

CONSUMER AFFAIRS

Guidelines for traders

Refunds

*The law aims to give both consumers and traders a fair go.
This fact sheet provides some guidelines for business with regards to refunds and
outlines your rights as a trader.*

REFUND SIGNS

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

Printed Refund Policy Signs are available free of charge from Consumer Affairs or can be downloaded from the web site consumeraffairs.nt.gov.au.

'NO REFUND' SIGNS ARE ILLEGAL

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

Consumers can seek redress under certain circumstances, they have the right to have the goods repaired, replaced or a refund provided if the goods purchased:

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

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 the consumer 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. Another example is that any carpet must be the same quality and colour as the sample the consumer chose from.

FREE FROM DEFECTS

There must be no hidden defects which effect the quality of the goods. Consumers can not complain about defects pointed out to them or defects they discovered before buying.

TRADER'S RIGHTS

You don't have to provide a refund if:

- the consumer provides no proof of purchase;
- the consumer has simply changed their mind or have discovered they can buy the goods cheaper elsewhere; or
- the goods have been damaged after purchase.

CONSUMER'S OBLIGATIONS

If consumers asks for a refund, they should:

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

If the consumer has paid for the goods by credit card, they are not entitled to a cash refund, but the amount of the refund should be credited against their credit card.

Remember, it may be wise to consider today's competitive market place when adopting a refund policy.

Some businesses choose to offer a refund to consumers regardless of the requirements under the *Act*, as a satisfied customer can be worth significantly more than the price of the goods.

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