

DW 9/9/09

Submission to Standing Committee Inquiry on Impotence Products

Who we are

Legal Aid Queensland's ("LAQ") civil law services seek to make legal rights a reality for disadvantaged people. We provide community legal education, legal information, legal advice, extended assistance and casework services in relation to consumer issues.

We provide advice to approximately 50,000 people each year across all legal areas. Around 30% of those advices are in relation to civil law issues. We also have a specialist Consumer Protection Unit (CPU) with a focus on consumer credit and consumer injustices which is staffed by 3 full time lawyers. That unit provides direct advice to over 1000 Queenslanders each year and conducts limited casework to the extent our resources permit. The unit gives priority to matters where there may be a more wide-ranging beneficial effect for all consumers and where clients have been victims of consumer injustices.

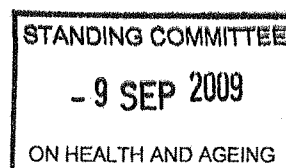
Advanced Medical Institute and nasal spray delivery technology

Legal Aid Queensland's consumer protection unit has provided more than 50 legal advices in relation to clients complaining about the practices of Advanced Medical Institute since 1 July 2008. Given the embarrassment that most males feel about discussing issues of this nature, this is a significant number of clients in such a short period of time. We have gathered more than 30 case notes in relation to affected clients and we have included 23 examples with short details in this submission.

LAQ has nominated impotence treatment contracts in our list of 'top 10 unfair contracts' submitted to the Federal Senate inquiry into the Trade Practices Amendment (Australian Consumer Law) Bill 2009 on 'unfair terms' last month.

We are concerned that vulnerable clients (aged from 17 to 80) have felt pressured into expensive contracts on the inducement of a refund in circumstances where uniformly the refund conditions are very onerous. A term in the lengthy impotence treatment contract (product worth more than \$5 000) requires consumers to try up to four different delivery methods of the product before being entitled to a refund if the nasal spray delivery product doesn't work. Men enticed to try the product to improve sexual function are comfortable using a nasal spray, the advertised delivery mechanism. They are told that a refund is possible if the product is ineffective. Having paid their money up front they are contractually bound to try various interventions culminating in an injection to the penis at the time of sexual activity before being eligible for a refund. Clearly many would have been daunted if they had understood the drastic measures required to obtain a release from the contract.

LAQ is not in a position to explore the efficacy of the products offered by AMI. Our clients rely on regulators to assess evidence based treatments and ensure that marketing concurs with evidence based claims. There appears to have been a breakdown in that system of protection in the case of the treatments offered by AMI.

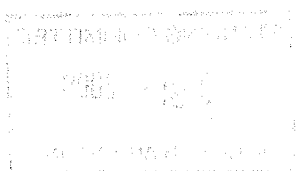


Worryingly a significant number of our clients report signing AMI contracts after they were told they faced health risks if they did not obtain the product. Clients report being told that they risked death or worsening symptoms if they do not use the product. One client reported he was told he was at risk of cervical cancer without the benefit of the product.

The lines between medical advice and marketing of a single line of products are blurred by the process employed by AMI. Australians expect that medical practitioners will assess their condition and recommend appropriate intervention without any conflict of interest. Out of 50 advices, we do not have one example where a doctor employed by AMI has discussed any treatment options that did not involve the expensive product sold by his or her employer. The medical interviews at AMI appear to be brief, often involve no physical examination and are frequently solely conducted by phone.

