



Glossary of consumer terms

What DOES that word mean? Here's a list of common consumer law terms you may come across when you're buying goods and services or getting a loan. Click on the word that interests you to find a quick definition. You can also download a [glossary of consumer terms in Maori \(226 kB PDF\)](#).

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Accession

Goods installed in or affixed to other goods (or something added to something you already have) - eg, a replacement engine installed in a car.

Arrears

Normally refers to payment that is overdue. You will "fall into" arrears if you do not pay a bill or make payment on a loan by the due date.

Attachment

Attachment occurs when a creditor or lender provides finance and the debtor or borrower has rights in the personal property that is used as security ('collateral' create a link) for the loan.

To enforce a security interest in the collateral against a third party (eg, someone who buys the personal property from the borrower) attachment also requires the borrower to have signed or agreed to a security agreement which describes the collateral.[Top](#)

Chattel mortgage

A chattel mortgage is a type of loan where you have to list things you own as security in order to get the loan. 'Chattel' is an old word for things that are your personal property, but are not real estate. Examples of chattels are household furniture or a car. You 'mortgage' your chattels to

the person or company who provided the loan. If you do not pay the money back to the lender as arranged, they can take the chattels you listed. See also 'loan' and 'secured loan'.

Collateral

Personal property that is used as security.

Commercial goods

Goods normally used for commercial purposes such as manufacturing equipment, farm machinery, trucks.

Condition

An important term or rule of a contract. If you break (breach) a condition of a contract the contract can be cancelled by the other party.

Some contracts are conditional. That means some conditions must be met before the contract can continue. – e.g. you may agree to buy a car on condition that the car passes an independent mechanical check. If it doesn't pass the check the contract is ended.

Consequential loss

An extra loss to the consumer as a result of a failure in the goods or services they bought. For example, you get your carpet cleaned but the cleaner doesn't move your full length curtains out of the way. As a consequence, the cleaning fluid stains the curtains. You now have the extra cost of getting the curtains drycleaned. This cost is called a consequential loss. [Top](#)

Consumer goods

Goods that are used or acquired for use primarily for personal, domestic or household purposes - eg, clothing, groceries, furniture, the family car. A person who buys these goods is called a 'consumer'.

Consumer Guarantees Act (CGA)

The law that sets out basic guarantees that consumer goods and services must meet and the rights of buyers to remedies if those guarantees are not met.

Contract

An agreement to do something, or a set of promises between two or more parties that the law will enforce. Some contracts have to be in writing - eg, for the sale of a house, loans and credit contracts, sale of a car by a licensed dealer. [Top](#)

Contracting out

Some laws allow the seller or manufacturer to 'contract out' of their legal obligations, meaning they don't have to follow that law in certain situations. For example, if a trader sells consumer goods (such as cups and saucers) to a business (for the office kitchen), they can contract out of the Consumer Guarantees Act.

Credit Sale

The term under the Credit Contracts and Consumer Finance Act for buying goods on credit. This used to be called buying on 'hire purchase'.

Creditor

Person owed money. A trader or a finance company is referred to as the creditor when money is owed to them for goods or services.

Debtor

Person who owes money for goods and services (link to Consumer Information - Debt Collection). The buyer (or the guarantor) is referred to as the debtor when they are overdue with a payment.[Top](#)

Default

Means failing to do something that a contract requires you to do. This term is often used when someone fails to pay money on a loan or credit contract. If you fail to pay you are in 'default'.

Disputes Tribunal

A place where you can get a problem with a trader sorted out. The Disputes Tribunal is not a court. There are no lawyers or judges. A Referee hears about the dispute from you and the person you are claiming against. The Referee then decides what needs to be done to solve the dispute.

Distributor

A person or company who buys goods from a manufacturer and sells them to a trader. A distributor may also be called a wholesaler.

Due skill and care

To carry out a service to a reasonable industry standard using the right materials and right methods. This is one of the guarantees under the Consumer Guarantees Act that a service must meet. [Top](#)

Estimate

A price given for services to be provided in the future, as a guide to the final price. It is not the same as a quote (link). Traders and service people should give estimates with care and skill. If the final price is more than 10% over the estimate the consumer can dispute the price.

Express warranty

A written or spoken promise about the performance of goods you have bought, or about the repairs that will be done free of charge for a certain period of time.

Express warranties are usually issued by the manufacturer. Manufacturers are not required to give a written warranty, but electrical or electronic goods, new cars, cameras and new commercial goods usually come with a manufacturer's warranty.

Fair Trading Act

The consumer law that says traders must not mislead, deceive or make false representations to you about the goods and services they offer for sale.

Finance rate

An amount that shows the true cost of interest and other finance charges as a percentage of the amount that you borrow (for loans) or the price of goods you buy using credit.

