

RESEARCH ARTICLE:

## Consumer Challenges of the Socio-Economically Disadvantaged in South Africa and the Role of Consumer Legislation

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### Abstract

*In South Africa, high poverty and low literacy rates significantly affect the consumer market, especially for vulnerable individuals in disadvantaged communities. These consumers encounter difficulties when dealing with suppliers, including purchasing inferior quality goods, facing higher prices, and needing to make multiple trips to stores. This disparity is pronounced within the market, which encompasses literate ordinary consumers and vulnerable individuals with low literacy levels or illiteracy. Due to their socio-economic challenges, these vulnerable consumers often tolerate unethical business practices and find it challenging to access legal support. Through a quantitative survey, this article explores consumer challenges faced by socio-economically disadvantaged individuals in Illovo Township, Bhukulwandle, KwaZulu-Natal, South Africa. The study is grounded in the Consumer Justice Theory, and advocates for equitable treatment and protection of historically disadvantaged consumers under relevant consumer protection legislation. The findings reveal that socio-economically disadvantaged consumers face challenges with complex contracts, lack of legal recourse due to financial constraints, and lengthy cancellation processes, leading to acceptance of poor service. Awareness of consumer rights remains low among respondents. However, the article concludes that the government, suppliers, and consumer bodies bear a significant responsibility to ensure equal protection for all consumers, particularly those from disadvantaged backgrounds.*

**Keywords:** consumer protection; contractual challenges; social justice; socio-economically disadvantaged; vulnerable consumers

### Introduction

Masojada (2021: 1) observes that consumers in townships are serviced by a class of township entrepreneurs operating informal retail outlets that have come to be known as “spaza stores”. The author adds that such outlets only offer a small assortment of necessities and household goods and are typically more expensive than traditional supermarkets. The UN Trade and Development Organization (UNCTAD) Working Group Report (UNCTAD, 2018: 12) mentions that “disadvantage” is where there are “structural factors” or “systemic obstacles faced by entire groups of people”, such as the poor. The challenges encountered by such groups include “the poor pay more” and the lack of access to essential goods and services. For these reasons, consumer protection should be one of the methods of attaining redistributive goals in reducing inequality. Consumers generally are faced with challenges, such as suppliers giving out false information or not selling quality goods as prescribed by legislation. Disadvantaged consumers, also known as socio-economically disadvantaged (SED) consumers, include low-income and illiterate consumers. Such consumers are also faced with particular challenges, which are investigated in this article. According to Barnard (2015: 223), global consumerism is a trend that is present even in underdeveloped nations, such as South Africa. Although legislation, such as the South African Consumer Protection Act (CPA) 68 of 2008, is not a brand-new idea, it now provides more thorough measures to protect

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customers, particularly vulnerable consumers. Low-income, illiterate, young and elderly consumers are considered vulnerable consumers under Section 3 of the CPA.

The South African consumer landscape is characterized by significant inequality, with the country ranking amongst the world's most unequal nations, as indicated by a Gini coefficient exceeding 0.60 (Stewart and Yap, 2020: 343). Low-literate consumers often misinterpret labels, misuse products and make poor purchasing decisions due to illiteracy, leading to adverse outcomes (Stewart and Yap, 2020: 343). Despite measures in place to protect consumers, many remain vulnerable to abusive business practices, especially in remote areas and townships (Hlophe, 2018: 13). The CPA aims to ensure fair and accessible markets whilst eliminating unfair practices (South Africa, Department of Trade and Industry, 2009: 2). However, the "freedom of contract principle" allows parties to choose contractual terms without legal restrictions, resulting in suppliers generally dictating terms, thus emphasizing the need to protect historically disadvantaged consumers (Modiba, 2015: 5). This study is grounded in the Consumer Justice Theory, particularly the Social Justice perspective, which advocates for the equal distribution of resources, opportunities and rights within society (McGregor, 2017: 6). The Social Justice Theory asserts that all members of society should have equal access to power, resources and responsibilities, regardless of demographic factors (Ayala *et al.*, 2011: 2795). Thus, the article argues for the equal treatment of consumers by suppliers; access to consumer protection; and the prevention of unfair practices against socio-economically disadvantaged individuals.

According to Rachagan (2019: 3-8), many consumers in South Africa were historically disadvantaged, unfairly treated in the market and exposed to unfair business practices. Such vulnerable consumers were frequently exposed to serious contractual challenges and unfair business practices. The author explains that the term "consumer vulnerability" implies that consumers find it beyond their ability to make a wise and informed decision and are vulnerable to manipulation and dishonesty. She further notes that the factors contributing to consumer vulnerability include consumers interacting in the market with inadequate information; consumers having poor access to information due to geographical location or limited resources; and consumers having low confidence in seeking justice due to fear and a lack of language proficiency. Kenton (2020: 1) defines unfair business practices as the use of various misleading, dishonest or unethical practices to gain business, which can include misrepresentation and non-compliance with standards and the law (e.g. suppliers not using plain language in consumer contracts, unfair contractual terms, contracts favouring one party, etc.). Such unfair business practices can take place in specific markets intended for socio-economically disadvantaged consumers. According to Yan and Nguyen (2017: 6-7), it is not only unfair business practices that are detrimental to vulnerable consumers, but they are also unable to understand the information in contracts because of low educational levels. This inability makes them susceptible to unfair business practices, particularly when dealing with financial institutions or retail stores offering hire purchase agreements. Such consumers may unknowingly agree to terms that are detrimental, leading to long-term negative consequences they cannot rectify due to their vulnerable state. Furthermore, when seeking financial assistance, they struggle to understand financial policies which may be written in a very complex manner (Rowe *et al.*, 2014: 17).

