



Dear Stakeholders

Mandatory text changes for warranties against defects: important information for businesses

The purpose of this letter is to advise you of an upcoming change to the Australian Consumer Law (ACL) that may affect your business.

If your business chooses to offer ‘warranties against defects’ when supplying services, or when supplying goods combined with services, you will need to comply with new requirements coming into force on **9 June 2019**.

What is a ‘warranty against defects’?

A warranty against defects is a representation communicated to a consumer that if goods or services (or part of them) are defective, the business will:

- repair or replace goods (or part of them);
- resupply or fix a problem with services (or part of them); or
- provide compensation to the consumer.

A representation is only a warranty against defects if it is made at or around the time that goods or services are supplied.

What is changing?

Currently, businesses who offer a warranty against defects in goods must include specified ‘mandatory text’ to ensure consumers are aware that the warranty operates in addition to their rights under the ACL.

If you offer a warranty against defects when supplying services, **you will need to display the following mandatory text from 9 June 2019:**

Our services come with guarantees that cannot be excluded under the Australian Consumer Law. For major failures with the service, you are entitled:

- to cancel your service contract with us; and
- to a refund for the unused portion, or to compensation for its reduced value.

You are also entitled to be compensated for any other reasonably foreseeable loss or damage.

If the failure does not amount to a major failure, you are entitled to have problems with the service rectified in a reasonable time and, if this is not done, to cancel your contract and obtain a refund for the unused portion of the contract.

If you offer a warranty against defects when supplying goods combined with services, **you will need to display the following mandatory text from 9 June 2019:**

Our goods and services come with guarantees that cannot be excluded under the Australian Consumer Law. For major failures with the service, you are entitled:

- to cancel your service contract with us; and
- to a refund for the unused portion, or to compensation for its reduced value.

You are also entitled to choose a refund or replacement for major failures with goods. If a failure with the goods or a service does not amount to a major failure, you are entitled to have the failure rectified in a reasonable time. If this is not done you are entitled to a refund for the goods and to cancel the contract for the service and obtain a refund of any unused portion. You are also entitled to be compensated for any other reasonably foreseeable loss or damage from a failure in the goods or service.

There will be no change to the current mandatory text that traders use for warranties against defects when supplying goods alone.

Where can I find more information?

You can find out more about warranties against defects on the Australian Competition and Consumer Commission (ACCC) website at: <https://www.accc.gov.au/business/treating-customers-fairly/offering-warranties/warranties-against-defects>

Kind regards



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