

LAW SIDES WITH CONSUMERS

Guarantees for goods and services are automatic, and businesses must provide redress in the case of problems.



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Businesses providing goods or services to Australian consumers must comply with the consumer guarantees in the Australian Consumer Law (ACL).

These guarantees are automatic, regardless of voluntary or extended warranties, or even expired warranties. There must also be redress in the case of problems.

Under the ACL, businesses guarantee consumers that the goods they buy meet certain requirements. The goods must be safe, not faulty, and do what they are expected to do, or be fit for any purpose made known to the business by the consumer before purchase, or the purpose for which the business said they would be suitable.

If you sell a product that fails to meet one or more of the consumer guarantees, the customer is entitled to a remedy, which could mean a repair, replacement or refund. Compensation is also an option if the consumer has a loss because of the failure.

If you offer a repair and it takes too long, the consumer can have it fixed elsewhere and seek payment from you. Alternatively, the consumer can reject the item for a full refund or replacement. If the product is beyond repair, the consumer can choose whether to reject it and obtain a full refund, or have it replaced.

CANNOT REFUSE

Under the ACL, a business cannot refuse to act if a faulty product is not returned in its original packaging, nor can it refuse to deal with the customer and refer them to the manufacturer instead.

Similarly, service providers guarantee due care and skill, and that their services are suitable for any purpose specified by the customer. If your service fails to meet one or more of the consumer guarantees, your customer is entitled to a remedy – a

refund or further service to rectify the problem. If the customer has a loss because of your service, you may have to pay compensation.

‘A business cannot refuse to act if a faulty product is not returned in its original packaging.’

If a customer demands a remedy, you must comply. If you don’t, the customer can report you to the ACCC or consumer protection agency, or take the matter to a small claims tribunal or magistrate’s court for a binding decision.

When it comes to refunds and returns, these signs are unlawful: ‘No refunds’ or ‘No refunds on sale items’, and ‘Exchange or credit note only for the return of sale items’. This is because these statements imply that a refund is not possible under any circumstance, even if there is a major problem with the goods or service.

For specific advice about business matters, contact a legal professional. ■



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