

When do I have to give a refund?

The law automatically provides consumers with guarantees on certain goods and services. These are called consumer guarantees— see examples of guarantees in the table below. If goods you supply to a customer do not meet a consumer guarantee, you must fix the problem by providing a remedy, such as a refund, repair or replacement.

Who fixes the problem – me or the manufacturer?

Consumer guarantee	Who fixes the problem?
Goods	
Acceptable quality	You and the manufacturer
Fit for specified purpose	You
Match sample or demonstration model	You
Match description	You and the manufacturer
Additional warranties (including extended and manufacturers')	You and the manufacturer
Title to goods	You
Undisturbed possession of goods	You
No undisclosed securities on goods	You
Repairs and spare parts	Manufacturer
Services	
Due care and skill	You
Fit for purpose	You
Completion within a reasonable time (if no time set)	You

Do I repair, refund or replace?

The remedy you provide depends on whether the problem is:

- **major** – it can't be fixed, or would take too long or is too difficult to fix
- **minor** – it can be fixed within a reasonable time.

Goods

Fixing *major* problems with goods

The customer can:

- reject the goods and choose a refund or replacement, or
- ask for compensation for any drop in value of the goods.

The customer gets to choose, not you or the manufacturer.

When the customer chooses a refund you must:

- repay any money paid by the customer for the goods
- return, or reimburse to equal value, any other form of payment made by the customer – for example, a trade-in
- **not** offer a credit note, exchange card or replacement goods instead of a refund
- **not** refuse to refund, or reduce the amount, because the goods were:
 - ✘ on sale
 - ✘ worn or used
 - ✘ not returned in the original packaging or wrapping.

When the customer chooses a replacement:

- you must provide goods of the same type and similar value. If such a replacement is not reasonably available, the customer may choose a repair or a refund
- the customer must return the goods to you – if this involves significant cost to the customer, you must collect the goods at your own expense
- the consumer guarantees that applied to the original goods will apply to the replacement.

Fixing *minor* problems with goods

If the goods can be repaired within a reasonable time, the customer cannot reject the goods and demand a refund. They can ask you to fix the problem.

You may choose to:

- give a refund
- replace the goods
- fix the title to the goods, if this is the problem
- repair the goods.

It is your responsibility to return goods to the manufacturer for repair.

Services

Fixing *major* failures with services

The customer can choose to:

- cancel the service contract with you and get a full refund, or
- keep the contract and get compensation for the difference in value of the service delivered and what they paid for.

Fixing *minor* problems with services

The customer can't cancel and demand a refund immediately. They must give you an opportunity to fix the problem:

- free of charge, and
- within a reasonable time.

When don't I have to fix a problem with goods or services?

If you didn't meet one of the consumer guarantees due to something:

- someone else said or did (excluding your agents or employees), or
- beyond human control that happened after you supplied the goods or services.

You also may not have to provide a remedy if:

- the customer leaves it too long to complain
- the customer lost, destroyed, damaged or disposed of the goods
- the goods are attached to other property and can't be removed without damage.

Is the customer entitled to a refund for changing their mind?

No. But you can have a store policy to offer a refund, replacement or credit note when this happens. If you do, you must abide by this policy.

What can I put in my refund policy?

Your refund policy and signs must reflect the consumer guarantees.

Examples of unlawful signs:

- 'No refunds'
- 'No refund on sale items'
- 'Exchange or credit note only for return of sale items'.

Signs reflecting your store policy but not modifying or restricting the consumer guarantees are acceptable – for example 'No refunds will be given if you simply change your mind'.

Does the customer need a receipt?

Customers can show you either a cash register receipt or another proof of transaction, such as a:

- GST tax invoice
- credit card or debit card statement
- handwritten receipt
- receipt number from a phone or online transaction.

For more information on your obligations under the Australian Consumer Law (ACL), refer to ***ACL: Consumer guarantees – a guide for business and legal practitioners.***