

## Warranty and Refund Small business



### How do I find out more?

To find out more, contact the ACCC infocentre by:

**Phone:** 1300 302 502

**Email:** [infocentre@accc.gov.au](mailto:infocentre@accc.gov.au)  
or visit the ACCC website at [www.accc.gov.au](http://www.accc.gov.au).

Warranty and refund rights are the most common topic raised by callers to the ACCC Infocentre from both small businesses and consumers.

It is important that businesses know where they stand when answering questions about customers' warranty and refund rights – the wrong answer could lose a customer or even break the law!

### 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**.

If you place signs in your shop stating things like "no refunds" or "no refunds after seven days", you are in breach of the law. A legal sign would be "no refund unless goods are faulty, unfit for purpose or do not match the sample you were shown".

### More Information.

The ACCC has guides for both businesses and consumers explaining 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](http://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.