

CONSUMER AFFAIRS

Refunds

The law aims to give both consumers and traders a fair go. It is designed to protect consumers when they buy goods or services from retailers, service providers or manufacturers.

This fact sheet provides advice to consumers concerning refunds and outline when a consumer is eligible for a refund.

REFUND SIGNS

Traders should display their refund policy in a prominent position in their store.

'NO REFUND' SIGNS ARE ILLEGAL

Signs reading 'No Refund' are illegal as they mislead consumers of their rights.

CONSUMER'S RIGHTS

You are entitled to a repair, replacement or refund if the goods you buy:

- are faulty (and you did not know something was wrong when you bought it);
- do not do what you were told it would do; or
- are not the same as you asked for or the same as you were shown.

If you paid for the goods by credit card, you are not entitled to a cash refund. The amount of the refund should be credited against your credit card.

TRADER'S RESPONSIBILITIES

The goods sold must be of merchantable quality, match the description or sample and be free of defects.

MERCHANTABLE QUALITY

Merchantable quality means a basic level of quality and performance that could be expected, bearing in mind the price and the way the goods were described. For example, a shoe shouldn't lose a heel the first time it is worn, and a new car should not have rust. But a loose door handle or badly fitted carpet would not make goods unmerchantable.

MATCH THE DESCRIPTION OR SAMPLE

Goods must match any description or sample given to you whether face to face, on the labelling or packaging, or in any promotional material. For example, a refrigerator must defrost automatically if that is the way it is described, and the carpet must be the same quality and colour as the sample you chose from.

FREE FROM DEFECTS

There must be no hidden defects which affect the quality of the goods. You cannot complain about defects pointed out to you or defects you discovered before buying.

CHECKLIST

Often it is difficult for consumers to decide if goods have faults which would entitle them to a refund. The following checks may help you and the trader to reach agreement.

- Have the manufacturer's instructions been followed?
- Was the fault caused by something you failed to do (eg not getting the item regularly serviced as recommended by the manufacturer)?
- Has the item been misused or abused (eg dropped)?
- Is the fault a major one that really reduced the value or performance?
- Did the performance fall well short of what you were led to expect?; or
- Could the problems have been expected, given the item's quality, age and price?

EXAMPLES

If a TV that should last 5 years develops a serious fault after 12 months, Consumer Affairs' view is that a consumer should be entitled to have the set repaired or replaced. On the other hand, the consumer would probably be more than satisfied with a two-year run from a \$10 watch bought at the markets, but not if it was a \$2000 exclusive brand watch.

CONSUMER'S OBLIGATIONS

If you are seeking a refund, you need to:

- report the fault and return the goods to the store within a reasonable time;
- stop using the faulty product and look after it until it can be returned; and
- provide proof of purchase.

Traders do not have to give you a refund if you simply change your mind or have discovered you can buy the goods cheaper elsewhere.

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