

# ADVICE ABOUT YOUR TRADING TERMS

Update to your Warranty clauses required.

---

## [Applies if your customer is a 'consumer'?](#)

Your customer will be considered a consumer if they purchase:

- Goods or services that cost less than \$40,000.00; or
- Goods or services that cost more than \$40,000.00 but are of a kind ordinarily acquired for domestic, household or personal use or consumption; or
- A vehicle or trailer primarily used to transport goods on public roads.

Your customer will not be considered a consumer if goods are purchased to be resold or to be transformed into a product that is sold.

## [Express Warranties](#)

The Australian Consumer Law ('ACL') contains requirements in relation to express warranties under the consumer guarantees. This is done verbally or in writing about the quality or standard of a product. This may, for example, refer to:

- The quality, state, condition, performance or characteristics of the product.
- What the product can do and for how long.
- The availability of servicing, supply of parts or identical products.

As a supplier or manufacturer, you may also provide promises to consumers about what you will do if something goes wrong with the product or service. These are known as "warranties against defects".

## [Warranties against Defects](#)

You must provide your customer with Warranty against defects at or around the time that goods or services are supplied. If the goods or services (or part of them) are defective, your business will:

- Repair or replace the product (or part of them).
- Resupply or fix a problem with services (or part of them).
- Provide compensation to the customer.

## [When required information must be provided](#)

If you provide goods or services to consumers and provide a warranty against defects you must adhere to the requirements of the ACL.

The documentation evidencing a warranty against defects must include:

- Details of what your business must do if the goods are faulty or defective (e.g. repair or replace the goods).
- Actions required by your customer to entitle them to claim the warranty (e.g. cease using the goods, contact the manufacturer).
- The business name, business address, telephone number and email address (if any) of your business.
- The warranty period.
- Actions required for the customer to make a claim under the warranty (e.g. how to contact your business and where to send the claim).
- Whether your business or the customer is responsible for the expenses associated with a warranty claim and how the customer can claim back any expenses incurred.
- A statement that the benefits provided to the customer by the warranty are in addition to other rights and remedies available to the customer under the law.

### [What is the applicable date?](#)

9<sup>th</sup> June 2019.

### [Compulsory clauses](#)

In addition to the requirements above, your warranty against defects must include compulsory words to ensure that your customers are made aware that any warranty against defects operates in addition to consumers' rights under the ACL.

#### [What You Need To Do](#)

Download the document called Required Warranty Clauses.

We suggest that you seek legal advice.



are happy to provide this to you.

You need to be careful that any extra information about the warranty against defects does not limit or negate the mandatory text.

Ensure that your warranty documentation complies with the Australian Consumer Law.

**We are here to help. If you require assistance, a review of your existing business Trading Terms or wish to have them drafted please contact our Client Services Team on 1800 641 617.**