Common concerns arising from our casework:

- A number of our clients have experienced serious financial difficulty and severe financial hardship as a result of purchasing this product.
- High pressure sales tactics without corresponding cooling off period;
- Unfair refund conditions (requirement to try escalating intervention to qualify)
- Misrepresentation that patients could 'trial' treatment when contract did not reflect any cooling off period (see case studies 6, 17)
- Differing lengths of contract which are not the subject of negotiation and appear to run from 12 months to 24 months. The length of the contract appears to reflect how effective the selling of the product is rather than any analysis of the person's medical needs
- Threats made by sales representatives of adverse outcomes if AMI products not purchased (see case studies 1, (heart failure) 2,(increasing incidence of erectile dysfunction) 9,(higher levels of intervention- injection- required to sustain an erection) 16 (death), 19 (cervical cancer)
- Misuse of a 'medical appointment' to bind a person in a vulnerable position (a patient disclosing sensitive personal information) into an expensive binding agreement
- Misrepresentations that a binding contract entered into in circumstances where no such contract yet made (see case study 1)
- Doctors not declaring their conflict of interest, that their medical opinion was limited in that the only products they would prescribe would be AMI products
- Doctors not exploring other evidence based medical alternatives (such as Viagra, or diet and exercise to improve peripheral circulation)
- Inadequate medical appointments (by phone, without physical examination, without taking any histories, with cursory pro-form patient communication)
- Failure to recognise the validity of letters from medical professionals indicating that AMI's Treatment is unsuitable for that professional's patient
- Unsatisfactory complaint handling and dispute resolution.



Legal Aid AMI Case Study 1

Consumer Protection Unit Advice Clinic - October 2008

Background & Facts:

Client is 70 years old. A brochure was received in the mail advertising AMI nasal spray technology. Client went in to the clinic and saw a woman in her mid to late 30's.

The woman had indicated that if the client did not take this medication there would be fatal results. It was indicated that by not taking the medication, blood flow to the extremities could be affected and heart failure could occur.

Client had indicated that he wanted to speak to his wife before signing due to his limited income (being on a part pension) but was denied the opportunity. Client was told by this time that it was too late to back out as the sales representative had already ordered the treatment on the computer. Client had not even signed a contract by this stage.

A 12 month herbal programme cost was also added to the purchase.

Client did speak to a doctor however it was only over the phone. The doctor just proceeded through some uniform questions.

- Client later signed the contract with Advanced Medical Institute.
- The total cost was \$4495, to be paid over 18mths.
- A direct debit with his Commonwealth Bank was set up.
- Client then realised he could not afford costs and felt he was pressured into signing.
- Client was told in person that he could cancel the contract after a month but the contract doesn't reflect this.
- A complaint to the Australian Competition and Consumer Commission is pending.

Legal Aid AMI Case Study 2

Consumer Protection Unit Advice Clinic - September 2008

Background & Facts:

Client is 35 years old. Client says he felt pressured into signing the contract when the 'nurse' drew diagrams to demonstrate how much worse his erectile dysfunction would become if he didn't get treatment. Client paid a deposit of \$500 with a direct debit of \$110 per fortnight thereafter.

Client is into his 2nd month of an 18 month contract and has since suffered side effects from the spray. Client tried to cancel by telling of side effects however AMI refused.

Client was consequently advised to go to his GP and take the nasal spray. Client did as advised and his doctor said that the spray bottle did not contain any information as to the chemical make up of the contents. She was thus unable to say if it was good for him or not. She noted that he says he has had an allergic reaction to it and she wrote this in a letter to AMI.

Client sent the doctor's letter to AMI and asked for refund. A male nurse responded, only giving his first name and not his surname, stating that he must try other products before he can rescind. These include:

- Lozenges
- Needle Injection
- Intra-Urethral gel insertion

The client queried the make up of the spray and AMI sent him their brochure setting out what the medication is:

- Tri-cyclic anti depressants being Clomipramine or Tramadol.

Apparently all of their products contain either one of these drugs. This is the only ingredient that LAQ has been made aware of.

Legal Aid AMI Case Study 3

Consumer Protection Unit Advice Clinic - July 2008

Background & Facts:

Client is 41 years old. He called the Advanced Medical Institute and entered a verbal contract for nasal spray on the telephone. There was no contractual documentation received by this client. AMI did not discuss a cooling off period. A direct debit of \$240 per month was established.