Cousins (2004: 14) states that consumer vulnerability does not exist in isolation from the market the consumer is in. The market factors that contribute to consumer vulnerability are information imbalances; the market power that suppliers have; and the exploitation of consumers in that market due to consumers facing challenges with accessing the information that should be available to them. Hence, this article examines these specific contractual challenges faced by vulnerable consumers in South Africa and evaluates the effectiveness of existing consumer protection laws in safeguarding their interests. It emphasizes the need for enhanced protection and support mechanisms to empower historically disadvantaged consumers and promote their full economic participation. In this respect, Reddy and Rampersad (2012: 7404) point out that the aim of the CPA is to ensure a fair and accessible marketplace and to eliminate unfair marketing and business practices. The aim of this article is to investigate the consumer challenges faced by the socio-economically disadvantaged, as vulnerable consumers, in the Illovo Township of Bhukulwandle, KwaZulu-Natal, and the role of the CPA in protecting such consumers and addressing the consumer challenges they face.

## **Literature Review**

Given the history of South Africa, poverty and inequality has extremely affected over half the population, which is mostly people who are living below the national personal income level and coping with high unemployment rates (Statistics South Africa, 2017). Despite these challenges, South Africa boasts an advanced Constitution with a

robust Bill of Rights that emphasizes expanding social and economic rights, supported by an independent judiciary (Francis and Webster, 2019: 788).

Mokoto (2009: 20) emphasises that a large portion of the population belongs to the low-income market, historically underserved in terms of their needs. This has led to increased service delivery protests, indicating that governmental efforts alone cannot meet the needs of this demographic. South African businesses have attempted to engage this market but have achieved limited success, facing challenges in adequately addressing its demands. Financial vulnerability amongst poor and low-income residents, especially in rural and informal settlements, is exacerbated by limited financial literacy, leaving them susceptible to irresponsible spending and predatory lending practices. Despite legislative efforts since 1994 to enhance financial inclusion, more reforms are needed to improve financial literacy and prevent exclusion (Chitimira and Ncube, 2020: 342-346). This study, grounded in Social Justice Theory, argues that social justice is essential for a free market. McGregor (2017: 6-7) asserts that without social justice, consumers are marginalized and powerless in the marketplace, leading to adverse consequences. Access to social justice requires an accessible system that ensures fairness for every consumer. In South Africa, the Consumer Protection Act (CPA) aims to enforce fair, competitive markets; ethical business practices; and safeguard consumer economic interests (Department of Trade and Industry, 2009: 1). The CPA grants consumers rights such as market equality, choice, information transparency, fair marketing, ethical dealing, reasonable terms, and access to quality and safe goods and services (Jacobs *et al.*, 2010: 301). The first part of this section discusses the contractual challenges faced by consumers who are classified as “vulnerable” under the CPA, and the second part examines the role of the CPA in addressing such consumer challenges.

Kapur (2018: 1-2) defines the socio-economically disadvantaged as people who live in conditions of poverty and backwardness, and they are the ones who experience social disadvantage the most. The author adds that social disadvantage is represented as a concept that considers a number of social positions, including economic status, educational achievement and background. Furthermore, people are considered to be members of socio-economically disadvantaged groups when they cannot afford to feed their families; educate and train their children adequately; have a low per capita income; lack adequate housing; and have insufficient access to clean water, electricity and other necessities. Studies conducted by the World Bank in 2019 showed that there are 781 million illiterate adults across the globe who struggle in many daily responsibilities because of their illiteracy. Using observations, the study concludes that illiterate consumers have been mis-reading labels, mis-using products, and purchasing the wrong items (Stewart and Fen-yen, 2020: 343). For instance, an article in the Daily Maverick (Simelane, 2024) reports that 5 children in Naledi, South Africa, died allegedly after eating poisoned spaza shop food. The 2019 World Bank study further explains the term “vulnerable consumers” by using a class-based approach, where all illiterate consumers are considered vulnerable due to the common literacy difficulties that they face; and a state-based approach, which considers only those consumers who feel their vulnerability and the sense of being powerless (Stewart and Yap, 2020: 343). Both approaches were considered when conducting this study.

