

Warranty and Refund



Australian
Competition &
Consumer
Commission

How do I find out more?

To find out more, contact the ACCC infocentre by:

Phone: 1300 302 502

Email: infocentre@accc.gov.au
or visit the ACCC website at www.accc.gov.au.

Warranties and refunds are an important part of everyday business, yet the Infocentre receives thousands of calls every year from small businesses and consumers who are unsure of their rights when it comes to asking for (or giving out) refunds.

This Infolink will explain your rights and responsibilities when a consumer approaches you for a refund.

Do I have to give refunds?

Retailers **do not** have to give refunds simply because a customer demands one.

Under the *Trade Practices Act*, consumers are not automatically entitled to a refund if they change their mind, find the product elsewhere for a cheaper price, or if there is a fault in the goods which they knew (or should have reasonably known) about prior to purchase.

When do I have to give refunds?

The *Trade Practices Act* gives consumers a number of automatic warranties when they purchase goods or services.

These **statutory warranties** allow consumers to seek a refund, repair or replacement if the goods are

- faulty
- fail to perform the job intended
- don't match their description
- have hidden defects.

These warranties apply to all domestic and household items (even to second hand goods), and cannot be excluded in any way.

Goods **do not** have to be returned with the original packaging to obtain a refund, and there is no set time within which consumers must return goods—it simply must be within a 'reasonable period', depending on the nature of the goods.

Can I offer additional warranties?

Retailers often provide consumers with **voluntary warranties** – additional guarantees,

given free of charge which go 'above and beyond' the protections offered under the law.

Retailers are not obligated to give these additional warranties, however they must honour them when offered.

These kinds of warranty are additional to **statutory warranties**, and do not overrule them.

As an alternative, some retailers encourage customers to purchase an **extended warranty** which offers additional benefits – for extra cost.

Retailers must ensure that the protection offered by these warranties is more than automatically available under statutory warranties.

Retailers risk breaching the Act if they misrepresent the real benefits of these warranties, or the customer's need for them.

Signage

Stores often have signs displayed to make customers aware of the store's refund policies. If a store chooses to display such a sign, they should ensure that it accurately

states the store policy, and does not falsely represent the protections given by **statutory warranties**.

Signs shop stating things like "no refunds" or "no refunds after 30 days", risk breaching the law. A better sign might read "no refund unless goods are faulty, unfit for purpose or do not match the sample you were shown".

More Information.

The ACCC has a range of guides for small businesses explaining your warranty and refund rights or obligations.

For more information, call the ACCC Infocentre on 1300 302 502 or visit our website at www.accc.gov.au

Did you know?

The ACCC publication *News for Business—Warranty and Refund Signs*, including printed 'refund policy' signs, is available free of charge by calling the ACCC Infocentre on 1300 302 502.