

Warranties

OFFICE OF THE COMMISSIONER OF INSURANCE

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Before you make a major purchase, there is an important promise you should read. It is called the warranty. A warranty is the manufacturer's or seller's promise to stand behind a product.

There is a federal law covering warranties called the Magnuson-Moss Warranty Act. The law does not require manufacturers to issue warranties on their products, but if they do, the warranty must be easy to read and understand. No "legalese," just ordinary language is allowed. Every term and condition must be spelled out in writing.

The law requires that warranties be available for you to read before you buy even when you are shopping by catalog or on the Internet. Warranties vary in the amount of coverage they provide. So just as you compare the style, price and other characteristics of products before you buy, you can compare their warranties.

Extended Warranties or 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.

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 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.

Magnuson-Moss also creates two types of warranties:

Full Warranty. If a warranty is labeled “full” it means:

- A defective product will be fixed (or replaced) free of charge, and within a reasonable time, including removal and reinstallation if necessary.
- You will not have to do anything unreasonable to get warranty service (such as shipping a piano to the factory).
- The warranty is good for anyone who owns the product during the warranty period.
- If a problem is reported and not dealt with during the warranty period, the company is still obligated to deal with the problem even if the warranty runs out.
- If the product cannot be fixed (or has not been after a reasonable number of tries), you get your choice of a new one or your money back.

Always check what parts the warranty covers. A full warranty does not have to cover every type of defect. For example, the warranty for your new carpet may say that the warranty covers any defects in materials or workmanship but does not cover fading or discoloration caused by exposure to sunlight or household chemicals.

Limited Warranty. A “limited” warranty gives you anything less than the full warranty requirements. A limited warranty may:

- Cover only parts, not labor.
- Allow only a pro rata refund or credit.
- Require you to return a heavy product to the store for service (such as a piano).
- Cover only the initial owner.
- Charge for handling.

A product may carry a full warranty on part of the product and a limited warranty on the rest. Warranties of this type are called “multiple” warranties.

Magnuson-Moss generally requires manufacturers to make a copy of their warranty available for you to look at before you buy so you can comparison shop for the best warranty coverage.

Implied Warranty

Implied warranties are rights 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 is a “warranty of merchantability,” which 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. If it does not, you have a legal right to get your money back.

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 seller who suggests that you buy a certain sleeping bag for zero-degree weather warrants that the sleeping bag will be suitable for zero degrees. Implied warranties do not cover problems such as those caused by abuse, misuse, ordinary wear, failure to follow directions, or improper maintenance.

An implied warranty on a used product is a promise that it can be used as expected, given its type and price range. As with new merchandise, an implied warranty on used merchandise applies only when the seller is a merchant who deals in such goods, not when a sale is made by a private individual.

Buying a product without a warranty may well indicate that the product is risky—low quality, damaged, or discontinued—and therefore, should be available at a lower price.

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. However, if you purchase a product as is and it proves to be defective or dangerous and causes personal injury to someone, the seller may still be liable under the principles of product liability.

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.

Spoken Warranties

Sometimes a salesperson will make an oral promise, for example, that the seller will provide free repairs. However, if this claim is not in writing, you may not be able to get the promised service. Have the salesperson put the promise in writing, or do not count on the service.

Preventing Problems

To minimize problems:

- **Read the warranty before you buy.** When online, look for hyperlinks to the full warranty or to an address where you can write to get a free copy. Understand exactly what protection the warranty gives you. If a copy of the warranty is available when shopping online, print it out when you make your purchase and keep it with your records.
- **Consider the reputation of the company offering the warranty.** Look for an address to write to or a phone number to call if you have questions or problems. If you are 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 are 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 are faced with any problems with a product or with obtaining the promised warranty service, here are some steps you can take.

- Read your product instructions and warranty carefully. Do not expect features or performance that your product was not designed to give, or assume warranty coverage that was never promised.

- A warranty does not automatically guarantee that you will get a refund if a product is defective. The company may be entitled to try to fix it first. Also, if you report a defect to the company during the warranty period and the product was not 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 cannot, 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.
- If a problem should arise and you would like to file a complaint, the following agencies may be able to help:

If you are unable to resolve a dispute with an extended warranty plan, contact: The Office of the Commissioner of Insurance, P.O. Box 7873, Madison, Wisconsin 53707-7873 or (608) 266-0103 (Madison) or 1-800-236-8517 (Statewide). For your convenience, a complaint form is included on OCI's Web site at oci.wi.gov/com_form.htm.

If you cannot get satisfaction from either the seller or manufacturer, contact: Wisconsin Department of Agriculture, Trade and Consumer Protection, P.O. Box 8911, Madison, Wisconsin 53708-8911 or 1-800-422-7128.

If you have a problem with a vehicle manufacturer warranty plan, contact: The Department of Transportation, Dealer Section, at P.O. Box 7909, Madison, Wisconsin, 53707-7909 or (608) 266-1425.

- Most states have small claims courts. If the amount of money in dispute is relatively small, usually less than \$5,000, you can file a lawsuit in small claims court. The clerk of the small claims court can tell you how to bring your lawsuit and what the dollar limits are in the state.
- If none of these actions resolves your dispute, you may want to consider a lawsuit. The Magnuson-Moss Act allows you to sue for damages or for any other type of relief the court awards, including legal fees. A lawyer will be able to advise you whether to proceed with a lawsuit.