your application form to a district court clerk, called the Small Claims Registrar. The fee is non-refundable and it is an online application system

Limited Compensation

You can only use the Small Claims procedure if your claim is for €2,000 or less.

No Solicitor

There is no solicitor required as the person can represent themselves.

Certain types of cases

The small claims procedure doesn't deal with debts, personal injuries or breaches of leasing agreements. It also does not deal with most claims about private rental properties.

Chapter 2

Unit 1 - People in business

Resolving Conflict in the Market Place

Higher Level

Past Exam Question (Higher)

(for Resolving Conflict in the Market Place

Question 1

(2022 - 2011)

CONTRACT LAW**2017 Short Question**

1. Column 1 is a list of business terms relating to contract law. Columns 2 is a list of possible explanations for these items (One explanation does not refer to any of these terms)

Column 1 - Terms	Columns 2 - Explanations
1. Specific Performance	A. Some contracts must be in writing to be legally valid
2. Legality of Form	B. A way of terminating a legal contract
3. Performance	C. The mutual exchange of something of value in a contract
4. Consideration	D. Each party chooses to enter a contract voluntarily
5. Capacity	E. A remedy for breach of contract
	F. The legal right to enter into a contract

1	2	3	4	5

2021 - Question 1

- A. Explain using example where appropriate three essential elements of a valid contract (20)

2021 - Question 4

- C. Read the information supplied and answer the questions which follow.

Premier League soccer player Jack Wilshere and his club West Ham Utd agree 'mutual termination of midfielder's contract'. Adapted from the Irish Independent

- (i) Explain the method of terminating a legal contract as referred to in the text above.
 (ii) Outline other methods for terminating a legal contract. Provide an example in each case (20)

2019 - Question 1

- A. Explain the following terms in relation to the law of contract, providing an example in each case (20)

Capacity to contract

Consideration

Legality of form

Consent to contract

2018 - Question 1

A. Read the information supplied and answer the questions which follow.

The band 'Stand and Deliver' officially cancelled their upcoming tour due to the death of their singer Richard Stears.

- (i) Explain the method of terminating the legal contract referred to in the text above.
- (ii) Outline three other methods for terminating a legal contract, providing an example in each case. (25)

2016 - Question 1

B. A legal contract can be terminated by performance, whereby parties to the contract fulfil their obligations as agreed. Outline three other methods for terminating a legal contract. (20)

2015 - Question 1

A. Illustrate your understanding of the term 'Specific Performance' in relation to contract law. (10)

ABQ Question

'For a contract to be legally enforceable certain essential elements must exist.' Discuss this statement with reference to the rental of the premises by Shay Doherty for Atlantic Surf. (30)

2013 - Question 1

C. Illustrate your understanding of the following terms in relation to a valid contract:
Agreement; Legality of form; Consideration. (20)

2012 - Question 1

B. A legal contract can be terminated by breach, frustration or agreement. Illustrate your understanding of the underlined terms. (20)

2010 - Question 1

C. In relation to the Law of Contract, illustrate your understanding of Capacity to Contract (10)

Sale of goods and Supply of service Act**2018 - Short Question 1**

Fill in the appropriate words to complete each of the following statements

- (i) R_____, replacement and repairs are forms of redress available to a consumer under the Sale of Goods and Supply of Services Act 1980
- (ii) The _____ provides a solution to consumer conflicts and can award compensation up to €2000
- (iii) The term Merchantable quality in consumer law implies that consumer products are of a reasonable quality having regard to their _____
- (iv) The _____ is responsible for investigating, enforcing, and encouraging compliance with consumer law
- (v) The Sale of Goods and Supply of Services Act 1980 states that providers of services will supply a service with _____

2012 - Short Questions 2

Column 1 is a list of business terms. Column 2 is a list of explanations for these terms (one explanation does not refer to any of the terms)

Column 1 - Terms	Column 2 - Explanations
1. Stakeholders	A. A party acting beyond its legal powers
2. Ultra Vires	B. A quick, inexpensive way for dealing with consumer complaints
3. Lobbying	C. The manner in which a contract is drawn up
4. Legality of form	D. A party that can affect or be affected by business decisions
5. Labour Court	E. Using an organised campaign to influence a decision maker
	F. Established Joint Labour Committee

1	2	3	4	5

2021 - Question 1

1. Evaluate the role of the Competition and Consumer Protection Commission (CCPC) (20)

2020 - Question 1

- (B) Explain a consumer's legal rights under the terms of the Sale of Goods and Supply of Services Act 1980, with reference to any three of the following:

Services

Guarantees

Signs limiting consumer rights

Merchantable Quality.

(20)

2019 - Question 1

- (C) Evaluate the Small Claims Procedure for resolving conflict. (15)

2017 - Question 1

- (B) Evaluate negotiation, conciliation and arbitration as methods to resolve industrial conflict in the workplace. (20)

2017 - Question 1

- (C) Read the information supplied and answer the questions which follow.

Samsung Electronics abandoned its Galaxy Note 7 smartphone after customers reported that Phone batteries were prone to catching fire.

Source: adapted from Irish Independent, October 2016

- (i) Name the act which protects consumers who purchased the Samsung Galaxy Note 7.
- (ii) Outline three provisions of the act regarding a consumer's statutory (legal) rights in relation to the Samsung Galaxy Note 7. (20)

2016 - Question 1

- (C) Read the information supplied and answer the question which follows.

The National Consumer Agency (NCA) now known as the Competition and Consumer Protection Commission (CCPC), launched an investigation into the motor vehicle emissions scandal at the car manufacturer Volkswagen.

Evaluate the functions of the NCA (CCPC) with regard to protecting the interests of consumers.

(20)

2014 - Question 1

(C) Outline a consumer's legal rights under the terms of the Sale of Goods and Supply of Services Act 1980, with reference to any three of the following:

- (i) Merchantable Quality
- (ii) Guarantees
- (iii) Signs limiting consumer rights
- (iv) Unsolicited Goods. (20)

2011 - Question 1

- (B) (i) Discuss the rights of consumers under the terms of the Sale of Goods and Supply of Services Act 1980.
- (ii) Illustrate two forms of redress available to consumers for breach of the Act. (30)

2010 - Question 1

- (B) Evaluate the role of each of the following in protecting consumers:
- (i) The Small Claims Court
 - (ii) The Office of the Ombudsman for Public Services. (20)