Client attempted to cancel the contract after the first week as he realised how expensive it was going to be. He also realised that the proposed treatment would not medically assist him. The client sent an AMI a Doctor's certificate signed by his Doctor which indicated that the treatment was unsuitable for him. However AMI refused to cancel the contract and claimed that the contract runs for 12 months. Client spoke to his bank and was told that the transaction appears as an EFTPOS transaction rather than a direct debit, therefore the bank cannot stop the payments.

Client wrote a letter of demand and taped a subsequent phone call with AMI. AMI have subsequently agreed to return client's money. The refund has been obtained.

Legal Aid AMI Case Study 4

Consumer Protection Unit Advice Clinic - August 2008

Background & Facts:

Client is 66 years old. He entered into a contract over the phone for nasal spray technology. Payment was made by direct debit from his bank account. Client paid \$442.60 as an initial deposit. The dealings were entirely over the phone and no paperwork was received by the client.

Client has used Viagra and Cialis in the past without any problems, and was interested in trying the Nasal Spray to see if he could get the same results.

Client wished to cancel this contract. He stopped the direct debits as the product did not work and he thought it was merely a trial. AMI refused.

Further Comments:

Client was told to contact AMI and inform them that the contract is unenforceable. If the client never agreed to do anything more than try the product, he cannot be held liable for a 12 month contract. After receiving client's letter, AMI continue to harass him because the direct debit had been stopped. No refund has been received.

Legal Aid AMI Case Study 5

Consumer Protection Unit Advice Clinic - August 2008

Background & Facts:

Client is 48 years old. He contacted AMI about their Nasal spray technology. He was advised to enter into a contract with the company for the product straight away as it would cost him more if he signed up later. Client did not see a doctor, but rather a woman who "bullied" him into signing the contract stating that it would cost him more if he signed up another day, giving him no time to think.

In June 2008 client paid the company \$495 for a 2-month course of treatment. Client was told the products were coming from Sydney and he was to pick them up from the clinic.

Client has not and does not want to use the products. He wants a refund of his money in exchange for the unused products. Client has called AMI and left messages regarding this issue. The company refuses to return his calls or give him a refund.

Client contacted the Queensland branch of the company. He was told that he had to ring the head office regarding this matter. The company representative he spoke to refused to provide him with AMI's address in New South Wales, thus preventing him from sending a letter, written with the assistance of LAQ. The client returned the un-used product to the Queensland office. LAQ advised the client of the company's address in New South Wales and he sent the letter requesting a refund of his money.

In response to the client's letter, AMI had advised that they will not give him a refund.

Client was advised that he could sue AMI in the Small Claims Tribunal. He was sent a brochure about this process and seemed happy with this.

Client went to SCT with the help of a private solicitor. Received a refund of \$500 of which \$200 went to the solicitor for fees.

Legal Aid AMI Case Study 6

Consumer Protection Unit Advice Clinic - September 2008

Background & Facts:

Client is 26 years old. He is visiting from the UK. He heard the radio advertisements for AMI Nasal spray technology and called the number provided and made an appointment with them in August 2008.

At the appointment, he spoke to someone who identified themselves as a nurse in the office. The 'nurse' phoned a doctor in New South Wales for the client to talk to. After this phone conversation, client spoke to the Manager of the office who gave him information about the side effects of the product. Client was told that if he did not take the medication, then by the age of 27, if he still had a problem, he would require injections. The client now feels he was induced to enter the contract.

The Manager provided client with various price plans, including payment upfront or in 6 month installments. The total amount for an 18 month treatment plan was \$3,995. While he was still looking at the price plans, the Manager asked for client's credit card which he handed over.

Client was then handed documents to sign. He did not read them before signing because he felt "bamboozled" by the whole situation. Client felt like he was being rushed at this time because the office was due to close. The Manager handed him copies of the signed documents and a receipt from his credit card. Client queried whether the transaction had proceeded, as he was not sure whether the amount AMI took was more than available.

