



# MEDIA RELEASE

## DR CRAIG EMERSON

Minister for Small Business, Independent Contractors and the Service Economy  
Minister for Competition Policy and Consumer Affairs  
Minister Assisting the Finance Minister on Deregulation

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### Know your rights before returning defective goods and purchasing extended warranties

A low level of awareness about consumers' rights is adding to the cost of buying goods, an issues paper on consumer protection has warned.

The issues paper examining existing Commonwealth and state laws relating to warranties on consumer goods was released for public comment by the Minister for Competition and Consumer Affairs Dr Craig Emerson today.

The paper has been prepared by the Commonwealth Consumer Affairs Advisory Council (CCAAC) and is called "*Consumer Rights. Statutory implied conditions and warranties*".

Dr Emerson pointed out that many consumers do not understand their legal rights to refunds on defective goods, believing they can be overridden by retailers issuing warnings.

"Signs displayed by stores such as 'no cash refunds', 'no refunds after 30 days' and 'all care but no responsibility', cannot negate customers' rights under consumer protection laws", Dr Emerson said.

The issues paper also advises that goods sold at auction, including online auctions, are not covered by implied warranties at present and asks for views on whether they should be.

"Online auctions are rapidly growing in popularity and consumer protection policy needs to catch up", Dr Emerson said.

Dr Emerson said many consumers are purchasing costly extended warranties at retail stores in the mistaken belief that they have no rights when the manufacturer's warranty expires.

"Consumers tend to believe that their entitlements to a refund or repair of defective products are contained only in the formal warranties issued at retail stores", Dr Emerson said.

"The common perception is that when the warranty expires their rights expire too, but this is not correct.

"Implied warranties, provided through federal and state consumer laws, can operate well beyond the expiry date of a statutory warranty.

"If a dishwasher has a one-year warranty and collapses in its 13<sup>th</sup> month of use, the consumer could still be protected by the implied warranty," he said.

A lack of awareness of their rights is causing many consumers to pay extra to take out extended warranties; for example, two years on a refrigerator instead of a manufacturer's warranty of one year.

"These extended warranties are more like an insurance policy, which might not be worth the expense when an implied warranty still applies under consumer protection laws", Dr Emerson said.

It is estimated that problems relating to warranties and refunds are costing Australians around \$12 billion a year.

Dr Emerson welcomed public comment on the issues paper, which is available at <http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=1586>

Public comment can be made to the CCAAC by 31 October 2009 and can be submitted to [CCAAC@treasury.gov.au](mailto:CCAAC@treasury.gov.au) or

CCAC Review of Conditions and Warranties  
Consumer and Policy Division  
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CCAAC is an expert advisory panel that provides advice to the Minister for Competition and Consumer Affairs on consumer policy issues.

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