



Fair Trading Act

The Fair trading Act: the basics

The Fair Trading Act makes it illegal for traders to mislead consumers, give them false information, or use unfair trading practices.

The Act applies to advertising and selling of goods and services by traders.

The Act applies to services, new and second-hand goods, auctions and commercial sales. But it doesn't cover private sales, for example, buying something off your neighbour, or at a garage sale.

Your rights under the Fair Trading Act

Misleading behaviour

A trader is misleading you if they lead you to think something is true when it isn't. Examples of misleading behaviour:

- An advertisement says a jumper is made from angora wool, when it is only 10% angora, 90% synthetic.
- A shop which sells new TVs sells you a TV without telling you it is second-hand.
- A job advertisement turns out to be an employment agency looking for new clients.
- You tell a mobile phone salesperson that you are looking forward to using wireless internet on the mobile phone, but he doesn't tell you that the mobile phone doesn't have that function.

False information

A trader is giving you false information if they give you the wrong information about goods or services, or about your legal rights. Examples of false information:

- The price is different than was advertised or on the sticker price.
- A product labelled "Made in New Zealand" was actually made somewhere else.
- A trader tells you that the store doesn't give refunds under any circumstances.
- You are offered a free gift for buying a certain item but the cost of the item being sold is inflated to cover part or all of the cost of the 'gift'.

Unfair trading practices

A trader is using an unfair trading practice if they use one of these methods:

- Offering prizes without any intention of giving out a prize, or the prize is different to what was advertised.
- Advertising an item really cheaply to get people into the store, but only having a very small number to sell.
- Selling you a business or franchise with false claims about how much you can earn.
- Pyramid selling schemes – a selling scheme where most of the money comes from joining more people up to the scheme, rather than from sales.
- Demanding or accepting money when the trader has no intention of supplying the goods or services, or doesn't intend to supply them on time, or doesn't intend to supply the same goods or services that were ordered.

Legislation

[View the full text of the Fair Trading Act.](#)

Solving a problem under the Fair Trading Act

What can I do if I have been misled, or received false information?

If you have been misled you can go back to the trader to try and resolve the problem. If you can show a trader has breached the Fair Trading Act and this breach has caused you loss, you can go to the Disputes Tribunal to make a claim.

For example, you buy a product which claims to cure baldness, after using it for some time, you remain bald as a snooker ball. You talk to your doctor and she tells you that this type of product cannot "cure" baldness. You could claim back the money you paid in the Disputes Tribunal.

[Find out more about going to the Disputes Tribunal.](#)

What are my rights if a shop advertises something at the wrong price?

Although the shop has probably breached the Fair Trading Act, the only loss or damage you have suffered is a wasted trip to the shop. You can ask them to compensate you for this, but you cannot force the shop to sell you the goods at the advertised price.

What if I want to make a complaint?

If you believe a trader has breached the Fair Trading Act you can let the Commerce Commission know. The Commerce Commission does not act on behalf of individuals but it does investigate fair trading issues. The Commerce Commission enforces the Fair Trading Act and investigates issues according to set criteria. The Commerce Commission can apply for a court order to stop the offending and it can prosecute the trader.

[Visit the Commerce Commission's website.](#)

Call 0800 94 3600 or [email](#).

Product safety under the Fair Trading Act

The Minister of Consumer Affairs can recall an unsafe product under the Fair Trading Act. The Act also covers product safety standards. It is illegal for traders to sell products that don't meet these standards.

[Find out more about product safety.](#)