Client left the clinic. Within five minutes, client wanted to cancel the contract and returned to the clinic to speak to the manager about cancelling the medication and the account. He was told by reception that the manager was either busy or gone for the day. Client left and within ten or fifteen minutes called AMI directly. He was told that no management were available to speak at the time and that the medication he had been prescribed had already been made. He was told that because the medication had been made specifically for him, he could not cancel the contract. Additionally, there was no cooling off period in Australia for medication. Client was told that someone from the company would call him back the following Monday.

Client called AMI on Monday afternoon. He was told that his message regarding cancellation would be put through to someone called Brett. Client then called AMI on Wednesday and every day after that. On the following Friday, an irate manager from AMI called the client. She was angry about the client's constant phone calls. She implied that client was stupid for signing the contract and handing over his credit card. About halfway through the conversation, the manager told client that their conversation was being recorded. Client was told that he could get \$1,000 back now but would have to repay that amount later on. This would take two weeks to process.

Client is on depression medication and there was no assessment made of other avenues to improve his libido.

Legal Aid AMI Case Study 7

Consumer Protection Unit Advice Clinic - September 2008

Background & Facts:

Client is 77 years old. Client enquired about Nasal Delivery Technology from AMI over the phone. Client was then put through to someone who identified themselves as a doctor. The doctor asked him a series of questions pertaining to his medication and blood pressure then stated that he was suitable for the product. Client entered into a verbal agreement to trial the product.

Payment for the product would be direct debited from his wife's account. \$300 deposit was deducted in August 2008. Thereafter, monthly payments of \$147 were to be deducted for 24 months. Client thought he had paid \$300 for a trial of the product but did not realise he agreed to a course costing \$3000.

Client only called to make an enquiry about the product and felt pressured into accepting the contract. He was curious about the Nasal Spray as he had used Viagra and Cialic in the past.

Client did not sign any documents or see any terms and conditions until after the verbal agreement. The client's wife has since become ill and is in a wheelchair. Client can no longer afford the product. Additionally, the product has had no effect. Consequently, client wishes to cancel the agreement.

Legal Aid AMI Case Study 8

Consumer Protection Unit Advice Clinic - October 2008

Background & Facts:

Client is 26 years old. Client wanted one lot of product from AMI only. AMI signed client onto a plan. The plan was cancelled. AMI later debited money from client's account again.

Client's bank has recovered the money as they were unauthorised transactions. The bank has advised the client to ignore any further demands from AMI. Since then, the company have been making aggressive phone calls to the client and threatening to refer him to debt collection.

Legal Aid AMI Case Study 9

Consumer Protection Unit Advice Clinic - October 2008

Background & Facts:

Client is 50 years old. Client phoned AMI to discuss their nasal spray technology. He asked if he could try the product for one month only. He did not sign any contract. Client says the product does not work. AMI are now debiting his account.

Client saw the advertisements for AMI on television and in the local paper. He is a single man and was curious as to whether the product would enhance his sex life.

AMI claim that the client is in a 12 month contract for the product. He paid a \$300 deposit, and \$195 is deducted monthly from his account. AMI have since threatened to list the client with Veda Advantage and access his credit report.

Legal Aid AMI Case Study 10

Consumer Protection Unit Advice Clinic - October 2008

Background & Facts:

Client is 45 years old. He contacted AMI by phone and entered into an agreement for their nasal spray technology. He never attended an office and never received anything in writing except for the information booklet which arrived with the product. He was told that AMI offered a guarantee that they would refund his money if he was not satisfied with the product. Client paid \$300 and established a direct debit authority for further installments.

Client later phoned AMI to cancel his contract. He went on some medication and was concerned about any possible side effects. AMI told client that they had tape recordings of him agreeing to the contract and that not refunds were offered.

Client has since cancelled the direct debit authority.

