

Shops get your rights wrong

Which? investigation finds some staff unaware of your rights on extended warranties



The assistant in Currys in Charlton, London, said they didn't think we'd be able to cancel the five-year warranty. Four stores told us we had 14 days to cancel.

Listing the price

Shops must list the price and the length of an extended warranty next to the product itself.

Four shops failed to advertise the price of an extended warranty option next to the fridge-freezers our researchers were considering buying. Three branches of Currys we visited only listed the price of the pay-monthly cover option (£3.49 a month) next to the product. When we enquired, we found that you could also take out a five-year warranty.

Information leaflets

There should be information leaflets on the warranty freely available in the store. The leaflets we were given or picked up in stores were a lot better than those given when we tested shops as the rules were introduced three years ago. This time, we found terms and conditions clearly set out, and some went further, setting out consumers' statutory rights.

A written quote

Shops must give you a written quote for the price of the warranty, if you ask, unless it costs less than £20.

Five stores failed to do this. Argos in Stoke-on-Trent said that it couldn't print a price, while at Currys in Cheshire, we were told 'all I can do is tell you, it's £139'.

How long is a quote valid?

A written quote for a warranty (including discounts) is valid for 30 days.

Some shops gave us less time than that while others didn't seem to know how long the price was valid for. Currys in Llanelli was among the more confusing. The salesperson said they weren't sure when prices changed.

In Argos, Kidderminster, the salesperson didn't know, while Comet in Stoke-on-Trent told us that the price was valid for 14 days.

IN BRIEF

In this report we explain:

- your rights when buying an extended warranty
- how some shops fail to sell them properly
- how they should be sold
- why we think you should often avoid them.

Millions of shoppers take out extended warranties when they buy new products, thinking that they'll be protected if the product breaks down.

Which? has argued for years that, in many cases, such extended warranties are a waste of money.

Our latest investigation suggests that, as well as buying a warranty they may not need, shoppers may be given inaccurate information about the warranty itself. We also found that many Which? members are unaware of their rights.

What we found

The government introduced new rules in 2005, to better regulate how extended warranties were sold. However, three years on, we found some shop staff getting some of the simplest rules wrong.

We found examples of salespeople giving incorrect advice about cancellation

rights and a lack of clear, written information. Of the 20 stores that we visited, seven followed all the rules we looked at regarding the sale of extended warranties.

Here are some of your main rights concerning extended warranties and what the shops told us.

Cancellation

If you buy an extended warranty that lasts more than a year, you have 45 days to cancel it.

Seven out of 20 shops gave us wrong advice about our right to cancel a warranty. Some said we had no right to cancel, others got the number of days we could cancel within wrong.

At John Lewis in Cheadle, Cheshire, our researcher was told that the warranty couldn't be cancelled because 'there's a lot of paperwork'. However, the assistant didn't pressure us to buy it, saying we could buy a warranty whenever we want.

Doing a deal

Three stores said that they would drop the price of the fridge-freezer or the warranty, if we bought the warranty on the spot. The salesperson at Comet in Charlton said he could 'knock £30 off' the cost of the warranty. We didn't buy the warranty there so the written quote we left with was for the original price. Currys in Charlton offered us £10 off the price of the fridge-freezer if we bought the warranty that day. Currys in Llanelli offered free delivery for the fridge-freezer if the warranty was bought there and then.

More aware of your rights?

Many consumers seem to want what they believe will be the peace of mind offered by extended warranties. In 2006, 41 million of us owned extended warranties for electrical goods, according to Mintel.

The good news is that Office of Fair Trading research showed that consumers are more aware of their options for longer-term cover on goods – 15% shop around when considering an extended warranty instead of buying it at the point of sale, compared with 4% in 2002.

It's still worrying that shops are failing to follow selling rules, particularly when some people may not be fully aware of their rights. The vast majority of Which? members we asked didn't know the correct time they had to cancel an extended warranty, and just a quarter knew how long a written quote for a warranty was valid for.

Which? says

Our results clearly show that more work needs to be done by shops to ensure that their staff understand the rules for selling extended warranties so consumers are not at a disadvantage. For more on extended warranties and whether you might need one, see 'Product reliability', p40.

OUR RESEARCH

In September 2008, Which? researchers visited five branches each of Argos, Comet, Currys and John Lewis around the country to buy a fridge-freezer and test if they were given correct and sufficient information

about their rights for buying an extended warranty. Which? also asked 2,708 online panel members a series of true and false statements to test their knowledge of their rights for buying an extended warranty.



Many shoppers take out extended warranties with goods they buy. But how many know their rights?

DO YOU KNOW YOUR RIGHTS?

We set Which? members this quiz to test what they knew of their rights when buying an extended warranty (see 'Our research'). The results showed some uncertainty. Some results don't add up to 100%, as they're rounded up or down.

ONLINE
Your rights
when things
go wrong
www.which.co.uk/faultygoods

<p>1 Extended warranties offer protection in addition to consumers' legal rights</p> <p>TRUE 44% FALSE 33% DON'T KNOW 24%</p>	<p>5 An extended warranty is always better than a manufacturers' guarantee</p> <p>TRUE 4% FALSE 84% DON'T KNOW 13%</p>
<p>2 A retailer is legally obliged to repair or replace your product for several years after purchase</p> <p>TRUE 27% FALSE 57% DON'T KNOW 16%</p>	<p>6 Extended warranties are the only way to cover yourself against accidental damage of your product</p> <p>TRUE 2% FALSE 91% DON'T KNOW 7%</p>
<p>3 You can buy an extended warranty for a product only from the retailer you bought it from</p> <p>TRUE 6% FALSE 76% DON'T KNOW 18%</p>	<p>7 You can cancel an extended warranty and get a full refund within seven days of purchase</p> <p>TRUE 48% FALSE 6% DON'T KNOW 46%</p>
<p>4 Extended warranties must be bought at the same time as the product</p> <p>TRUE 10% FALSE 75% DON'T KNOW 15%</p>	<p>8 The price given on a written quote for an extended warranty is valid for 30 days</p> <p>TRUE 25% FALSE 6% DON'T KNOW 69%</p>

ANSWERS: Q1: TRUE Q2: TRUE Q3: FALSE Q4: FALSE Q5: FALSE Q6: FALSE Q7: FALSE Q8: TRUE
Q7: FALSE – it's 45 days Q8: TRUE
around for a warranty Q4: FALSE Q5: FALSE Q6: FALSE Q7: FALSE Q8: TRUE
You can shop for products you wouldn't expect to break Q3: FALSE – Your home insurance may cover you