The history of socio-economic inequality in South Africa resulted from the purposeful side-lining of the majority black population and their exclusion from financial and other consumer markets, economic and political participation, and quality education (Meiring *et al.*, 2018: 5) resulting in poor consumers being denied access to various essential services (Kamran, 2018: 11). Govender *et al.* (2007: 10) argue that inequality and poverty are distinct but closely intertwined concepts. Despite policy efforts, South Africa remains prominent in global inequality rankings, with high poverty rates and limited progress in addressing these issues (Govender *et al.*, 2007: 49). Studies in countries like the United States and the United Kingdom show that socio-economically disadvantaged consumers are vulnerable to exploitation in the market, often paying higher prices for goods and services and being sidelined in accessing essentials (UNCTAD, 2018: 13-14). Walsh (2009: 148) highlights that disadvantaged groups are viewed as subordinate group, resulting in differential treatment. Mugobo and Malunga (2015: 225) further reveal that the low levels of literacy in South Africa, particularly in rural areas, was one of the key reasons for the need for new consumer protection legislation. The authors conclude that such customers lack a thorough understanding of their rights and are therefore vulnerable to company exploitation.

Retail marketing includes all of the ways in which a business acquires customers and persuades those customers to purchase its goods and services. It can be classified as store-based marketing or digital marketing. The retail industry has existed for a long time, but it constantly changes and advances in response to emerging trends and markets (Meyers, 2011: 1). Therefore, sellers have a specific responsibility to their customers since they have access to more information than consumers have, especially the most vulnerable consumers who are less able to

defend their own interests than other consumers, and who are more susceptible to harm from marketers. Hence, it is morally unacceptable to take advantage of them in this way (Gupta, 2020: 1).

This review also provides an overview of the contractual challenges faced by vulnerable consumers, with a focus on consumers who face socio-economic disadvantage, including low-income earners, those who live in far-off isolated areas and those whose understanding is limited due to low literacy levels. Firstly, suppliers do not use plain language in drafting contracts. Fredericks (2011: 76-86) observes that South Africa is faced with the challenge that, although English is no doubt the main language, the understanding of this language is exceptionally low in rural areas and in semi-skilled or unskilled communities. These challenges are experienced in spite of Section 9 of the Constitution (the equality clause) prohibiting unfair discrimination on the grounds of, *inter alia*, language, and Section 31 (on language and culture) providing for the right of every person to use the language of his or her choice. This is more of a problem where consumers come from a lower socio-economic background. Secondly, consumer contracts generally favour the supplier. Aniol (2015: 1) states that because of the inequality of bargaining power that is evident between suppliers and consumers, contracts may be unfair, unjust or unreasonable. Often, it is found to be excessively one-sided in favour of the supplier. Furthermore, the problem with standard-form contracts is that, not only are the terms unfair, but there are also expensive dispute resolution mechanisms placed in the contract by the drafter on behalf of suppliers, making the weaker party more vulnerable to abuse as the terms were not equally agreed upon (Modiba, 2016: 10).

Another challenge is that consumers do not read contracts and are not aware of the consequences of the terms. As a result, they are not aware of what they are consenting to, and businesses might take advantage of this by including unfavourable terms in their contracts. As a result, consumers may end up being locked into a longer-term contract than expected; not being able to cancel or amend hotel or holiday reservations; blindly consenting to the disclosure of personal details to third parties; and having to pay extra fees or charges (Elshout *et al.*, 2016: 16). Furthermore, the low literacy levels of consumers present further challenges. Kapur (2018: 2) posits that when people are unable to read or write, they face a number of challenges that make it difficult for them to, for instance, open bank accounts, carry out banking transactions, put their signatures where necessary, and make purchases at a store. The author adds that in South Africa, low literacy is a serious disadvantage faced by a significant number of consumers who have difficulties in understanding the nature and effect of contracts. Even though consumers may value or demand comprehensive consumer information, they often fail to read, comprehend or act upon it (Helberger, 2013: 5).

The inclusion of unfair terms and conditions in consumer contracts presents another challenge. Patterson (2010: 369) points out that "terms that have not been individually negotiated are regarded as unfair" and go against the principle of *good faith* as they open the door for the imbalance of rights and duties for the parties dealing with that particular contract. There are many benefits in using a standard-form contract in the business context, such as reduced transaction costs, greater certainty and reduction in agency costs. One of the primary disadvantages of such standardized contracts for consumers is that businesses do not need to negotiate a new contract for every transaction. This puts huge amounts of stress on consumers because using standard-form contracts for every transaction may not be equally beneficial for them (Patterson, 2010: 332). A further challenge is that consumers may receive defective goods. Dlamini (2012: 11) expresses the view that consumers are often exploited in two material respects, namely: they are either exposed to unfair contract terms in the providing of services or supplied with defective products which have the potential to cause serious bodily harm. Strachan (2012: 1) points to certain consumer challenges experienced in this respect, such as being unable to go to the store again to return defective goods or not having the funds to do so. Historically, consumers from a disadvantaged background have faced challenges in accessing goods and services (Reddy and Rampersad, 2012: 586).

