

Type of Warranty	Summary	Example	Interaction with the Consumer Guarantees	Consumer's rights
Express Warranties	Promises made by an individual or business to a customer about the standard and condition of a product. They may also include details regarding the life expectancy of the product and can be provided verbally or in writing.	"This suitcase can carry 50kg"	Where express warranties are provided, the Consumer Guarantees under ACL automatically apply to the express warranties for that product	If a consumer purchased this suitcase and places 50kg worth of clothing inside and the handle breaks, this will be a breach of that express warranty. Because the Consumer Guarantees automatically apply to express warranties, the consumer can entice the company to honour the remedies available to that consumer under the ACL.
Warranties against defects	<p>Additional promises made by suppliers or manufacturers of a product about what the business will do if the good (or service) is defective. Including:</p> <ul style="list-style-type: none"> (i) Repair or replace the goods; (ii) Resupply the service; or (iii) Provide compensation <p>Often, this warranty will include a time limit.</p>	"This washing machine comes with a 12 month replacement guarantee"	<p>Where warranties against defects are provided, they are provided in addition to the Consumer Guarantees and do not limit or replace them.</p> <p>In addition, there are a number of prescribed requirements under the ACL which must be met when providing warranties against defects to consumers. The warranties must</p> <ul style="list-style-type: none"> (i) Be in a transparent document; (ii) Concisely state what the consumer must do to claim the warranty and what the warranty provider must do so that the warranty can be honoured; (iii) provide specific information about the warranty provider; (iv) include time limit of warranty; (v) set out the procedure the consumer must follow to claim the warranty; (vi) state who will bear the expense of claiming the warranty; and (vii) contain the mandatory wording regarding Consumer Guarantees. <p>It is important to remember that wording contained on the packaging of a product can also be deemed a warranty against defects. It is therefore crucial to ensure that any wording contained on, or in conjunction with, a product is true and correct in all respects and that the wording can be honoured by the business providing that product.</p>	If a consumer purchased this washing machine and it broke after 8 months, they can refer to the mandatory warranty against defects wording to find out what procedure they must follow to claim that warranty. However, if that warranty against defects limits their rights under the ACL, then that consumer can require the company honour the remedies available under the ACL. They can also refer the matter to the Australian Competition and Consumer Commission.

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Extended warranties	An offer for a consumer to purchase a longer period of coverage than the period provided in the 'warranty against defects' captured under the ACL.	"This television is \$6,000. We will extend our 12 month warranty attached to the television to 2 years for a one-time payment of \$130"	<p>Where extended warranties are provided, they are provided in addition to the Consumer Guarantees and do not limit or replace them.</p> <p>Businesses must be cautious when offering extended warranties as they must ensure that consumers are not being sold rights that they are automatically provided under the Consumer Guarantees and ACL. It is therefore important that you seek legal advice before offering extended warranties.</p>	<p>The consumer should ask, and the business should be prepared to explain, what rights this extended warranty provides to the consumer above what is already guaranteed under the ACL before this extended warranty is purchased.</p> <p>If the consumer's television broke after 12 months but under 2 years, a reasonable person would expect a television worth \$6,000 would still work for a minimum 2-year period and therefore the consumer may be covered by the ACL within the 2 year period. Meaning that the purchase of the extended warranty was not required, nor should it have been offered.</p> <p>If the business had offered an extended warranty for an additional 5-6 years, the extended warranty is likely above and beyond the consumer's rights under the ACL and could be offered.</p> <p>Despite this, the ACCC cautions the sale and purchase of extended warranties.</p>