



Iceland

COMMERCIAL WARRANTIES

*Check List
for traders*



**Are your
commercial
warranties in line
with consumer
rights and
expectations?**



Co-funded by
the European Union

Help and advice
for consumers
in Europe



Iceland



Commercial warranties have become an integral part of marketing. When purchasing an item, especially something expensive or fragile, consumers often expect the chance to subscribe to a commercial warranty. Particularly for audiovisual equipment or white goods, a commercial warranty can clinch the deal in the face of your competition.

But if you want to be taken seriously and win your customers' trust, offers for any such additional service must be made in accordance with your customers' rights under the legal guarantee of conformity which exists in every European Union Member State, Iceland and Norway! As a trader, for every product you sell to a consumer you are bound by the legal guarantee and you must apply it. You even have to inform your customers about it!

Do you know your customers' rights under the legal guarantee?

The consumer has a legal right to receive a product which is in line with the description given by the seller, has all of the features he/she might reasonably expect such an item to have, and is fit for purpose. **This legal guarantee has a duration of 2 years from the day of delivery of the goods or 5 years for goods with a longer expected lifespan.**

All defects which arise during these 2- or 5-year periods are presumed to have existed on the day of purchase or delivery and as the seller, you are liable for this unless you can prove that the defect could not have arisen from normal use of the item. Under the legal guarantee the consumer generally has the **right to choose a free repair or replacement.** The seller or repairer has to bring the goods into line with requirements within a reasonable time frame and without significant inconvenience to the consumer. If neither repair nor replacement are possible the consumer can demand a price reduction or, if the defect is significant, a full refund.

The legal guarantee is mandatory and no seller can refuse to apply it or reduce its duration.

You must provide the **legal guarantee free of charge**, including shipping and telephone communication costs.

A commercial warranty must always give the consumer something extra.

Every commercial warranty must give additional benefits to those mentioned above. If you provide such warranties, you should check the following as a minimum:



Check list for traders

Are your commercial warranties in line with consumer rights and expectations?



Do you correctly inform the consumer about the legal guarantee to which he/she is entitled?

Do you indicate your general terms and conditions where reference is made to the legal guarantee? Do you respect all legal information requirements?

Do you clearly state who is the guarantor?

You as the seller, the producer, a third party or an insurance company?

Do you clearly state the price of the service?

What services are offered under the commercial warranty?

For example, money back immediately, or no repair but automatic replacement? If it offers the exact same hierarchy of remedies as the legal guarantee, the commercial warranty might not be of interest to the consumer unless its duration is longer.

What are the duration and the starting point of the commercial warranty?

As the guarantor you are free to fix the content of your warranty, but if it covers the same period as the legal guarantee the consumer might not see any point to it unless it is more beneficial.

What defects and situations are covered?

For example, does it cover accidental breakage or other incidents not usually covered by the legal guarantee?



Check list for traders

Are your commercial warranties in line with consumer rights and expectations?



What costs are covered?

Spare parts and labour, transport costs of the repairer, or shipping costs for returning the item? If only spare parts are covered the consumer will have to pay for the rest. Labour costs might be far more expensive than spare parts, so the consumer might not be interested in your warranty. How much would a consumer have to pay for shipping, technical examination of the item, etc.?

What is excluded?

Exclusions can sometimes make a commercial warranty worthless. In such cases, the consumer will have no interest in purchasing any extension or commercial warranty.

If your customer purchases cross-border, are there any geographical restrictions to coverage under the warranty?

How easy is it to make a claim under the commercial warranty?

Who should the consumer contact and how? Be sure that the call centre is ready to handle complaints efficiently. What is the time frame for notifying you of a defect? Does the consumer need to send you the item? How long does repair or replacement take on average? Making this process easy for customers shows a high standard of customer service and can be a good marketing tool.

Do you offer assistance to consumers during repair or replacement?

Do you offer a courtesy replacement while they are waiting, for example?



Check list for traders

Are your commercial warranties in line with consumer rights and expectations?



At the consumer's request, you must inform him/her in writing or a durable format about the existence of the legal guarantee, the commercial warranty and its conditions **before he/she is bound by contract.**

Useful information on the legal guarantee

When is an item faulty in the sense of the legal guarantee?

A product (or service) is faulty if it does not comply with the given description or if it cannot be used for normal purposes or the specific purposes requested by the consumer. The product or service is also faulty if it is not of normal quality and does not perform as can be reasonably expected.

Be aware of the remedies to which the consumer is entitled under the legal guarantee and the commercial warranty, and of the need to offer a repair or replacement or partial or full refund within a reasonable time frame. The legal guarantee has to be provided free of charge, including shipping costs for returning the item.

In the event of a disagreement with a consumer based in another European Union Member State, Iceland or Norway to which an amicable solution cannot be reached, invite him/her to contact the European Consumer Centre in his/her country of residence for information and help in resolving the dispute.

What to do if the item is faulty?

Provide an efficient claim service which is easy to reach for any question, or give a clear indication on your website or in the documentation accompanying the item of the process to follow when requesting application of the legal guarantee or the commercial warranty (how to contact you or the guarantor, procedure for sending back items, etc.).

**You will find
the full list of
addresses on**

www.europe-consommateurs.eu/en/consumer-topics/buying-of-goods-and-services/guarantees-and-warranties

ECC Iceland



Hverfisgata 105
101 Reykjavik

+354 545 1200

@ena@ena.is

www.ena.is

