

Consumer Warranty Explained

On 1 January 2011 the Trade Practices Act 1974 was renamed the Competition and Consumer Act 2010.

All Australian traders, whether online or running a bricks and mortar operation, must comply with Australian trading laws. This includes laws on consumer guarantees. Since 1 January 2011, businesses must provide consumers with guarantees for most consumer goods and services they sell.

Goods

Consumers have the right to ask for a repair, replacement or refund if the goods you sold are: faulty, unsafe, look unacceptable, and do not do what they are supposed to do

In each case this is according to what someone would normally expect for the type and cost of the particular goods.

Consumers also have this right if goods you sold them do not: fit the purpose you discussed with them, match the description provided, match the sample or demonstration model provided, have the extra qualities or performance that you promised before the sale.

Services

Consumers have the right to ask for a repair, replacement or refund if the services you sold: were not delivered completely or with adequate care and skill, did not fit the purpose or give the results that you and the consumer had agreed to, were not delivered within a reasonable time.

These rights arise from the consumer guarantees under the Australian Consumer Law that provide consumers with a right to seek remedies where there are problems with goods or services.

What types of businesses must offer consumer guarantees?

Consumer guarantees apply automatically to most products and services supplied by businesses in retail, service, online and hire situations.

No refunds

It is illegal for businesses to tell customers or show signs stating that they do not under any circumstances give refunds

Must businesses automatically give a repair, replacement or refund?

No. This will depend on the consumer showing proof of purchase and whether or not there is a major problem with the product or service. Proof of purchase can include a receipt, bank statement, a completed warranty card or a lay-by statement. Where the problem is not major, you can offer to repair, replace or refund the product or fix the problem with the service.

For a major problem with a product, the consumer has the right to choose whether you give them a replacement or refund. For a major problem with a service, the consumer can choose compensation for the drop in value below the price paid, or a refund.

If you choose to repair the product or fix the problem with the service, you must carry this out within a reasonable time..

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What is a major problem?

Major problems include:

- An issue that would have stopped a reasonable person from buying the product or service if they'd known about it.
- A product that: is unsafe, is significantly different from the sample or description, doesn't do what you said it would, or what the consumer asked for and can't be easily fixed.

A service that:

is substantially unfit for its common purpose and can't be fixed easily within a reasonable time
does not meet the specific purpose the consumer asked for and can't be fixed easily within a reasonable time
creates an unsafe situation.

Change of mind

You have no legal obligation to offer exchanges or refunds if customers change their minds, although, some businesses choose to do this as a service to customers.

Where do consumer guarantees fit with other warranties?

Consumer guarantees apply even if the product or service comes with a voluntary warranty or an extended warranty that you sell. These additional warranties do not override or limit consumer guarantees; consumers may be entitled to a repair, replacement or refund, even if any voluntary or extended warranty has expired. When you sell a product or service you must honour the consumer guarantees. This means that you have an obligation to help consumers with problems and cannot just refer them to the manufacturer providing an additional voluntary warranty.

Is there a time limit on consumer guarantees?

There are no specific rules about how long after a voluntary or manufacturer's warranty expires that consumers may be entitled to a repair, replacement or refund under the consumer guarantees. This will depend on the product or service and the nature of the problem.

Rejecting goods

When judging how long after a purchase consumers are entitled to reject goods and seek a replacement or refund, you need to consider: the type of goods, how a consumer is likely to use the goods, the length of time for which it is reasonable for the goods to be used, the amount of use the goods could reasonably be expected to tolerate before the failure becomes noticeable.

'Our goods come with guarantees that cannot be excluded under the Australian Consumer Law. You are entitled to a replacement or refund for a major failure and for compensation for any other reasonably foreseeable loss or damage. You are also entitled to have the goods repaired or replaced if the goods fail to be of acceptable quality and the failure does not amount to a major failure.'



Head Office
31-45 Orchard Street,
Kilsyth, Victoria 3137

email: sales@tilling.com.au

Phone +61 3 9725 0222
Fax +61 3 9725 3045

New South Wales
109 Kurrajong Avenue,
Mt Druitt, NSW 2770

email: nswsales@tilling.com.au

Phone +61 2 9677 2600
Fax +61 2 9677 2500

Queensland
20-24 Nealdon Drive,
Meadowbrook, QLD, 4131

email: qldsales@tilling.com.au

Phone +61 7 3440 5400
Fax +61 7 3440 5444

Western Australia
10 Cartwright Drive,
Forrestdale, WA 6112

email: wasales@tilling.com.au

Phone +61 8 9248 7643
Fax +61 8 9248 3241