Legal Aid AMI Case Study 11

Consumer Protection Unit Advice Clinic - October 2008

Background & Facts:

Client went to an AMI office. Client had spoken to an AMI doctor over the phone who did not ask questions, only talked about the product. He was told by the saleswoman that it was alright to mix his medication and told him that if he did not receive treatment, he would die of prostate cancer in the future. Client therefore felt pressured into getting the treatment despite the saleswoman not expressing any medical expertise or credentials to back up her claims.

Client's GP has since told him that mixing his medications is very dangerous.

Client entered into a contract for an 18 month course of treatment for a total of \$4495, to be paid in direct debit installments of \$300. Client had paid \$1000.

Client saw a story on *A Current Affair* in October 2008 which suggested that people had entered into contracts for the same treatment for approximately half the cost. Client phoned AMI to question why he was being charged so much.

Client wanted to cancel the contract. He offered to let the company keep the money he had already paid and he would return the unused product. The company refused. Client has since cancelled the direct debit.

The company sent Client a letter since sent him a letter stating they would pursue the debt. No further action has been taken by AMI at this stage.

Legal Aid AMI Case Study 12

Consumer Protection Unit Advice Clinic - October 2008

Background & Facts:

Client contacted the company after seeing an advertisement on the back of a shopping docket. The entire dealings were over the phone because the company does not have an office in Townsville where the client resides.

Client spoke to a company representative before being transferred to someone who stated they were a doctor. Client entered into a contract for nasal spray treatment from AMI, with payment via direct debit. He was told at the time he entered into the contract that if he was not satisfied with the product, he could receive a full refund. Client never received a written contract.

Client rang the company to cancel the contract and requested a refund. The company refused to refund the client. In total, approximately \$500 has been taken from Client's bank account.

Legal Aid AMI Case Study 13

Consumer Protection Unit Advice Clinic - November 2008

Background & Facts:

Client entered into a contract for nasal delivery technology from AMI, \$60 payment to be made by credit card monthly. Client wanted to cancel the contract after he went to his GP and was advised that it was not suitable for his situation.

AMI has refused to cancel the contract. Client has since cancelled his credit card. The company has threatened to refer the matter to a debt collector.

Client had sent the letter from his GP but AMI had stated the letter was not 'valid'.

Client has had no contact since from AMI.

Legal Aid AMI Case Study 14

Consumer Protection Unit Advice Clinic - November 2008

Background & Facts:

Client saw an advertisement for AMI and rang the company. He made an appointment for a free consultation with a doctor. The consultation was supposed to be on a Thursday, but the company contacted client and asked for him to come in early on a Tuesday instead.

At the consultation, client sat with a nurse. The nurse took detailed information in relation to the client's apparent medical problem, erectile dysfunction. The nurse then rang a doctor on the Gold Coast. The only medical consultation client had with the doctor was via telephone. The doctor explained the different AMI methods available to assist the client, and recommended a gel.

The client then went into a different office to consult with a sales representative who informed him of the importance of keeping the women in his life satisfied. Client then explained that he was not married or currently in a relationship and was only there due to medical concerns. Client was advised that it was important to keep up a proper blood flow in the area and failure to do so would result in serious prostate problems or even cervical cancer. The sales representative suggested a nasal spray. Client told the representative that such a treatment was inappropriate for him as he sleeps on a CAPP machine that has a nasal breathing apparatus. Client was not interested in treatment by injection, and believed that the gel was the only option.

The cost of this particular treatment is \$3995 if he paid by credit card, a saving of \$600, since the usual price was \$4600. . The consultant said that the treatment would last 18 months and at the end of that period there would be no requirement for further treatment. Client was advised that if he was not happy with the outcome, he could get a refund.

Client told the representative he wanted to consult with his doctor before entering into a contract for the treatment. However, he was told that doctors do not have a lot of expertise in this area and usually only prescribe Viagra. Viagra, he was told, speeds up the heart and can cause heart attacks and strokes. The consultant then told client a story about a 50 year old man who took Viagra and died of a heart attack at a brothel.

