

## Guarantees & Warranties

Guarantees and warranties are in addition to a consumers statutory rights and do not affect those rights in any way.

Warranty	Guarantee
<ul style="list-style-type: none"> <li>• Usually pay extra for</li> <li>• Wider protection</li> <li>• Similar to an insurance policy</li> <li>• Refund, repair or replace</li> <li>• Statutory rights run in parallel</li> <li>• Dispute could be taken to FOS</li> <li>• Terms &amp; conditions outlining circumstances where a consumer can or cannot make a claim</li> <li>• 14 day cooling off period if taken out over the phone or online</li> <li>• 45 days for electrical goods</li> <li>• legal contract enforceable in court</li> </ul>	<ul style="list-style-type: none"> <li>• Generally free by the manufacturer</li> <li>• Assurance regarding quality / lifespan</li> <li>• Usually repair or replace</li> <li>• Statutory rights run in parallel</li> <li>• Usually need to register a guarantee for it to be valid</li> <li>• Terms &amp; conditions outlining circumstances where a consumer can or cannot make a claim</li> <li>• Consumer Rights Act makes guarantees legally binding (for goods)</li> </ul>

## What is a guarantee?

Under the Consumer Rights Act 2015, a guarantee is an agreement given by a trader to a consumer, free of charge, to repair, replace or refund goods that do not meet the specifications set out in the guarantee. They are an assurance regarding quality / lifespan of goods. A guarantee is usually issued by the manufacturer of goods or by a trader that provides goods as part of a service (e.g. a new door supplied and fitted). Generally, a guarantee provider undertakes to carry out free repairs, for a set period of time, for problems that can be attributed to manufacturing defects.

An insurance-backed guarantee provides the consumer with protection where the trader who provided the goods or service under guarantee ceases to trade and can no longer fulfil their obligations under the guarantee. The insurance company underwrites the terms of the guarantee for the remainder of the guarantee period.

## What is a Warranty?

Standard and extended warranties are a form of insurance policy that provides cover for the unexpected failure or breakdown of goods. Consumers usually pay for a warranty which may last longer than a guarantee and usually offers wider protection in cases of accidental damage. A warranty usually starts after the manufacturer's or trader's guarantee has run out, although it can cover the same time period as a guarantee because it may offer additional cover.

Some warranties are service contracts rather than insurance-backed and have exclusions that set limits on the cover they give.

## The legalities of warranties & guarantees

The Consumer Rights Act 2015 states that if a guarantee provider offers a guarantee on goods supplied to consumers, the provider takes on a contractual obligation to honour the conditions set out in the guarantee. If you provide a guarantee and refuse to repair goods as set out under the terms of the guarantee, legal action against may be taken against you for breach of contract.

The guarantee should be written in English and the terms should be set out in plain intelligible language. The name and address of the guarantee provider, the duration of the guarantee and the location it covers must also be given.

If you provide an insurance-backed extended warranty and there is a dispute, the consumer is entitled to take the complaint to the Financial Ombudsman Service

If insurance-backed guarantees and warranties are marketed and sold at a distance - without face to face contact between the consumer and trader, such as online - the Financial Services (Distance Marketing) Regulations 2004 apply. These Regulations cover the distance marketing of consumer financial services and specify the information that must be given before and after a contract is concluded. Consumers have the right to cancel a financial services distance contract and have 14 calendar days, which runs from the day after the day the contract is concluded.

## **Tips when providing a warranty or guarantee**

- Have terms and conditions which advise the circumstances where a consumer can or cannot make a claim, how long the warranty or guarantee lasts for and what the consumer is entitled to claim e.g. a refund, repair or replacement.
- Supply documentation which will advise the consumer how they can claim i.e. will they need proof of purchase - usually a receipt showing where and when they bought the goods or do they need to register with their details?
- Use the phrase 'third party rights' if you allow other people to claim on the warranty or guarantee rather than only the person who bought the item.
- Your T&Cs should state whether the consumer has to pay postage, packing and transportation costs if they have to send something back
- A guarantee must state that the consumer has statutory rights which are not affected by the terms and conditions of the guarantee.