



What you want to know about consumer rights

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You have legal protections whenever you buy personal or household goods (like a car, stereo or clothing) from a shop or business, if they turn out to be faulty. In the same way you're protected if you buy services (like a haircut or bank services) from a business for personal or household use and the services aren't adequate.

Other consumer laws protect against false advertising, and set down rules for special ways of buying, like layby.

So what do you want to know about?

Buying goods and services

Consumer goods must be of “acceptable quality”

When you buy goods from a shop or business, you're protected by the Consumer Guarantees Act 1993 if what you've bought turns out to be faulty. The Act says that the goods have to be of “acceptable quality”, which means they must be fit for their normal purpose, safe, durable, free from minor defects, and acceptable in finish and appearance.

These protections apply whenever you buy goods from a shop or trader (not from an auction or private sale), and they are things that are normally bought for personal or household use (such as clothes, food or stereos).

So what can I do if the goods are faulty?

Exactly what your rights are depends on how serious the problem is –

- If the fault is **serious or can't be fixed** (a large hole in clothing for example), you can return the item and get a cash refund or a replacement. (You're entitled to cash – you don't have to accept a credit note.) You can also keep the goods but get some money back as compensation for the fault.
- If the fault **can be fixed** (a missing button for example), you can ask the seller to fix the problem. The shop can't charge you extra for this, and they must do it within a reasonable time. If the seller refuses to fix the fault you're entitled to return the goods and get a cash refund or replacement, or get the fault fixed somewhere else and claim the cost from the seller.

What about “seconds”?

Seconds are goods that are sold with a flaw or fault. If they're clearly marked as seconds or you're warned there is a flaw, you can't complain once you've bought the goods.

But if the fault wasn't pointed out to you when you bought the goods, or if they have a different or additional fault to the one they told you about, you can ask for your money back, or for a replacement, or to have them repaired, depending on the fault.

What about goods on sale?

When you buy goods on sale you have exactly the same rights under the Consumer Guarantees Act as with other goods. The goods must still be of reasonable quality, should match their description and should do the job they're designed for. The fact that the seller chooses to sell the goods at a lower price doesn't affect your rights if they're faulty.

What about gifts?

If a gift you receive is faulty, you have the same rights under the Consumer Guarantees Act as if you were the person who bought the goods. However, the shop is entitled to require you to provide proof that the goods were in fact bought from that shop. Therefore you may need to get the receipt from the person who gave you the gift.

What if the shop says the Consumer Guarantees Act won't cover me?

If the shop has a sign saying "No Refunds", or otherwise tries to tell you the Act won't cover you, this doesn't take away any of your legal rights under the Act. Even if the shop gets you to agree that the Act won't protect you, your rights under the Act will still apply.

I've changed my mind – can I have a refund?

If you simply change your mind about something you've bought, the shop doesn't have to give you a refund – for example, if you buy jeans without trying them on and later decide they don't look good on you.

Many shops will exchange things or give you your money back in those situations, but they don't have to. So if you're buying something and there's a chance you'll need to change it, check with the seller first. You might also be able to take them on "cash appro", or get an exchange card.

What is a "cash appro"?

Some shops will let you take goods on "cash appro" if you or your parents have a credit card. The shop will fill out a manual credit card form for the total amount of the goods, which the credit-card holder then signs. You get to take the goods home to try out for a certain time (usually a day or two) and the shop holds the credit card form without processing it. If the goods aren't suitable, you can return them before the agreed deadline and the shop will tear up the credit card form.

What can I do about faulty services?

The Consumer Guarantees Act also protects you when you pay for services, such as a haircut, drycleaning or photo developing, and services from people like doctors and lawyers.

The Act protects you only when you buy the services from a business, and when they're services that are normally bought for personal or household use.

Once you've told the trader or service provider what service you expect and they agree to do the job, the finished job must meet your expectations. Any work must be done with reasonable skill and care – that is, the work must be at least as good as the work of a competent person with average experience in that type of work. They must also do the work for a reasonable price and within a reasonable time, if you haven't agreed in advance on the price and time.

