

Consumer rights - myths and facts

If you want to avoid problems with consumer issues it helps to get your facts right.

Refunds myth

'I don't like it. But I can always return it and get my money back.'

Refunds fact

Not necessarily. Legally, refunds are only available in fairly limited circumstances.

You are entitled to ask the trader for a refund if the item you bought is:

- not of acceptable quality
- does not match the description
- does not match the sample or demonstration model shown to you.

You are not automatically entitled to a refund if you simply change your mind or you later discover that you picked the wrong colour or the item doesn't fit.

However, many large retailers have generous, hassle-free refund policies. They will refund your money even though the item is perfectly okay. They go beyond what is required by law.

If you have any doubts about the suitability of an item, check the retailer's refund policy before you buy.

IMPORTANT - The following signs are illegal, for example: 'No refunds', 'No refunds after 7 days', 'We will exchange or repair or give a credit note but we do not refund'.

However, a sign which states: 'No refund for incorrect choice' or 'No refunds if you change your mind', is legal.

Consumer guarantee myth

A consumer guarantee doesn't have to be provided if there is a warranty.

Consumer guarantee fact

Under the Australian Consumer Law consumer guarantees are given automatically. They provide consumers with a comprehensive set of rights for the goods and services they buy, lease or hire. They replace the statutory and implied warranties under previous laws.

Other warranties still exist. A manufacturer's warranty is a voluntary promise made by a supplier or manufacturer about the goods or services. An extended warranty is an additional warranty that can be purchased by a consumer. Warranties do not replace any consumer guarantees.

Pricing myth

'They have got to sell it to me at the lowest marked price.'

Pricing fact

Not necessarily. When an item is marked with two prices it is illegal for the retailer to sell you the item at the higher price. However, in some cases, the retailer can withdraw the item from sale.

Beware of bait advertising where traders entice customers into their stores by advertising goods at very low prices but don't have the sale items in stock. This may be illegal. Retailers must ensure that reasonable supplies of the products are available during sales.

Deposit myth

'I've changed my mind. But I can still get my deposit back.'

Deposit fact

It depends. Whether you realise it or not, the piece of paper you sign is a contract.

When you place a deposit on an item, you may be entering into a binding agreement to proceed with the transaction. If you change your mind, the trader may be entitled to retain all or part of your deposit.

The actual amount the trader is allowed to retain depends on the circumstances. This money compensates the trader for the time and expense devoted to the transaction, but should not be so high as to constitute a penalty. As a gesture of goodwill, many traders will return your deposit.

Cooling-off period myth

'I'm always protected by a cooling-off period. That means I can change my mind and withdraw from the sale even though I have signed a contract.'

Cooling-off period fact

Generally speaking, when you sign a contract you are legally bound by its terms and conditions and you can't back out.

Cooling-off periods only apply to a limited number of transactions including:

- telemarketing and door-to-door sales (unsolicited consumer agreements)
- some contracts for the sale of land
- some contracts for motor vehicles where the dealer is also arranging the finance
- contracts with an agency to sell property.

In all cases, specific conditions apply and you need to make sure you fully understand your rights before signing any contracts, even if a cooling-off period is available.

Always read any document you are asked to sign. If you don't understand it, don't sign it.

IMPORTANT - With most contracts, you can't rely on a cooling-off period. Know your rights before you sign.

Supermarket scanner myth

'If a supermarket scanner scans an item at a price higher than the displayed shelf price, I can get that item free of charge.'

Supermarket scanner fact

This only applies if the supermarket abides by the voluntary Code of Practice for Computerised Checkout Systems in Supermarkets.

Under the Code of Practice, if an item scans at a price higher than the shelf price, the customer is entitled to receive the first item free and all subsequent items (with the same barcode) at the lower shelf price.

Remedy for a problem myth

The consumer can always choose the remedy if there is a problem with a good or service.

Remedy for a problem fact

It depends on whether the problem is minor or major. For minor problems with goods or services, the business chooses the remedy. For major problems with goods or services, you, the consumer chooses the remedy.

Original packaging myth

I have to keep the original packaging for the product and return it to the supplier if something goes wrong with the product.

Original packaging fact

When seeking a remedy for a problem, you are not required to return the goods to the supplier in the original packaging. However, you will usually need to have proof of the transaction (eg cash register or credit card receipt).

Customer rights myth

'The customer is always right.'

Customer rights fact

Customers sometimes do get it wrong. But the fact remains that well-informed consumers have a far better chance of successfully asserting their rights.