In South Africa, the CPA was created to protect customers from exploitation and harm. The Act upholds consumer rights and outlines both the rights and the obligations of providers of products and services. The Act's primary goals are to ensure fair, competitive and responsible markets that benefit consumers, advance moral business conduct, and advance and safeguard the financial interests of consumers (Department of Trade and Industry, 2009: 1). Chirwa (2012: 1) comments that the Act acknowledges that many South African consumers are affected by extreme poverty, widespread illiteracy and other forms of social and economic inequality. It tries to safeguard a number of vulnerable groups, including those who reside in distant or low-density areas, children, elders or other similarly susceptible consumers, as well as people with poor literacy rates who have trouble reading and comprehending. Most importantly, the CPA does not replace common law in South Africa, and any transaction that does not fall within the scope of the CPA will still be governed by the common law, such as the application of the



cooling-off period that consumers have as a right; the returning of goods to suppliers by consumers; and the warranties that are afforded to consumers while purchasing goods (Du Plessis, 2012: 16). Section 3(1)(b) of the CPA defines "vulnerable consumers" as persons who are low-income earners; people who live in far-off isolated areas; people who are minors; and people whose ability to grasp is limited due to low literacy. With respect to deceptive advertising, advertisers in South Africa are prohibited from using images or other visuals that could give consumers a false impression of the product. The CPA makes it abundantly clear that vendors cannot deceive customers. The Act also forbids suppliers from exaggerating the benefits of specific goods or services that they provide (de Lange, 2020: 1) and states that they may not mislead consumers. Marketers therefore need to think about their marketing materials and be sure that the typical consumer will understand the message and not be misinformed (van Zyl, 2013: 1).

## **Methodology**

In this study, quantitative data was collected to describe the contractual challenges that socio-economically disadvantaged consumers face, and the requisite implications of the CPA. The target population for this study were consumers in the Illovo Township in the Bhekulwandle area, who were selected using a systematic sampling method. The population included 1091 households and the sample size table by Sekaran and Bougie (2010: 295-296) shows that for a population of 1100, a sample size of 285 is suggested. The questionnaire was therefore administered to every fourth household, with a sampling interval of 4.74. The questionnaires were self-administered and collected by the researcher. The questionnaire was the primary tool used to collect data and was distributed to 283 consumers who reside at Illovo in the Bhekulwandle area. In total, 283 questionnaires were dispatched and all 283 were returned, which gave a 100% response rate. The data collected from the responses was analysed with SPSS Version 27.0. The results were presented using descriptive statistics in the form of graphs, cross-tabulations and other figures for the quantitative data that was collected. Inferential techniques included the use of correlations and chi square test values, which were interpreted using the p-values.

The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with " $p < 0.05$ ". The research instrument consisted of 49 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 3 major sections which measured various themes, namely: A) biographical data, B) contractual challenges of vulnerable consumers, and C) awareness of consumer rights in terms of the CPA. For validity and reliability, a pre-test was conducted to ensure that respondents could understand the questions, and to ensure reliability. Validity was assessed using factor analysis and Cronbach alpha tests. Confidentiality was maintained using anonymous questionnaires that did not reveal personal information. The researcher obtained ethical clearance and ethical principles and processes were followed. All the respondents provided written consent after being fully informed about the study. In the collection of data for the study, there was adherence to research policies and guidelines concerning human subjects; written consent from the subjects; and voluntary participation. The authors declare that, except for the summarizing of sections of the literature review (July 2024) using ChatGPT on the OpenAI Platform, no other AI tool was used in the preparation of this manuscript.

## **Findings and Discussion**

Data for the quantitative study was gathered via 283 distributed questionnaires to Illovo residents in Bhekulwandle, achieving a 100% response rate. The findings are presented below for each of the main sub-themes, namely the challenges experienced by consumers when concluding consumer contracts, other challenges of socio-economically disadvantaged consumers, awareness of consumer rights, adequacy of consumer protection legislation, and possible measures to address these consumer challenges.

The two most crucial aspects of the accuracy of a study are validity and reliability. To calculate dependability, many measurements are recorded on the same subjects. One considers a reliability coefficient of 0.60 or more for a recently generated construct to be "acceptable". Reliability was verified using the Cronbach alpha test, and the analysis is provided below. To ascertain whether the data was appropriate for analysis and sample size, the Kaiser-Meyer-Olkin (KMO) and Bartlett's tests were employed. It is necessary for the Bartlett's Test of Sphericity to be less than 0.05 and the KMO measure to be more than 0.50. The test results are displayed in Table 1. For factor analysis, all of the requirements are met, as indicated in Table 1 below while Table 2 reflects the Cronbach's alpha score for all the items that constituted the questionnaire.

**Table 1: KMO and Bartlett's Test**

	Section	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
			Approx. Chi-Square	df	Sig.
A4	Rating of language	0.606	136.206	6	0.000
B7	Challenges that you experience when concluding consumer contracts	0.764	675.232	15	0.000
B8	Contractual challenges of vulnerable consumers	0.855	1839.852	28	0.000
C10	Level of awareness of each of the consumer rights	0.895	2255.338	28	0.000
C11	Protection provisions that the CPA affords in respect of the contractual challenges of vulnerable consumers.	0.874	1906.163	21	0.000
C12	Consumer Protection Act adequately protects consumers from disadvantaged communities	0.795	684.124	6	0.000
C13	Possible measures to address the contractual challenges faced by consumers from disadvantaged communities	0.893	1726.781	10	0.000

