

Mandatory warranty wording to be included from June 2019

Members are advised that amendments to the *Competition and Consumer Regulations 2010 (Cth)* will mandate the requirement of prescribed text for businesses who give consumer written warranties against defects for the supply of services, as well as goods and services. You can view a copy of the amendments by [taking this link](#).

When will the changes be active?

Any businesses, including automotive retail and repair participants, who provide consumers with a written warranty against defects in connection with the supply of services must update their warranty documentation to include the new mandatory text by **8 June 2019**.

It is an offence under the Australian Consumer Law (ACL), attracting civil and/or criminal penalties, to give a consumer a warranty against defects that does not comply with the requirements prescribed in the regulations.

What is the current requirement for prescribed text?

Under the existing legislation only warranties relating to the supply of goods require the prescribed text. There are punitive measures including civil and criminal penalties prescribed under the ACL for any business that gives a consumer a warranty against defects that does not comply with the requirements prescribed in the regulations.

What is the mandatory text?

The mandatory text informs consumers to the existence of the ACL and informs all parties in the sale process that the consumer guarantees as set out in the ACL cannot be excluded (including being negotiated away) by the warranty.

Mandatory wording for goods & services

'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:

1. to cancel your service contract with us; and
2. 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'.

Mandatory wording for services

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

1. to cancel your service contract with us; and
2. 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'.

Action taken by VACC

VACC has taken legal advice and had all VACC supplied supply and sale agreements reviewed by HWL Ebsworth. Those documents that have been reviewed include:

- VACC Agreement for sale of new motor car
- VACC Agreement for sale of used motor car
- Window Display Form 4 Used Car Data Sheet (previously known as Form 5)
- VACC Job Card & terms and conditions
- VACC Trade Account and Terms and Conditions

VACC supplied stationery will be updated and available for purchase well in advance of the 8 June launch. For those who purchase VACC electronic products under licence, a new update of those documents will be remitted before 8 June 2019.

VACC urges members to review their current contracts of sale and any other documentation regarding the supply of services to ascertain whether it needs to be updated in line with new requirements from 8 June 2019.

If you remain unsure of your obligations, you are urged to contact your own legal advisors.

Michael McKenna MBA

Industry Policy Advisor
Industry Divisions

VACC

Level 7 | 464 St Kilda Road | Melbourne Vic 3004

P: 03 9829 1280 | **M:** 0418 822 939 | **E:** mmckenna@vacc.com.au | **W:** vacc.com.au