Client was presented with a Privacy and Satisfaction document to sign. Client was told that this document merely confirmed in writing what had been told to him. He was then asked to sign a document authorizing payment for the treatment via his credit card. Client explained that he had not anticipated signing any documents as he had not brought his glasses and could not see what was written on the contract. The representative directed client as to where to sign. Client then signed the documents.

The gel from the company arrived and upon receiving the package, client realised that it was not appropriate as it spoke of premature ejaculation and maintaining a sexual relationship. On 28 October he called the Customer Service Centre and advised of this issue. He was told that a case officer would contact him at a later date to discuss the problem.

The client was then contacted by a male representative from AMI. Client explained the situation to him and the representative asked the client if he had read the contract which he had signed. Client replied that he had signed the contract but was told that he could get a refund if he was unsatisfied

with the product. Although the representative was sympathetic, he informed the client that he was unable to assist any further as a refund would only be considered if the client complied with the refund policy, which is to allow AMI the opportunity to provide alternative methods as suggested.

Client attended his regular GP and informed him of what had transpired. Client told the doctor that his problem has appeared to resolve itself. The doctor requested that he have a blood and urine test in order to check client's testosterone levels. The results of that test were normal. Client's problem was probably due to unrecognized stress or anxiety.

Client sent a letter to AMI, attached to which was a letter from his GP stating that the AMI treatment was inappropriate. Client requested a refund of all the amounts he had paid under the contract.

No refund has been offered/received and no more contact from AMI has occurred.

Legal Aid AMI Case Study 15

Consumer Protection Unit Advice Clinic - November 2008

Background & Facts:

Client entered into a contract with AMI via the telephone. Payment for treatment was direct debited from his account.

Client wanted to leave the contract because he wasn't happy with the product and it didn't work. He was told over the phone that he had been released. However, money continued to be debited from his account. He contacted the bank to put a stop on the direct debit in June. However, the bank did not receive his email/letter and the payments continued. Client again sent another letter/email to the bank to stop the payments being deducted.

The company has since told the client that he is under a binding contract, despite its earlier representations to the contrary.

The client felt pressured into an agreement for the following reasons:

- He was given no time to think about it
- No mention of a cooling off period
- The salesperson was talking really fast
- Client didn't understand some of the terminology
- Was only allowed access to information after signing the contract.

Legal Aid AMI Case Study 16

Consumer Protection Unit Advice Clinic - July 2008

Background & Facts:

On 11 June 2008 client phoned AMI to make an enquiry into AMI's products. He entered into a contract with AMI because of sales pressure.

Client now wishes to cancel the contract and has requested a refund. However AMI refuses to do this, stating that he must try every available medication and well as pay a further administration fee before granting the client a refund would even be considered.

Legal Aid AMI Case Study 17

Consumer Protection Unit Advice Clinic - December 2008

Background & Facts:

Client contacted AMI in May 2008. He did not see anyone in person and consulted with the AMI doctor over the phone. The doctor did not ask any questions about his blood pressure only general questions about his age and circumstances.

Client entered into an agreement with AMI for nasal spray technology. This was to be paid for by a \$300 direct debit from client's bank about, for a total cost of \$2495 over two years. Client never signed any documents.

Client used the nasal spray but stopped because it caused nose bleeds and other problems. He tried to cancel the agreement with AMI but the company would not allow him to do so without his having tried another form of treatment first.

Client contacted LAQ and was told to see his local GP and get a letter from his doctor attesting that the treatment was unsuitable for him. Client was also advised to cancel the direct debit authority with Westpac.

Client took all the advice but the company is still refusing to refund his money. The company insisted that he try all the other medications before they cancel the contract. However, the client does not want to try any further products.

Client also continues to receive harassing text messages from AMI saying he was bound by a 2 year contract no matter what.