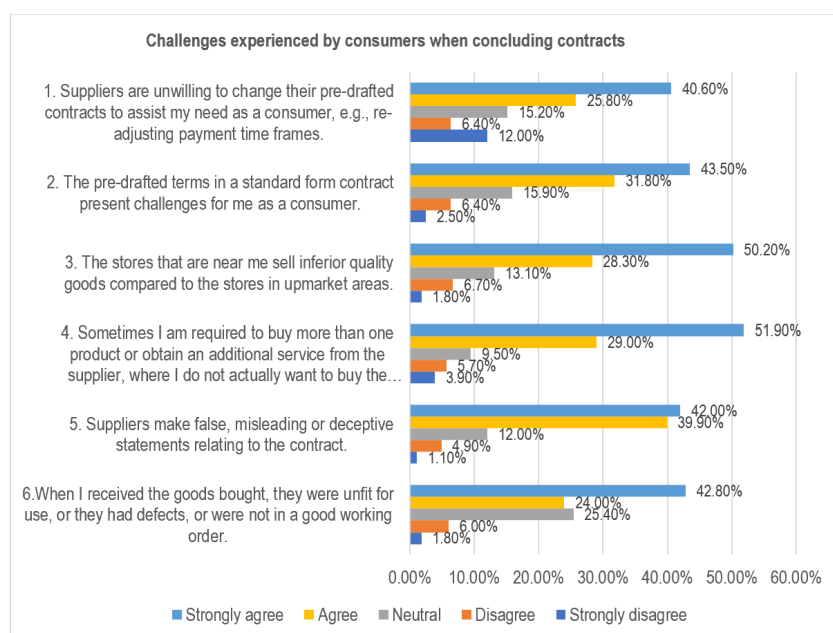
**Table 2: Cronbach's alpha scores**

	Section	Number of Items	Cronbach's Alpha
A4	Rating of language	4	0.600
B7	Challenges that you experience when concluding consumer contracts	6	0.819
B8	Contractual challenges of vulnerable consumers	8	0.900
C10	Level of awareness of each of the consumer rights	8	0.948
C11	Protection provisions that the CPA affords in respect of the contractual challenges of vulnerable consumers.	7	0.938
C12	Consumer Protection Act adequately protects consumers from disadvantaged communities	4	0.882
C13	Possible measures to address the contractual challenges faced by consumers from disadvantaged communities	5	0.935
Overall		42	0.828

Observations on the reliability scores in Table 2 above show that for all sections that are listed, the scores exceed the recommended Cronbach's alpha value. This indicates a degree of acceptable, consistent scoring for these sections of the research.

***Challenges experienced by consumers when concluding consumer contracts***

The respondents were asked to indicate their level of agreement with various statements relating to the challenges that consumers face when concluding consumer contracts. Figure 1 below shows the results:



**Figure 1: Challenges experienced by consumers when concluding contracts**

The results depicted in Figure 1 above show that the majority of respondents (66.4%) agreed (i.e. collectively those who agreed, 25.8%, or strongly agreed, 40.6%) that suppliers are unwilling to change their pre-drafted contracts to assist their needs as consumers. Aniol (2015: 1) states that because of the inequality of bargaining power, a contract may be excessively one-sided. Furthermore, the majority (75.3%) agreed (i.e. collectively those who strongly agreed, 43.5%, or agreed, 31.8%) that pre-drafted terms in a standard-form contract present challenges for them as consumers. Palanee (2014: 1) maintains that consumers have little bargaining power to negotiate the terms that go into these contracts and end up being presented with a take-it-or-leave-it contracts from the supplier. In addition, the majority (78.5%) also agreed that the stores near them sell inferior quality goods compared to the stores in upmarket areas. Singh and Kumar (2020: 443) highlight the exploitation that vulnerable consumers face in rural areas, such as underweighted goods being excessively reproduced in order to maintain an original item, which compromises the quality standard that a consumer is entitled to. The majority (80.9%) also agreed that sometimes they are required to buy more than one product or obtain an additional service from the supplier when they in fact do not want to obtain any additional product or services.

According to Giles (2020: 1), the bundling of goods by suppliers' forces consumers to purchase them when they do not actually want to buy them. Furthermore, the majority (81.9%) agreed that suppliers make false, misleading or deceptive statements relating to the contract. de Lange (2020: 1) explains that misleading statements from suppliers could mislead consumers. A majority (66.8%) of respondents also agreed that when they received goods that they bought, they were unfit for use or had a defect, or they were not in a good working order. According to the Australian Competition and Consumer Commission (2011: 2), poverty may lead consumers to buy unsafe or poor-quality goods, such as expired or near-expiry food products, due to pressure from unethical suppliers.