If there is a problem with the service, you can get the person who did the faulty work to fix it for you for free. If they don't fix it within a reasonable time, you can get a refund, or get it fixed yourself and claim the cost back from them. If the problem is serious or can't be fixed, you can get a refund. The amount you can claim as a refund for faulty services will depend on whether some of the service provided was satisfactory.

You may also be able to claim for extra loss or damage resulting from the initial problem if it was reasonably foreseeable that this extra loss or damage would result from it.

Layby

How does buying on layby work?

Layby is a popular way of buying goods when you can't afford to pay for them all at once. You pay a deposit at the start (usually 10 to 20%) and the goods are kept at the shop while you pay for them. No interest is added to the price.

You agree to pay for them in instalments, and you both agree how long it will take. When you make the last payment you can collect the goods (although you and the shop can agree that you can collect them earlier).

It's a good idea to ask the shop for a layby receipt or docket that clearly lists what you're buying, the terms of the layby, and contact details for you and the shop. You should get another receipt each time you make a payment. You're entitled to get a written statement from the shop setting out the details of the layby, if you give the shop a written request for this and enclose 25 cents. You can request this statement each month.

The Layby Sales Act 1971 sets out some rules and protections for consumers, explained below.

Can I change my mind before I've paid the full price?

You can change your mind and cancel the layby by telling the seller. You should then get your money back (not a credit note), except that the shop is entitled to deduct the costs of putting the goods on layby, such as writing out dockets and the staff time involved. But these costs should be only a small proportion of the cost of the goods.

If you cancel after having the goods on layby for **more than one month**, the seller can also deduct the lost value of the goods. This is the difference between their price when you put them on layby and the price they would sell for now. For example, if you put a \$200 coat on layby in winter and cancel your layby in spring when all the winter coats are on sale for \$150, you might lose the \$50 difference, plus a bit more for the selling costs.

Does the seller have to hold the goods for me?

The shop must hold the goods for you, so long as you keep making your layby payments as agreed with the shop. If you don't, the shop can cancel the layby agreement. But if they cancel, you may still be able to get a refund; the amount of the refund will depend on the selling costs and any lost value that the shop is entitled to deduct (see the previous question).

Can the seller increase the price before I've finished paying?

No, the price of the goods held on layby can't be increased if, for example, new stock comes in at a higher price. The shop must sell you the goods at the price you both agreed on.

False advertising

Rules about advertising things for sale

The Fair Trading Act 1986 makes it illegal for anyone selling goods or services to mislead or deceive you. It doesn't cover private sales, just people who sell things for business (such as a shop).

Shops and businesses can't –

- label a product in a misleading way
- put something in an advertisement that isn't true
- tell you something about the goods that isn't true
- follow unfair practices, like asking for or accepting payment when they don't intend to supply the goods or services, or advertising goods or services at a particular price when they don't intend to sell them at that price ("bait" advertising).

The seller doesn't have to deliberately mislead you – it's enough that the conduct was likely to mislead you.

Taking action

What can I do if I have a consumer complaint?

If goods you've bought are faulty or you've received an inadequate service, talk to the shop or business first. Be prepared to talk to the manager if the staff aren't helpful.

Make sure you keep a copy of your receipts, guarantees and warranties, and a record of your discussions and agreements with retailers and service providers.

How can CABs help?

If approaching the shop or business doesn't fix the problem, talk to your local Citizens Advice Bureau (freephone 0800 367 222) about what steps you can take next. They'll explain your rights as a consumer and answer your questions for free. With your permission the CAB may approach retailers on your behalf.

Citizens Advice Bureaux also have leaflets explaining your rights as a consumer in more detail.

How to get more information

- Call your nearest Citizens Advice Bureau on 0800 FOR CAB (0800 367 222) or find the nearest CAB by visiting www.cab.org.nz
- Visit the Ministry of Consumer Affairs website - www.consumeraffairs.govt.nz
- Call your local community law centre (under "C" in the white pages)
- Visit the Consumers' Institute website - www.consumer.org.nz
- Visit the YouthLaw website - www.youthlaw.co.nz or call them free ("call collect") on: (09) 309 6967 (to call collect, dial 010 for the operator and follow the instructions).

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