

# Neighbourhood Support New Zealand



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## Neighbourhood Support Fact Sheet

### Consumer Guarantees Act Made Simple

The **Consumer Guarantees Act 1993** sets out the rights of consumers and the responsibilities of those who serve them. Its coverage extends from retailers to professionals such as bankers and doctors, and includes everything that might ordinarily be purchased for personal, domestic or household use.

The Act expresses your rights as a consumer as a series of "guarantees" that the seller automatically makes to you when you buy something.

#### Your rights under the Act:

##### Goods

Whenever you buy a product, be it a chocolate bar, microwave oven or a car, the seller guarantees that:

- It has the right to sell the product.
- The product is not security for a loan and can not be repossessed in relation to someone else's loan - unless you are told otherwise in writing.
- The product is of an "acceptable quality". It must be fit for all purposes it might commonly be used for, have an acceptable appearance and be safe and durable. For example, if it is a chair, it must take your weight.
- It also has to be free of minor defects, unless you are told about these first.
- The product must do what the seller says it will. If you are told a watch is fit for diving and then find it lets in water, the retailer is in breach of the Act, because the watch is not fit for its purpose.
- The product is the same as any demonstration model, sample, or description of it. Mail-order goods must match their photographs in the catalogue.
- If no price has been agreed, you need pay only what is reasonable. Reasonable is a price about the same that other traders would charge for the goods.

Manufacturers - and local importers and distributors if the products are made overseas - also guarantee to the consumer that:

- Spare parts and repair facilities will be available. They can, however, avoid this if they let you know before you buy that parts may be limited or not available.
- Their own guarantees will be honoured.

## **Services**

Whenever you buy a service, such as going to the bank, taking a bus ride or visiting your doctor, the seller guarantees that:

- The service will be carried out with reasonable care and skill. For example, a garage must do the job properly. They should not cause any damage in the process, such as scratch the bonnet of the car.
- The service will be fit for the purpose - it will provide what the customer wants. If you buy concert tickets with "a clear view of the stage", you can not be stuck behind a pillar.
- Where no time has been agreed as to when the service is to be completed, the service must be completed within a reasonable time. For example, painters can not use the weather as an excuse if they do not turn up on fine days.
- If no price, or hourly rate or other charging system has been agreed for the service, you need pay only what is reasonable. Reasonable is a price about the same that other traders would charge for the service.

## **Putting it right**

If something goes wrong, you have the right to insist that the seller fixes things.

Generally speaking, this means the retailer who sold you the goods or services must sort out the problem. If the stitching comes apart on your fairly new shoes, you do not have to track down the manufacturer or importer, you simply take them back to the shop. If they tell you the shoes were never much good, it is their problem, not yours.

However, if you have trouble with the seller, you also have the right to get the shoes fixed elsewhere and claim the cost from the seller. But before you do this, you should try to sort things out with the initial seller. If you get nowhere, tell them - preferably in writing - what you are going to do, and keep written records.

If the problem can not be fixed, or can not be put right within a reasonable time, or is substantial, you can:

- Reject the product or cancel the service contract and claim a full refund or replacement. Sellers can not offer a credit note only. If you want cash back, you are entitled to it.
- Alternatively, consumers may claim compensation for any drop in the value of the product or service, or claim for any reasonably foreseeable extra loss that results from the initial problem. If your new washing machine does not go properly, you can claim for laundry costs or for the cost of hiring a replacement one while the first one is being fixed.

## **Manufacturers**

You can complain to the manufacturer if there is a problem with quality, match or description, repairs and spare parts, or goods not complying with guarantee.

Complaining to the manufacturer is useful when, for example, the retailer has gone out of business or is proving hopeless to deal with. But in most cases it should be easier to insist on your rights directly with the retailer, and get them to take up the problem with the manufacturer.

If a product has parts made by different manufacturers, you can claim against any or all of them. In practice, however, your best bet may be to contact the one whose name is on the product.

## **Other points**

The Act only applies to sellers "in trade". This means it does not cover private sales or goods sold by auction or tender. However, the act does cover goods sold in secondhand shops and sales.

The Act applies to gifts. If you are given something, you have the same rights as if you bought it yourself and can seek redress directly for any problem.

The Act uses words like "reasonable" and "acceptable". These terms are deliberately open-ended - a concert violin is required to meet a higher standard than a child's cheap instrument. Ultimately, a tribunal referee or a judge may have to decide what is reasonable or acceptable in the circumstances.

Sellers can not "contract out" of the Act. This means if they put up a sign saying "No refunds or exchanges", it is meaningless. You still have full rights under the Act.

It also means guarantees and warranties can not state "No consequential losses are covered", because attempts to contract out of the Consumer Guarantees Act may mislead consumers about their rights. The [Commerce Commission](#) may use the **Fair Trading Act 1986** to prosecute traders who attempt to contract out of the Consumer Guarantees Act.

### **Taking it further**

If, for whatever reason, you can not get satisfaction on a complaint, you have several options:

- Go to the [Disputes Tribunal](#) for cases up to \$7,500, or \$12,000 if both parties agree.
- Go to any complaints service offered by an industry body.
- Go to court.

For more free information on your legal rights and other topics, check

[Consumer Online](#)

[Citizens Advice Bureaux](#)

[New Zealand legislation](#) can be located at this address under Statutes.