### Other consumer challenges of the socio-economically disadvantaged

The respondents were asked to indicate their level of agreement with various statements concerning other contractual challenges that they faced when concluding consumer contracts. Figure 2 below visually presents the data:

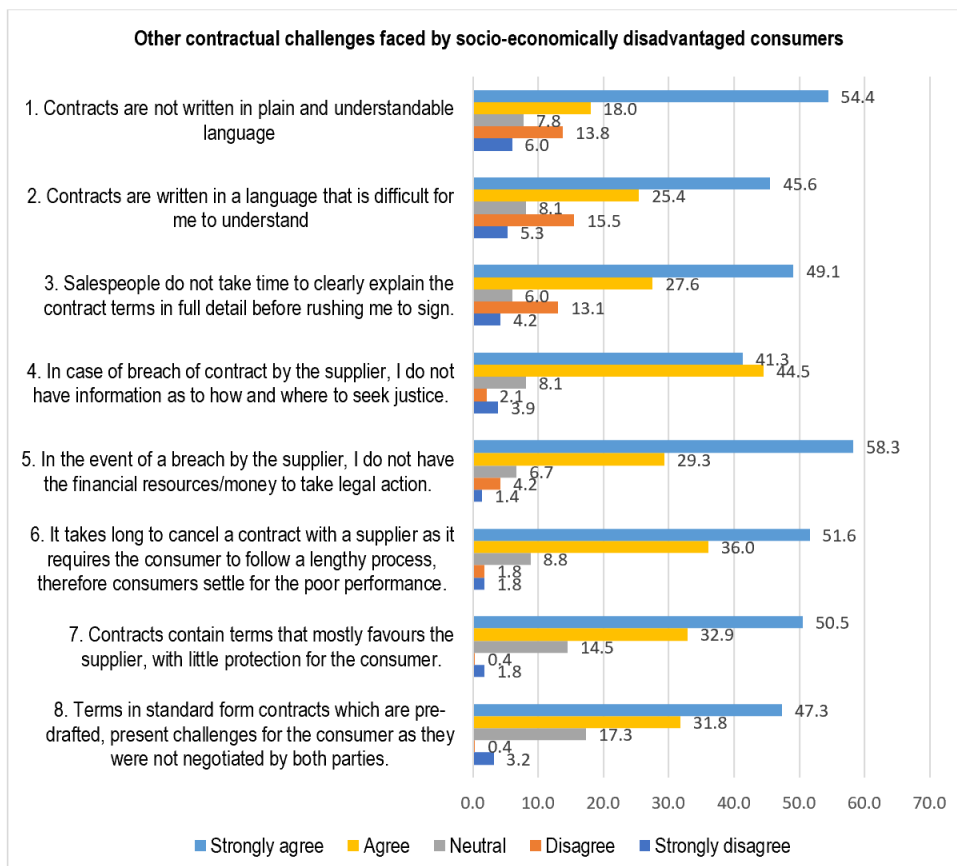
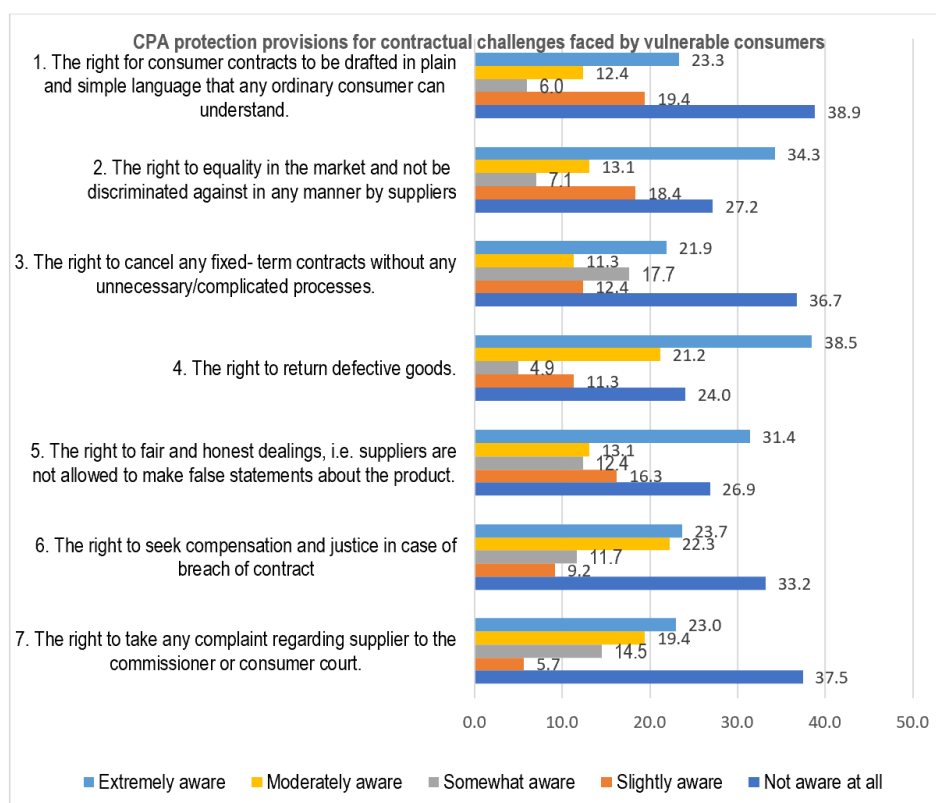


Figure 2: Other contractual challenges faced by socio-economically disadvantaged consumers

