

## CONSUMER GUARANTEES

### What are consumer guarantees?

Consumer guarantees are a set of rights and remedies which apply when something goes wrong with goods or services.

You (and in some cases the manufacturer) automatically provide consumer guarantees when supplying goods and services to consumers.

### What do the consumer guarantees cover?

Consumer guarantees apply to:

- goods and services purchased from you by a consumer, from 1 January 2011;
- any type of goods or services costing up to \$40,000;
- goods or services costing more than \$40,000 and normally used for personal, domestic or household purposes; and
- a vehicle or trailer used mainly to transport goods.

Consumer guarantees also apply to sale and discounted goods, and samples and seconds.

### Consumer guarantees for goods

#### Acceptable quality

You and the manufacturer guarantee that a reasonable consumer, fully aware of the goods' condition (including any defects) will find them:

- fit for all purposes for which those kinds of goods are commonly supplied – a toaster must be able to toast bread;

- acceptable in appearance and finish – a new toaster should be free from scratches;
- free from defects – the toaster’s timer knob should not fall off when used for the first time;
- safe – sparks should not fly out of the toaster; and
- durable – the toaster must function for a reasonable time after purchase, without breaking down.

### **Fit for specified purpose**

You guarantee the goods will be fit for any purpose specified by you or the consumer before purchase.

### **Match description and sample**

You and the manufacturer guarantee the goods will:

- be accurately described – for example, on the packaging, in a catalogue or in an advertisement; and
- match any sample or demonstration model shown to the consumer.

### **Additional warranties**

The goods must satisfy any extra promises about the goods made by you or the manufacturer (sometimes called an ‘express warranty’, ‘manufacturer’s warranty’ or ‘extended warranty’).

These extra warranties are additional to consumer guarantees. When selling an extended warranty, you must be very clear about what it offers over and above the consumer guarantees.

### **Title to goods**

You guarantee you have the right to sell the goods (clear title), unless you alerted the consumer before the sale that you had ‘limited title’.

### **Undisturbed possession of goods**

You guarantee that no one will try to repossess (take back) the goods or prevent the consumer from using them.

### **No undisclosed securities on goods**

You guarantee that the goods are free of any hidden securities or charges and will remain so.

### **Repairs and spare parts**

The manufacturer guarantees to take reasonable steps to provide spare parts and repair facilities (a place that can fix the goods), for a reasonable time after purchase. What is ‘reasonable’ depends on the nature of the goods.

## Consumer guarantees for services

You guarantee you will provide services:

- with due care and skill:
  - using an acceptable level of skill or technical knowledge; and
  - taking all necessary care to avoid loss or damage.
- fit for any purpose:
  - specified by the consumer; and
  - ensuring any products resulting from the services are also fit for that purpose.
- within a reasonable time (if no time set).

## Can I modify or restrict consumer guarantees?

No. You must not tell a consumer that a consumer guarantee:

- does not exist;
- may be excluded; or
- may not have a particular effect.

Signs and statements that limit consumers' rights (including 'no refund' signs) are unlawful.

You must not tell a consumer they need to pay for rights that are the same as a consumer guarantee – for example, telling a consumer they should purchase an extended warranty when it does not offer any protection beyond the consumer guarantees.

## What happens when the goods do not meet a consumer guarantee?

The consumer will have rights against you and in some cases the manufacturer. You will have to provide a 'remedy' - an attempt to put right a fault, deficiency or a failure to meet an obligation. Refunds, repairs and replacements are examples of remedies.

See the Refunds Factsheet for more information.

For more information on your obligations under the Australian Consumer Law (ACL), refer to:

- **ACL: Sales practices – a guide for business and legal practitioners**
- **ACL: Avoiding unfair business practices – a guide for business and legal practitioners.**