



CONSUMER AFFAIRS

"Promoting Confident Consumers and Responsible Traders"

Sale of Goods Act 1978 (as amended) 2002

As a trader/seller, you need to know how the law affects you and your consumers. Over the years, common law has developed implied terms, which give consumers certain rights against those who supply him with goods and services. These terms are said to be implied because they apply as part of a contract, which comes into existence whenever goods and services are supplied.

1. What is the purpose of the Sale of Goods Act 1978?

The overall purpose of the Sale of Goods Act 1978 is laid out in reasonably clear terms how a trader/seller conducts business with consumers in a way that is fair and equitable to both parties.

2. What is an "invite to treat"?

Basically a trader makes an offer of goods for a price, inviting consumers to accept that offer for those particular goods. The offer and acceptance is complete when the money has been exchanged for possession of the goods. The important point to remember is that even though the product has a price on it the price is only an offer thus if the product is marked incorrectly the trader does not have to sell that item to you at the marked price

3. What are the rights of consumers' when acquiring goods?

The law provides that anytime a consumer, (buyer) purchases goods from a seller, these goods "shall correspond with the description", "be of satisfactory quality" and be "reasonably fit for the purpose".

4. What does "correspond with description" mean?

Nearly every transaction involves a description of some kind, even when a consumer accepts goods without assistance, as in a self-service store. There is usually some kind of a description on the label or packaging. Thus when someone buys the goods and they rely on the description given to them, then the goods must be as described. For example, if a car dealer describes the car as a 1999, 1600cc model, then the car must be of that year and engine capacity.

5. What is "of satisfactory quality"?

To be of satisfactory quality, goods must be of a standard and quality that a reasonable person would regard as. For instance, someone buying milk would not clearly expect for it to be off if the sell-by date has not yet expired. On the other hand, someone buying an appliance in a scratch and dent sale should not expect the appliance to be without dents, although he could expect it to work.

6. What characteristics are considered aspects of quality?

Aspects of quality can include fitness for the purpose for which the goods are supplied, appearance, finish, safety, durability and free from major defects.

7. What happens if the goods do not “correspond with the description”, are not of “satisfactory quality” and are not “reasonably fit for the purpose”?

If the goods do not correspond with the above, then there is a breach of an implied condition and the consumer can reject the goods (unless he has lost the right). Usually it means the consumer is entitled to his money back. He need not accept a store credit. He is entitled to a refund and/or compensation for any losses or expenses that he has incurred.

8. Are there any limitations to the consumer’s rights?

Yes, there are several limitations on the consumer’s rights when he obtains goods from someone who is acting in the course of business. For example, a consumer does not have the right to reject goods in respect of defects if they were pointed out to him prior to the sale. He also does not have the right to reject goods if he examined the goods before buying them and should have seen defects that were obvious during the examination. Another example is the consumer cannot reject goods if prior to the sale (and circumstances later show), that he did not rely on the seller’s skill and knowledge. However, in the case where goods are delivered to the consumer and he has not been able to examine them prior to the sale, he is considered not to have accepted them until he has had a reasonable opportunity to do so.

9. What should I do when consumers claim goods are defective?

Investigate the claim. Has the product been recalled, has there been others who have complained about the same problem. Contact the manufacturer for their evaluation of the product’s defect. Keep the consumer informed of your progress. If the product is defective under the Sale of Goods as Amended Act 2002 the consumer is entitled to their money back.

10. What actions can I take for breach of contract?

The first course of action is to decide where you wish to go from this point in that the contract obligations become null and void due to the breach. Should you decide to still honour the contract the first thing one needs to do is write the person in breach of the contract a letter stating the term and condition that has been violated, giving them a time period by which to correct the breach. Once that extended time has lapsed and no correction to the violation has been made you will need to take the person to court to see redress.

11. If I sell a product with a warranty, does this mean I do not have any obligations to the consumer once the warranty expires?

No. Rights under a warranty are in addition to the consumer’s rights under the Sale of Goods Act and are not an alternative to those rights. While manufacturers and traders are under no legal obligation to give a warranty, they can do so in limited scope as they wish. Having said that, the fact that a warranty may only last for 3 months or a year or whatever, may give the impression this is the full extent of the durability which a consumer may be entitled to expect. In fact the extent of the cover offered either by the manufacturer or yourself has no effect on the statutory rights of the consumer against you.