As shown in Figure 2, many of the respondents (72.4%) agreed that contracts are not written in plain and understandable language. Fredericks (2011: 76-86) argues that while English is South Africa's dominant language, its comprehension is notably low amongst rural populations and those with limited education. The majority also agreed that contracts contain terms that mostly favour the supplier, with little protection for the consumer (83.4%); that when they received goods that they bought, they were unfit for use, had a defect or were not in good working order (66.8%); and that the stores near them as consumers sell inferior quality goods compared to the stores in upmarket areas (78.5%). Aniol (2015: 1) avers that standard-form contracts are often criticized for being heavily biased, featuring unfair terms and costly dispute resolution mechanisms that favour suppliers. Dlamini (2012: 11) maintains that consumers are often supplied with defective products that have the potential to cause serious bodily harm. Schulte-Nolke *et al.* (2013: 8) assert that businesses engage in discriminatory marketing practices, such as refusing sales based on location or offering inferior goods and services compared to elite areas.

### **Awareness of consumer rights in terms of the consumer protection act**

Respondents were asked to indicate their level of awareness in respect of selected CPA provisions that granted rights to consumers. The results are indicated in Figure 3:



**Figure 3:** CPA protection provisions for the contractual challenges: faced by vulnerable consumers

A significant proportion of the respondents (38.9%) were not at all aware that consumer contracts should be drafted in simple and plain language that any ordinary consumer can understand, while some (19.4%) were slightly aware. Some respondents (27.2%) were not aware of the right to equality and the right not to be discriminated against by business, while a significant proportion (34.3%) were extremely aware. Collectively, almost half were not aware at all (36.7%) or were slightly aware (12.4%) of the right to cancel any fixed-term contracts without any unnecessary/complicated processes. Scott (2018: 33) argues that filing a civil claim or initiating litigation is costly and intimidating for consumers, many of whom lack knowledge of how to navigate legal proceedings. A significant proportion (38.5%) were extremely aware of the right to return defective goods, while almost a quarter (24%) were not aware at all. A significant number (31.4%) were extremely aware of the right to fair and honest dealings (i.e. suppliers are not allowed to make false statements about the product), while some (26.9%) were not aware at all. Many of the respondents (33.2%) were not aware at all of the right to seek compensation and justice in case of breaches of contract, while some (23.7%) were extremely aware. According to the Australian Competition and Consumer Commission (2020: 3), consumers often lack understanding or awareness of the legal status of the terms in the contracts they sign.



### The consumer protection act and the adequacy of protection for disadvantaged consumers

Respondents were asked to indicate their level of agreement relating to whether the CPA adequately protects them. Figure 4 below shows the results:

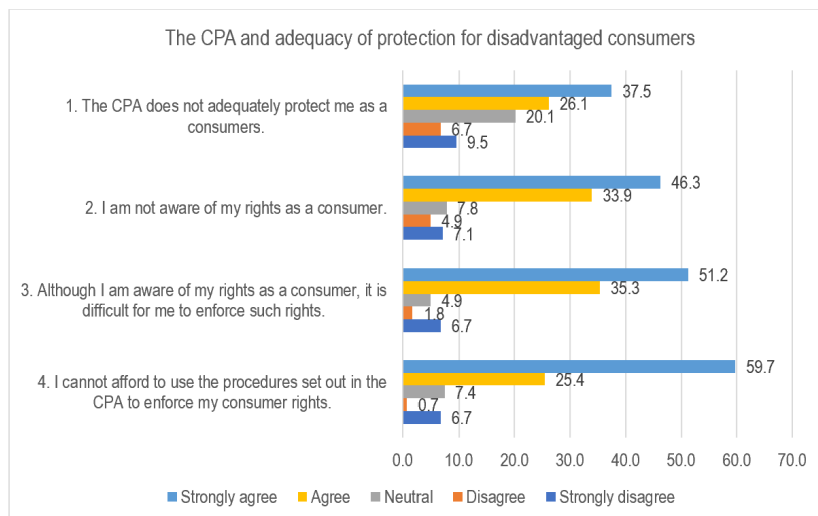


Figure 4: The CPA and the adequacy of protection for disadvantaged consumers

As shown in Figure 4, a majority of the respondents (63.6%) agreed that the CPA adequately protects them as consumers, while some (15.2%) disagreed. According to Naude (2009: 505), the problems that are faced by consumers, especially the disadvantaged, which call for legislative protection, have not been adequately addressed. The majority agreed that they are not aware of their rights as consumers (80.2%), that it is difficult for them to enforce such rights (86.5%), and that they cannot use the procedures set out in the CPA to enforce their consumer rights (85.1%). A study by Chiru (2017: 59400) found that programmes directed at enhancing the knowledge of consumer protection legislation were not fully successfully implemented, while a study by Njuguna *et al.* (2014: 13) showed that most consumers were aware of their consumer rights, but the majority of them struggled with the use of the protection mechanisms in place in the event of an infringement. According to Woker (2010: 230), due to the high cost of litigation and the impracticality of going to court for low-income customers, consumers lack the financial means to defend their rights.

