

**B**

## CONSUMER RIGHTS AND RESPONSIBILITIES

### BACKGROUND INFORMATION

#### **Consumer protection**

A consumer is any person who buys goods or services from a supplier. The best protection a consumer has is to be informed. An informed consumer knows how to 'shop around' for the best deal, how to compare price and quality, what after sales service to expect and how to complain if things go wrong.

While it is handy to remember the expression 'Buyer beware', the trader also has obligations not to mislead consumers. This has come about because consumers have formed lobby groups and as a consequence, legislation has been improved.

Consumers have the right to expect that their purchases are safe, of a certain quality and perform to a certain level. The information provided with goods and services should be accurate and be in line with that required by law. There should be safety instructions on dangerous products.


#### **Contracts and agreements**

A contract is a legally binding agreement between two or more people. You will enter into a contract when you: buy goods; use credit; hire a builder; and get an internet service provider. These are all types of contracts.

Although consumer law can be governed by 'general law', it is also governed by specific legislation, such as the *Trade Practices Act*, the *Fair Trading Act*, *Consumer Credit Code* and the *Contracts Review Act*. There are links to this legislation on the Law Society of NSW website ([www.lawsocnsw.asn.au](http://www.lawsocnsw.asn.au)), or the Australasian Legal Information Institute website ([www.austlii.edu.au](http://www.austlii.edu.au)).

#### **The consumer agreement**

When a consumer buys something they enter into an agreement with the seller, the consumer agreement. All consumers are protected by the implied conditions of the consumer agreement, which state that:

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- goods must be of reasonable quality considering their price and description (merchantable quality)
  - goods must be reasonably suited for the purpose that you made known to the seller at the time of the sale

- goods must match any description or sample given to you by the seller whether face to face, on the label or packaging or in any promotional material.

There are two types of warranties: Statutory Warranties or Voluntary Warranties. A warranty is a promise that goods or services are of a certain quality and will do the job they are supposed to do.

Statutory warranties are provided by law. They give you the right to:

- clear title to goods
- goods that match any description provided
- goods that are of merchantable quality
- goods that are fit for the purpose that you made known to the seller
- services that are carried out with due skill and care.

*Voluntary or express warranties* are generally offered by stores or manufacturers and are usually in writing. They operate in addition to statutory warranties.

A seller must stand by their voluntary warranties and honour any promises they make about the future availability of services, spare parts and replacement parts. Regardless of what the voluntary warranty provides, the statutory warranty will automatically apply.

### ***Seller's responsibilities***

The seller must deal with any problems that should be fixed under the statutory warranty. If goods are so defective that they should not have been sold (eg they don't work properly, they break down or develop serious faults) then the seller must repair or replace them or refund the money. Some sellers may claim that the manufacturer is responsible for the faulty product—they only sold it!! This is simply not true. Retailers are responsible for the products they sell. It's up to them to deal with the manufacturer.

### ***Complaints***

If a consumer is unhappy with the goods or services they have bought, they should try to sort out the problem with the trader or retailer before taking further action. More information about making effective complaints can be accessed on the NSW Department of Fair Trading website ([www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)).

### ***Value for money***

There are a number of factors that influence our decisions to buy products and services. As a basic guide to getting value for money, consumers should compare quality, quantity, price and customer service. One simple way to get value for money is to compare the price of goods against the varying sizes or quantities of goods.



When people say ‘you get what you pay for’ they often mean that if you buy something that is very cheap, it may not be of good quality. The quality of goods and services depends on a variety of factors. However, if the price of goods or services is very high it does not necessarily mean that the quality will be high. The *Money Stuff* website ([www.moneystuff.fairtrading.nsw.gov.au](http://www.moneystuff.fairtrading.nsw.gov.au)) includes a checklist, *Tips for Shopping* to help young people choose goods and services which meet their needs and expectations.

**Key words**

consumer	contract	complaint	refund	statutory warranty
voluntary warranty	receipt	agreement	tenancy agreement	implied
value	quality	quantity	customer service	financial
counsellor	confidential advice	advisory organisations	implied condition	

**ACTIVITY OUTLINE**

Ask students: What do a tenancy agreement, a parking ticket, a rock concert ticket and mobile phone call plan have in common? They are all contracts.

They all involve:

- consideration—where there is an exchange of something of value or benefit between the parties (eg paying money for a CD)
- agreement (by which there is offer and acceptance)
- intention to enter in legal relations (this can be implied).

Ask the class to complete WORKSHEET B1.

Explain that one type of contract or agreement is the consumer agreement and that consumers have some protection under the implied conditions of the agreement.

Discuss the meaning of the word ‘implied’ ie that something is tacitly understood or indicated.

Ask students what they expect of goods or services when they buy them from a retailer or trader.

Ask them to investigate the *Money Stuff* website ([www.moneystuff.fairtrading.nsw.gov.au](http://www.moneystuff.fairtrading.nsw.gov.au)) and click on *Buying Stuff* and then click on *Implied conditions in a sale contract, Refunds and Warranties*. Ask them to find out what they can reasonably expect from the goods and services they buy under the implied conditions of the consumer agreement.

Explain that they will be returning to the *Money Stuff* website to complete WORKSHEET B2.

Ask the class: How do we know we are getting value for money when we buy something? Explain that basic comparisons can be made about price, quantity, quality and customer service.

Ask: What is good customer service? Ask students to think of one example of good customer service.

Ask students if they have ever bought something that was supposed to be durable but didn't last very long. Is this a measure of poor quality?

Ask students to compare price and quantity of goods next time they go supermarket shopping and to report back to the class.

Ask the class to work alone or in pairs to complete WORKSHEET B3, which looks at organisations which can help with credit and consumer problems. You may want to organise a representative from one of these organisations to speak to the class.

