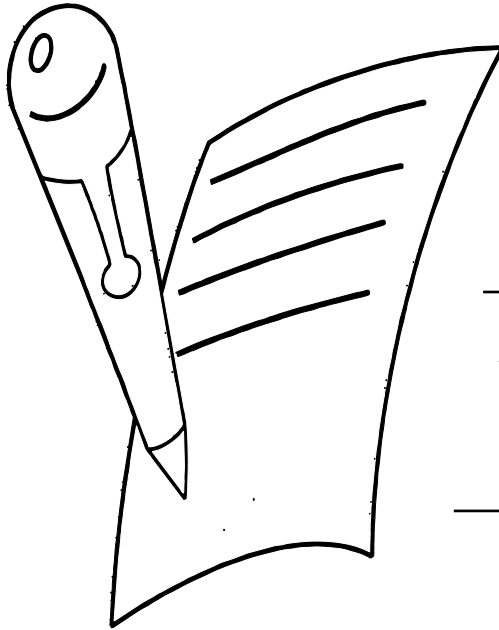


# FTC FACTS

Facts for Consumers



---

## Warranties

---

**W**

hen you make a major purchase, the manufacturer or seller makes an important promise to stand behind the product. It's called a warranty. Federal law requires that warranties be available for you to read before you buy. Coverage varies, so you can compare the extent of warranty coverage just as you compare the style, price, and other characteristics of products.

### Written Warranties

Although not required by law, written warranties come with most major purchases. When comparing written warranties, keep the following in mind:

- **How long does the warranty last?** Check the warranty to see when it begins and when it expires, as well as any conditions that may void coverage.
- **Who do you contact to get warranty service?** It may be the seller or the manufacturer who provides you with service.
- **What will the company do if the product fails?** Read to see whether the company will repair the item, replace it, or refund your money.
- **What parts and repair problems are covered?** Check to see if any parts of the product or types of repair problems are excluded from coverage. For example, some warranties require you to pay for labor charges. Also, look for conditions that could prove expensive or inconvenient, such as a

# Facts for Consumers

requirement that you ship a heavy object to a factory for service, or that you return the item in the original carton.

- **Does the warranty cover "consequential damages?"** Many warranties do not cover damages caused by the product, or your time and expense in getting the damage repaired. For example, if your freezer breaks and the food spoils, the company will not pay for the lost food.
- **Are there any conditions or limitations on the warranty?** Some warranties provide coverage only if you maintain or use the product as directed. For example, a warranty may cover only personal uses — as opposed to business uses — of the product. Make sure the warranty will meet your needs.

## Spoken Warranties

If a salesperson makes a promise orally, such as that the company will provide free repairs, get it in writing. Otherwise, you may not be able to get the service that was promised.

## Service Contracts

When you buy a car, home, or major appliance, you may be offered a service contract. Although often called "extended warranties," service contracts are not warranties. Service contracts, like warranties, provide repair and/or maintenance for a specific time. Warranties, however, are included in the price of the product; service contracts cost extra and are sold separately. To determine whether you need a service contract, consider:

- whether the warranty already covers the repairs and the time period of coverage that you would get under the service contract;
- whether the product is likely to need repairs and the potential costs of such repairs;

- the duration of the service contract;
- the reputation of the company offering the service contract.

## Implied Warranties

Implied warranties are created by state law, and all states have them. Almost every purchase you make is covered by an implied warranty.

The most common type of implied warranty — a "warranty of merchantability," means that the seller promises that the product will do what it is supposed to do. For example, a car will run and a toaster will toast.

Another type of implied warranty is the "warranty of fitness for a particular purpose." This applies when you buy a product on the seller's advice that it is suitable for a particular use. For example, a person who suggests that you buy a certain sleeping bag for zero-degree weather warrants that the sleeping bag will be suitable for zero degrees.

If your purchase does not come with a written warranty, it is still covered by implied warranties unless the product is marked "as is," or the seller otherwise indicates in writing that no warranty is given. Several states, including Kansas, Maine, Maryland, Massachusetts, Mississippi, Vermont, West Virginia, and the District of Columbia, do not permit "as is" sales.

If problems arise that are not covered by the written warranty, you should investigate the protection given by your implied warranty.

Implied warranty coverage can last as long as four years, although the length of the coverage varies from state to state. A lawyer or a state consumer protection office can provide more information about implied warranty coverage in your state.

## Preventing Problems

To minimize problems:

- **Read the warranty before you buy.** Understand exactly what protection the warranty gives you.
- **Consider the reputation of the company offering the warranty.** If you're not familiar with the company, ask your local or state consumer protection office or Better Business Bureau if they have any complaints against the company. A warranty is only as good as the company that stands behind it.
- **Save your receipt and file it with the warranty.** You may need it to document the date of your purchase or prove that you're the original owner in the case of a nontransferable warranty.
- **Perform required maintenance and inspections.**
- **Use the product according to the manufacturer's instructions.** Abuse or misuse may void your warranty coverage.

## Resolving Disputes

If you have problems with a product or with getting warranty service:

- **Read your product instructions and warranty carefully.** Don't expect features or performance that your product wasn't designed for, or assume warranty coverage that was never promised in writing. A warranty doesn't mean that you'll automatically get a refund if the product is defective — the company may be entitled to try to fix it first. On the other hand, if you reported a defect to the company during the warranty period and the product wasn't fixed properly, the company must correct the problem, even if your warranty expires before the product is fixed.

- **Try to resolve the problem with the retailer.** If you can't, write to the manufacturer. Your warranty should list the company's mailing address. Send all letters by certified mail, return receipt requested, and keep copies (see the sample complaint letter on page 4).
- **Contact your state or local consumer protection office.** They can help you if you can't resolve the situation with the seller or manufacturer.
- **Research dispute resolution programs that try to informally settle any disagreements between you and the company.** Your local consumer protection office can suggest organizations to contact. Also, check your warranty; it may require dispute resolution procedures before going to court.
- **Consider small claims court.** If your dispute involves less than \$750, you can usually file a lawsuit in small claims court. The costs are relatively low, procedures are simple, and lawyers usually aren't needed. The clerk of the small claims court can tell you how to file your lawsuit and your state's dollar limits.
- **If all else fails, you may want to consider a lawsuit.** You can sue for damages or any other type of relief the court awards, including legal fees. A lawyer can advise you how to proceed.

## Sample Complaint Letter

(Your Address)  
(Your City, State, Zip)  
(Date)

(Name of Contact Person)  
(Title)

(Company Name)  
(Street Address)  
(City, State, Zip Code)

Dear (Contact Person):

On (date), I purchased (or had repaired) a (name of the product with the serial or model number or service performed). I made this purchase at (location, date, and other important details of the transaction).

Unfortunately, your product (or service) has not performed well (or the service was inadequate) because (state the problem).

Therefore, to resolve the problem, I would appreciate your (state the specific action you want). Enclosed are copies (copies, not originals) of my records (receipts, guarantees, warranties, cancelled checks, contracts, model and serial numbers, and any other documents).

I look forward to your reply and a resolution to my problem and will wait (set a time limit) before seeking third-party assistance. Please contact me at the above address or by phone (home or office numbers with area codes).

Sincerely,  
Your Name  
Account Number

## For More Information

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit [www.ftc.gov](http://www.ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

<b>FEDERAL TRADE COMMISSION</b>	<b>FOR THE CONSUMER</b>
<b>1-877-FTC-HELP</b>	<b><a href="http://www.ftc.gov">www.ftc.gov</a></b>

**Federal Trade Commission**  
Bureau of Consumer Protection  
Office of Consumer and Business Education

May 1998