Legal Aid AMI Case Study 18

Consumer Protection Unit Advice Clinic - January 2009

Background & Facts:

Client entered into an agreement with AMI for nasal delivery treatment. Client was told there was a cooling off period, but was not told for how long that would be. Client did not sign any documents. The company sent client a booklet after the verbal agreement was entered into.

Client wanted to withdraw from the contract with AMI during the cooling off period. He was told that he could not do this and the company continued to charge for the treatment. The company refuses to return client's phone calls.

Legal Aid AMI Case Study 19

Consumer Protection Unit Advice Clinic - May 2008

Background & Facts:

In April 2008 client went to AMI to inquire about nasal delivery spray. The client's blood pressure was taken however no further medical examination was carried out. High pressure selling techniques were used and the client felt belittled by a lady from the office. Client paid \$3,995 for an 18-month course and subsequently signed an authorisation agreement and a privacy policy.

The consultation process did not take into account any psychological conditions which have contributed to the problems encountered. The initial process took place over the phone to an individual who stated they were a doctor and took approximately 5 minutes. At no point was the possibility of these contributing factors discussed.

Client attempted to cancel the contract immediately afterwards (within 10 minutes of signing the direct debit authorisation), however AMI refused.

The client subsequently received advice from his own GP and a consulting psychologist about his situation and advised that depression was very likely the cause of the problem.

Client has since received their money back after putting in a claim through the Small Claims Tribunal. This was settled before the hearing.

Legal Aid AMI Case Study 20

Consumer Protection Unit Advice Clinic - May 2008

Background & Facts:

Client attended an AMI office in May 2008. A medical examination was not carried out, and he felt pressured into signing the contract. Client paid a \$500 deposit for an 18 month course of nasal spray. The total cost of the course was \$3995, of which \$1747 was due to be paid by in May 2008 and a further \$1747 was to be paid in June 2008.

Client attempted to rescind the contract shortly after as he found the product unsatisfactory, but AMI refused his request.

Client has since cancelled the credit card and has not received any contact from AMI since.

Legal Aid AMI Case Study 21

Consumer Protection Unit Advice Clinic - May 2008

Background & Facts:

On 13 May 2008 client entered into a contract with AMI for nasal delivery spray. He paid a \$500 direct debit deposit for an 18 month course, valued at a total of \$3,995.

Client had spoken to an AMI doctor but the only medical question asked was about his blood pressure.

He was not told of a cooling off period but subsequently tried cancelling the day after entering into the contract.

He has since attempted to cancel the direct debit, but the bank has refused to do so.

Legal Aid AMI Case Study 22

Consumer Protection Unit Advice Clinic - January 2008

Background & Facts:

In January 2008 the client entered into a contract with AMI for an 18 month treatment course. Client felt pressured into signing with the sales person stressing the importance of having the spray.

The total course was valued at \$3995, but the client at that time paid a \$1000 deposit. Ten minutes after signing the contract, the client returned to the AMI office to cancel the contract. However, this was refused on the grounds that there was no "cooling off" period.

The client accessed AMI's website which specifically stated: "AMI offers a full refund to patients for whom no treatment is effective and it also offers a 48 hour "cooling off" period permitting patients a full refund within this time, an offering that is not required by law."

Client sent a letter of demand to AMI, including the statement from AMI's website regarding their cooling off period and refund policy and stating that if the matter was not resolved it was his intention lodge a complaint with the ACCC.

AMI have since given the client a refund of \$300. This was settled before taking the complaint to the ACCC.

Client has not received any further contact from AMI since settlement.

Legal Aid AMI Case Study 23

Consumer Protection Unit Advice Clinic – May 2008

Background & Facts:

Client entered into a contract with AMI for nasal spray technology. He was required to pay a \$300 deposit before the product would be sent to him. \$116 per fortnight is being direct debited.

The client has since lost his job and cannot afford to pay the contract. He has since cancelled his direct debit. The contract states that the only ground for cancellation is that the product is unsuitable for the client (this must be assessed by a doctor).