

MEDIA RELEASE

27 November 2013

CONSUMERS URGED TO BE WARY OF EXTENDED WARRANTIES

Retailers across Australia have had their extended warranty practices examined by consumer protection agencies, including Northern Territory Consumer Affairs.

The Commissioner, Gary Clements said the joint operation undertaken during 2013 examined the practices of 141 retailers across Australia, including 25 in Northern Territory.

Mr Clements said the work built on an earlier national project by consumer protection agencies that closely examined the practices of traders in honouring the consumer guarantee provisions of the Australian Consumer Law.

“The national operation focused on retailers who commonly sell extended warranties with their products, such as whitegoods, electronics and new cars,” Mr Clements said.

“While many retailers were found doing the right thing, some national retailers need to lift their game with investigations continuing into some traders.”

Mr Clements said often manufacturers’ warranties were only valid for 12 months, with retailers selling extended warranties to cover subsequent years.

“Consumers need to be aware that their legal rights often outstrip what retailers are trying to sell in an extended warranty and they could be buying an unnecessary warranty product that the Australian Consumer Law already provides,” he said.

“Just because the manufacturer’s warranty on a \$3,000 television expires after one year doesn’t mean you have to buy an extended warranty.

“The law protects your purchase because it is reasonable to expect an expensive television to last longer than a year, with or without an extended warranty.”

Consumers are also being misled about their refund rights, with the Australian Competition and Consumer Commission recently initiating action against some major retailers and manufacturers.

Enforcement action has been taken against one retailer, with investigations continuing into another nine across the country.

Mr Clements said he welcomed news that Choice had independently conducted recent scrutiny of the extended warranty practices of a number of large national retailers and looked forward to examining the outcome of their work.

“Northern Territory Consumer Affairs will continue to work with retailers to address any systemic problems, including consideration of a standard point of sale sign to provide accurate information to consumers about extended warranties,” he said.

For more information about Northern Territory Consumer Affairs go to the Consumer Affairs website www.consumeraffairs.nt.gov.au or contact Consumer Affairs on 1800 019 319.