

# Consumer laws get a big boost, fines go up

**R**ecent changes to consumer laws represent some of the most extensive reforms of the past 20 years.

The changes significantly increase consumer protections, while modernising consumer laws.

Most significantly, the penalties under the Fair Trading Act have tripled. From June 18, Fair Trading Act penalties increase from \$60,000 for an individual to \$200,000 and breaches by companies can now attract \$600,000 fines, up from the previous \$200,000 limit.

Unsubstantiated representations will be prohibited. Any claims about products, services or goods will need to be substantiated. Even if a statement is true, you could breach the Fair Trading Act if you have no basis for making that statement.

The changes clarify that the Fair Trading Act and Consumer Guarantees Act cannot be contracted out of by normal consumers.

However, these Acts can be contracted out of in some business-to-business transactions, provided it is fair and reasonable and certain formalities are followed.

Several changes modernise consumer protections.

Protections have been extended to internet and telephone sales, internet auctions



## LEGAL MATTERS

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have increased regulations, and businesses selling over the internet or by auction will now have to declare their trader status.

Unfair contracts have been banned, so from March 18, 2015, if you enforce or include an "unfair" term in a standard form consumer contract, you could be found liable under the Act for a fine of up to \$200,000 for an individual or \$600,000 for a body corporate.

What do you need to do to comply with the Fair Trading Act?

Don't make any representation about your product or service unless you have good grounds for believing it to be true.

Don't make any representations without some kind of evidence to back up that representation – for example, a publicly available Government research report.

Rely on credible and reliable sources to back up your claims and representations.

Keep records of all the sources

you use to back up your representations and records of all the representations you make to potential purchasers.

If you are in trade, now is a good time to review your contracts, advertisements and compliance practices to ensure you do not breach the law.

**H asks about replacing a fence if the owners cannot agree on the type of fence.**

There are a variety of fence types that can be erected and certain height restrictions in place under the Fencing Act.

If the owners cannot agree, then either can serve a fencing notice on the other specifying what they propose is built and the cost.

The other owner has 21 days to file a response notice specifying what they want. If they do not do so within the 21 days the first owner can commence work and the second owner will be liable for half the cost and have to accept the style of fence built.

If both owners file notices but cannot agree, the matter can be decided by the court.

The court will determine the style and height of the fence. The owner can then proceed with the work and recover half the cost.

■ Column courtesy of Rainey Collins Lawyers, ph 0800 733 484. If you have a legal inquiry, email Alan at [aknowsley@raineycollins.co.nz](mailto:aknowsley@raineycollins.co.nz).