

# Extended warranties rules offer more rights

**F**ollowing significant reforms to consumer laws, extended warranties are now regulated under the Fair Trading Act.

The changes came into effect on June 17 this year and impose new rules upon retailers selling extended warranties.

An extended warranty is a product marketed as providing extra consumer protection.

Commonly, extended warranties are sold as an "add on" to purchases of goods such as electrical and electronics.

The extended warranty generally extends the manufacturer's warranty period and is additional to consumer rights under the Consumer Guarantees Act.

The new rules now mean businesses selling extended warranties must provide a written copy of the extended warranty agreement to you when you buy the extended warranty.

That agreement must be easy to read and understand.

It must also be dated and include all of its terms and conditions, how long it lasts, when it expires, and its total price.

It must also contain or be provided along with:



## LEGAL MATTERS

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■ A summary of your rights and remedies under the Consumer Guarantees Act

■ A comparison of the Consumer Guarantees Act to the rights and protections offered by the extended warranty

■ A summary of your rights to cancel under the Fair Trading Act

■ The warrantor's name, street address, telephone number and email address (the warrantor is the company that provides the extended warrant)

■ The warrantor must also (where reasonably practical) tell you verbally that you have a right to cancel the agreement within five working days of receiving a copy of the extended warranty agreement, and must explain to you how to cancel.

You will now be able to cancel

extended warranties within five working days of receiving a copy of the extended warranty agreement, or at any time if the warrantor fails to give you information it is required to give by law (unless the alleged breach is minor and you are no worse off for not having that information).

To cancel, you must let the warrantor know in a clear way that you want to cancel.

This can be done orally or in writing.

Once validly cancelled, you will be entitled to a full refund.

D asks about a conflict of interest situation where she says a representative had previously declared a conflict but when the matter came up for discussion again, some time later, they took part in the discussion without declaring their conflict again.

If someone has a conflict of interest they should declare that conflict and withdraw from the discussion and decision making.

This conflict should be declared each time the topic comes up for discussion.

However, just because someone might benefit from a decision does not automatically create a conflict.

The benefit must be more than

for others involved in the decision, for example all representatives can remain and vote on a motion to increase their pay.

They may appear to have a conflict as they are setting their own pay, but in legal terms it is not a conflict.

If it was, then pay increases could never be voted on because each representative would have the same conflict.

It would be a conflict for one person to vote if they were the only one, or one of a few, getting an increase.

In that case there are others who can make the decision.

If an accusation is made about one or more people on the body then they are entitled to stay and take part in the debate and vote in relation to the accusations.

This exception to the conflict rule prevents a minority raising allegations against everyone else and seizing control by claiming the others have a "conflict" and therefore cannot vote.

■ Column courtesy of Rainey Collins Lawyers, ph 0800 733 484. If you have an inquiry you would like discussed, email Alan on [aknowsley@raineycollins.co.nz](mailto:aknowsley@raineycollins.co.nz)