



The Wisconsin Consumer Act

Prepared by: Abby Gorzlancyk, Staff Attorney

The Wisconsin Consumer Act (WCA) is set forth in chapters 421 through 427 of the Wisconsin Statutes. Enacted in 1971, the stated purpose of the WCA is to simplify and clarify the laws governing consumer transactions, protect consumers against unfair merchant practices, encourage the development of fair consumer practices, and coordinate state and federal regulations.¹ This issue brief describes the kinds of transactions regulated by the WCA and then briefly summarizes the remaining chapters.

GENERAL DEFINITIONS AND SCOPE OF THE WCA

The first chapter, [ch. 421, Stats.](#), establishes the scope and jurisdiction of the WCA and provides various general definitions that apply throughout the WCA. Generally, the WCA applies to consumer transactions and consumer credit transactions made in Wisconsin.² A consumer transaction is a transaction in which one or more of the parties is considered a customer for the purposes of the transaction.³ A consumer credit transaction is a consumer transaction in which real or personal property, services, or money is acquired on credit and the customer's obligation is either payable in installments or a finance charge is or may be imposed.⁴

The following transactions are **not** covered by the WCA:

- Extension of credit to organizations and transactions where all the parties are organizations.
- Charges for delayed payments and discounts for early payment of public utilities or common carrier tariffs if a federal or state agency regulates the charges or discounts.
- Ceilings on rates and charges of licensed pawnbrokers, if the rates are established by statute or ordinance.
- The sale of insurance by an insurer, unless otherwise provided in [ch. 424, Stats.](#)
- Consumer credit transactions, motor vehicle leases, or other consumer transactions for which the amount exceeds \$25,000.
- Transactions secured in a first lien real estate mortgage or an equivalent security interest.
- Transactions in securities accounts or securities transactions by or with a broker-dealer.
- Leases of motor vehicles that do not meet the definition in [s. 429.104\(9\), Stats.](#)
- Consumer transactions that are primarily for agricultural purposes, except for the collection of debt under [ch. 427, Stats.](#)⁵

There are also partial exclusions from the WCA for transactions guaranteed or insured by the federal government and certain other federal instrumentalities and groups.⁶

SUMMARY OF WCA REGULATIONS

The remaining chapters of the WCA each regulate different types or aspects of a consumer transaction.

First, [ch. 422, Stats.](#), regulates **consumer credit transactions and credit service organizations**. This chapter creates fee maximums for certain kinds of charges applied to consumer credit transactions and establishes a customer's right to prepay. It also establishes general disclosure requirements, specifies the form of the disclosures, and prohibits certain deceptive merchant practices.

This chapter also defines a “credit service organization” as a person or merchant who sells, provides, or represents another person that will sell or provide any of the following services in return for the payment or other consideration: (1) improve a buyer’s credit record, history, or rating; (2) arrange for or obtain an extension of credit; or (3) provide assistance to the customer for services under (1) or (2). Lastly, this chapter requires credit service organizations to register with the Department of Financial Institutions (DFI) and prohibits making or advising the customer to make certain false, misleading, or deceptive representations.

Next, [ch. 423](#), Stats., regulates **consumer approval transactions** and the **general practices of merchants**. A consumer approval transaction is a consumer transaction (other than the sale, lease, or listing of real property or the sale of goods at an auction) that meets all of the following requirements:

- Is initiated by face-to-face solicitation away from the regular place of business, or a mail or telephone solicitation targeted at a particular customer.
- Is consummated or evidence of the transaction is received by the merchant away from their regular place of business.
- The transaction involves the extension of credit or customer payment over \$25.

Also, the chapter requires merchants in a consumer approval transaction to give the customer notice of their three-day right to cancel, and creates requirements for both the customer and merchant if the customer properly cancels the transaction.

Lastly, this chapter prohibits false, misleading, or deceptive advertising and prohibits a merchant from recording a customer’s address, phone number, or credit card number as a condition of payment.

The next chapter, [ch. 424](#), Stats., regulates agreements for **insurance** provided for or in relation to a consumer credit transaction. This chapter establishes standards for additional charges and conditions for insurance provided in connection with a consumer credit transaction. It also regulates property insurance and other insurance products and prohibits false, misleading, or deceptive practices in the solicitation or sale of insurance products provided for or in relation to a consumer credit transaction.

[Chapter 425](#), Stats., creates the civil and criminal **remedies and penalties** for violations of the WCA.⁷ First, it establishes the civil remedies available to customers for a creditor violation of the WCA. Next, the chapter regulates the enforcement of security interests by creditors and establishes the remedies for creditors if a customer violates the WCA. Lastly, the chapter establishes the criminal penalties for willful violations of the WCA.

Similarly, [ch. 426](#), Stats., grants authority to the DFI Secretary to also **enforce** the WCA.⁸ It authorizes DFI to receive complaints and investigate violations of the WCA and establishes the penalties DFI may seek for violations. Additionally, it requires merchants that make or solicit consumer credit transactions to register with DFI and establishes penalties for failure to register.

Finally, [ch. 427](#), Stats., regulates **debt collection** under the WCA. Debt collection is defined as the practice of soliciting or collecting claims owed, or alleged to be owed, by a customer to a merchant. This chapter also prohibits debt collectors from engaging in certain deceptive practices.

¹ s. [421.102\(2\)](#), Stats.

² s. [421.201\(1\)](#), Stats. For more information on factors that determine whether a modification to a consumer credit transaction is made in Wisconsin, see ss. [421.201\(2\)](#) - (10), Stats.

³ s. [421.301\(13\)](#), Stats. A “customer” is defined as a person, other than an organization, which seeks or acquires real or personal property, services, money, or credit for personal, family, or household purposes (and agriculture purposes under [ch. 427](#), Stats.). [s. [421.301\(17\)](#), Stats.] A recent Court of Appeals case held that residential rental leases are consumer transactions for purposes of the WCA. [*Koble Investments v. Elicia Marquardt*, 2024 WI App. 26.]

⁴ s. [421.301\(10\)](#), Stats. A consumer credit transaction may include consumer credit sales, consumer loans, consumer leases, and transactions pursuant to an open-end credit plan.

⁵ s. [421.202](#), Stats.

⁶ s. [421.203](#), Stats.

⁷ Generally, throughout the WCA, each section states which remedy in [ch. 425](#), Stats., is applicable for a violation of that section.

⁸ The administrative rules created by DFI to enforce the WCA can be found in [ch. DFI-WCA 1](#), Wis. Adm. Code.