

But for the Plan

Furnace Rental Agreements Beware - They Can Affect the Sale of Your Home

In 2017, Gianni and Loretta (not their real names), entered into an ill-advised long term contract to rent a furnace and an air conditioner from a not very reputable company. They did not obtain legal advice before signing the contract. They are not alone! There is a predatory industry out there, in which people show up at the homes of unsuspecting individuals and talk them into contracts for often unnecessary furnace replacements at exorbitant prices.

Later, when they decided to sell their house, the purchaser did not want to assume the rental contract, so our clients had to “buy it out”. Needless to say, they were shocked when they received a buy-out invoice in the sum of \$21,131.52.

This came to the attention of our Brampton office when it was retained to act on the real estate sale. Frank Carlone reviewed the buy-out statement and told his clients that he thought the amount requested by the rental company was unfair. He then asked them for a copy of the rental contract.

Upon reading the rental agreement and doing some legal research, Frank determined that there were two grounds upon which to challenge the contract, and have it rescinded:

1. The contract did not clearly set out the duration of the rental period, and
2. The company made “a false, misleading or deceptive representation” about the contract and/or the equipment, contrary to Ontario’s Consumer Protection Act.

He recommended that the clients instruct him to negotiate a settlement or, if unsuccessful, start a lawsuit.

To complicate matters, the closing date for the house sale was fast approaching. An arrangement had to be made that would allow the sale to be completed before final resolution of the rental contract dispute. This was accomplished by persuading the buyer’s lawyer to accept an undertaking that we would hold back sufficient sale funds, in our trust account, to pay off the any future rental contract buy-out costs.

The reductions offered by the rental company were not adequate. Negotiations stalled. But the unresolved dispute did not interfere with the successful completion of our clients’ house sale.

Frank commenced legal proceedings to seek rescission of the contract, and shortly after the claim was filed, the rental company accepted Frank’s original offer of \$7,105.00.

But for the Plan’s prepaid consumer litigation coverage, our clients may have paid the original buy-out invoice. Instead, they were able to start a lawsuit, and saved \$14,026.52, less our account of approximately \$500.00, to cover HST and court-related fees.