### Possible measures to address the contractual challenges faced by consumers from disadvantaged communities

The respondents were asked to indicate their level of agreement with the possible measures that can be taken to address the contractual challenges faced by consumers. Figure 5 presents the results:

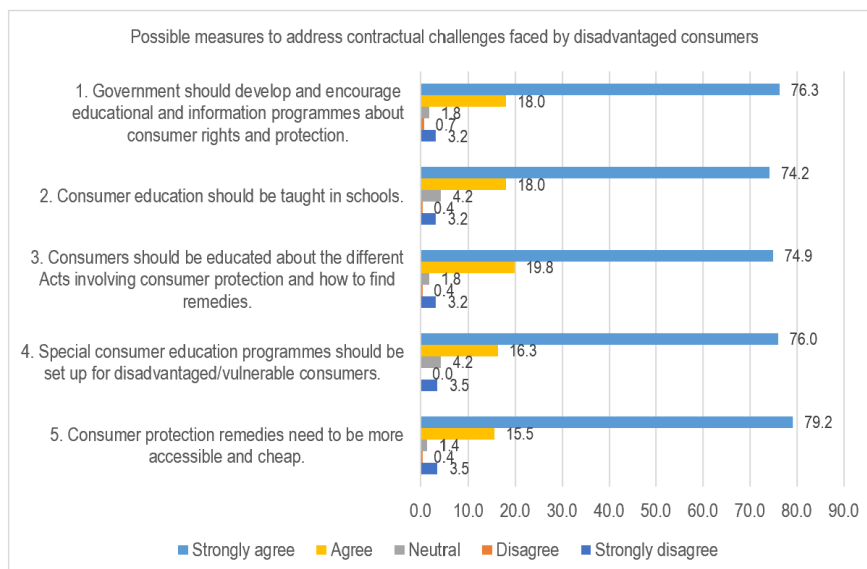


Figure 5: Possible measures to address the contractual challenges faced by disadvantaged consumers

Figure 5 shows that the vast majority of respondents agreed that the government should develop and encourage educational and information programmes about consumer rights and protection (94.3%); that consumer education should be taught in schools (92.2%); that consumers should be educated about the different Acts involving consumer protection and how to find remedies (94.7%); that special consumer programmes should be set up for disadvantaged/ vulnerable consumers (92.3%); and that consumer protection remedies need to be more accessible and cheap (94.7%).

Other challenges experienced by respondents included: Contract information is not fully disclosed to consumers (“Bought a phone and the salesman lied. When I returned the phone to the store, they denied it and said it was my choice”); legal terms are difficult to understand; critical information is hidden, not easily seen by a consumer (“In a contract, important information is hidden at the back, but you sign at the first page”); consumers are rushed to sign and are not given enough time to read the contract: (“I signed lot of papers that I did not know what they are for, and it was not explained”); a copy of the contract is not provided to consumers; and unreasonable penalties for cancelling contracts.

## Conclusions and Recommendations

The following conclusions are drawn with respect to the challenges faced by socio-economically disadvantaged consumers: consumer contracts are not written in plain and understandable language; contracts are written in a language that is difficult for them to understand; in the case of breach of contract, they do not have enough money to take legal action; and it takes long to cancel a contract with a supplier as it requires the consumer to follow a lengthy process, therefore consumers settle for poor performance. With respect to consumer awareness of rights under the CPA, the respondents were not aware of a number of the consumer rights that they have, for instance the requirement that consumer contracts should be drafted in simple and plain language such that any ordinary consumer can understand them; the right to equality; the right not to be discriminated against by business; the right to fair and honest dealings; the right to cancel any fixed-term contracts without any complicated processes; the right to seek compensation and justice in case of a breach of contract; and the right to take any complaint regarding the supplier to the Commissioner or Consumer Court.

In closing, several measures are recommended to address the challenges faced by disadvantaged consumers. With respect to educational and information programmes, governments should develop and promote educational programmes about consumer rights. In addition, consumer education should also be integrated into school curricula as consumers need to be informed about relevant consumer protection laws and how to seek remedies. Furthermore, dedicated consumer programmes should be established specifically for disadvantaged and vulnerable consumers. Measures should also be taken to make consumer protection remedies more accessible and affordable. This might include setting up consumer protection offices visibly inside stores for easy reporting, and advertising to raise awareness about consumer rights. Furthermore, regular inspections by officials should ensure that stores comply with consumer protection laws, and consumer information should be available in all official languages to ensure accessibility. Finally, suppliers' staff should receive training in assisting consumers, particularly vulnerable ones, and non-compliance with consumer protection laws should incur stricter penalties to deter violations. Overall, these recommendations aim to empower consumers with knowledge, ensure accessibility to remedies, and enforce compliance amongst suppliers to protect the interests of disadvantaged consumers.

## Declarations

**Interdisciplinary Scope:** *The article demonstrates an interdisciplinary scope by integrating insights from consumer law, economics, and social sciences to analyse, from a social justice paradigm, the challenges faced by socio-economically disadvantaged consumers in South Africa, emphasizing the role of consumer legislation in addressing these issues.*

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