Finance rates apply only to contracts entered into before 1 April 2005. Since that time, the Credit Contracts and Consumer Finance Act requires all charges and the interest rate to be disclosed in a contract, but a finance rate is not required.

Financing statement

A financing statement contains the information required to register notice of a security interest on the Personal Property Securities Register. [Top](#)

Fit for normal purpose

Means that the goods will do the job they are designed to do.

Fit for particular purpose

Means that not only will the goods do the job they are generally designed to do, but they will also do a specific job you need them to do - eg, a car is fit for its normal purpose if you can use it to drive from place to place, but if you want to also use it to tow a boat, the car has to be fit for that particular purpose.

Guarantor

A guarantor is someone who signs a credit contract agreeing to pay any amount owing if the person who actually borrowed the money does not pay. People sometimes refer to this as 'going guarantor'.

Hire purchase

This term no longer applies to any contract entered into on or after 1 April 2005. Credit sales is the new term under the Credit Contracts and Consumer Finance Act.

Credit sales refer to a way of buying goods where you are able to pay for them by making regular payments over a period of time. While you are paying, you can take the goods home and use them. Usually, interest and other charges are added to the cash price of the goods. Sometimes shops offer deals where no interest is charged for the first few months. Always ask a shop about 'interest-free' terms when you are buying something on credit.

Interest

Money you must pay on top of the amount you borrow by way of a loan, or on top of the cash price in a credit sale. You receive interest if you have money in a bank savings account or an investment.

Layby

Layby is a way of buying goods where the goods remain in the shop until you pay in full. You and the seller agree on the terms of the layby as to payments and when the layby must be paid off. [Top](#)

Loan

Money that you borrow and pay back in the future. Usually you have to pay interest on the money you borrow. A loan is a form of credit, other forms of credit include housing mortgages, credit cards, store cards.

Manufacturer

The person or company who makes the goods.

Negotiation

To try and reach an agreement or settlement in a dispute.

Personal property

All property you own other than interests in land (real estate).

Purchaser

Buyer of goods, customer. [Top](#)

Quote

A fixed price given for goods or a service to be provided in the future. Often given in writing. A quote (goes to Consumer Information - Quotes and Estimates) becomes a term of your contract for the good or service. A higher price cannot be charged, unless the quote states that it only applies to certain things, or for a certain time, or both you and the trader agree to an increase in price.

Reasonable

What would seem fair to most people in the circumstances. Used in reference to reasonable time, reasonable price.

Redress

To put right a problem, for example, by paying money or repairing a fault. Redress in law means that a specific Act sets out what you are entitled to.

Refund

To return money paid for goods or services. If a trade-in was provided as part payment, the value of the trade-in or the actual traded-in item is also returned. [Top](#)

Repossession

To take goods back, usually because money is owing. This is normally carried out by repossession agents on behalf of a finance company or a trader.

Reserve the right

Phrase used in a term of a contract which allows a company or a person providing goods and services to change the term without needing to get the buyer's agreement.

Used in long term contracts to enable price to be changed. - eg, a parking garage which rents out car parks may have a contract term that reserves their right to increase the rental fee with one month's notice. A travel company may reserve the right to replace one hotel for another on a tour.

Sale of Goods Act

The law that sets out the warranties for what condition commercial goods must be in when they are sold and what should happen if something goes wrong. Sellers of commercial goods can contract out of the obligations in this law.

Secured loan

A loan where you have to give some security to the lender (link goes to Consumer Information - Cash Loans). The most common type of secured loan is a mortgage over a house. The house is security for the loan. For chattel mortgages (link) the security may be a car or household property. If the borrower fails to make repayments of the loan (defaults on payment) the lender may be allowed to take the things listed as security. [Top](#)

Secured party

Holder of a security interest - eg, lender or finance company.

Security agreement

Agreement that creates or provides for a security interest - eg, secured loan agreements or credit agreements.

Security interest

A lender or finance company's interest in property that the borrower has listed as collateral for a credit agreement or loan, and that secures payment or performance of an obligation. A security interest gives the lender or finance company the right to seize this property if the borrower defaults (link) on the loan in order to prevent the property being sold.

Terms of a contract

Important information that makes up a contract. In respect of buying goods and services a contract will commonly include terms about the price, time of delivery and method of payment.

Trader

Someone who sells goods or services. Other names for this person include retailer, shopkeeper, seller, business person, dealer, vendor, service provider. [Top](#)

Unilateral

A party to a contract who attempts to change a term of that contract without reserving the right to do so, or without getting the agreement of the other party is acting unilaterally. If no right to change the contract has been reserved, any attempt to change the contract without the other party's agreement would be a breach of contract.

Vendor

A seller of goods and services; normally refers to the seller of real estate.