



# CONSUMER NEWS

## SAN DIEGO CITY ATTORNEY'S OFFICE

### Warranties: What are my rights under Federal law?

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Making a major purchase is a big decision. Whether to purchase extended coverage, or any additional warranty coverage, may be an even harder decision to make.

Below are a few terms to know and tips to help you make an informed decision.

#### *WHAT IS A WARRANTY?*

A warranty is a promise from the manufacturer to stand behind its product or to fix certain defects or malfunctions over a period of time.

Companies are required, per federal law, to have warranties available for customers to read before they make their purchase, no matter if the consumer is buying an item at the store, through a catalog, or on the internet.

#### *IMPLIED WARRANTIES*

According to the Federal Trade Commission (FTC), implied warranties are warranties created by state law and almost every purchase is covered by an implied warranty. The warranty coverage varies from state to state and means that the seller promises their product will do what it is supposed to do. This is known as an implied warranty of merchantability. Merchants make this promise automatically every time they sell a product, as stated by the law.

Another type of implied warranty applies when you buy a product on

the seller's advice that the product is suitable for a particular use, this is known as an implied warranty of fitness for a particular purpose.

Most products purchased come with an implied warranty even if they don't come with a written warranty, unless the product is marked "as is," or the seller indicates in writing that no warranty will be given. If a product is sold "as is" and the seller offers the buyer a written warranty or service contract then an implied warranty cannot be disclaimed by the seller, according to federal law.

#### *EXPRESS WARRANTIES*

An express warranty, as stated in the Uniform Commercial Code, is any affirmation of fact or promise made by the seller to the buyer. This can be an advertisement, formal certificates, or a sales pitch of the product which a consumer uses to rely on in order to make their purchase.

#### *EXTENDED WARRANTIES*

Extended warranties are service contracts offered to consumers when they make a big purchase such as a car, home, or major appliance. An important thing to note is that service contracts are not warranties.

Service contracts, unlike warranties, are sold separately and cost extra; warranties are included in the price of the product. Service

contracts cover repairs and maintenance of a product for a specified period of time.

Always compare the warranty coverage and the service contract before you buy it. A service contract may have more limitations as to what is actually covered. Read it carefully before making your decision. Find out if you have to pay a deductible or a fee every time you need to have the item serviced.

Make sure to get everything in writing when the salesperson is making any promises about the product. If the salesperson states that everything they are telling you is in the warranty, have them point it out. Anything promised to the consumer that is not in writing is harder to obtain afterwards.

To learn more about warranties and the questions to ask when comparing them, see the FTC websites below on warranties and Consumer Reports.

#### *MAGNUSON-MOSS WARRANTY ACT*

The Magnuson-Moss Warranty Act was passed by Congress in 1975 and requires manufacturers and sellers of consumer products to provide consumers with detailed information about warranty coverage. This does not mean that every product must have a written warranty, but if a seller decides to

offer a written warranty it must comply with the act.

The duration of the implied warranty can be limited to the duration of the written warranty only if a "limited" written warranty is offered. If a company offers a "full" warranty a duration limit cannot be placed on the implied warranty.

There are three basic rules the act establishes:

1. A warrantor must designate, or title, the written warranty as either "full" or "limited."
2. A warrantor must state certain specified information about the coverage of the warranty in a single, clear, and easy-to-read document.
3. A warrantor or a seller must ensure that warranties are available where the warranted consumer products are sold so that consumers can read them before buying.

***INFORMATION REQUIRED FOR ALL WARRANTIES***

There are five aspects of coverage that a warranty must have under the FTC's Disclosure Rules:

1. The warranty must explain what it covers and the scope of coverage.
2. The warranty must state how long the warranty lasts and when the coverage begins especially if that date is different than the purchase date. The date of termination must also be clearly stated.
3. The warranty must explain the remedy that is offered in the event of a defect, malfunction or failure of the product. Whenever it may be necessary for clarification, the warrantor should explain what they will not pay for or provide.

4. The warranty must provide the consumer with a step-by-step explanation of the procedure which the consumer should follow in order to obtain performance of any warranty obligation, including the persons or class of persons authorized to perform warranty obligations, and the name(s) of the warrantor(s), together with the mailing address(es) of the warrantor(s) and/or the name or title and the address of any employee or department of the warrantor responsible for the performance of warranty obligations and/or a telephone number which consumers may use without charge to obtain information on warranty performance.
5. Last, the FTC requires the following "boilerplate" disclosure to be included in every consumer product warranty:

"This warranty gives you specific legal rights, and you may also have other rights which vary from State to State."

***CITY ATTORNEY'S ROLE***

Always try to resolve issues with the companies that are listed in the warranty or the seller. If they are not abiding by the terms of their warranty contract, contact your state or local consumer protection office.

***HELPFUL WEBSITES***

Federal Trade Commission – Warranties  
<http://www.consumer.ftc.gov/articles/0252-warranties>

Bureau of Consumer Protection – Businessperson's Guide to Federal Warranty Law  
<http://www.business.ftc.gov/documents/bus01-businesspersons-guide->

[federal-warranty-law#understanding](#)

ConsumerReports.org – Extended Warranties  
<http://www.consumerreports.org/cro/extended-warranties/buying-guide.htm>

Federal Trade Commission – Extended Warranties and Service Contracts  
<http://www.consumer.ftc.gov/articles/0240-extended-warranties-and-service-contracts>

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The information provided in this newsletter is intended to convey general information and is not intended to be relied upon as legal advice.



The San Diego City Attorney's Consumer & Environmental Protection Unit prosecutes criminal consumer and environmental protection violations and civil violations of California's unfair competition committed in the City of San Diego. The Unit maintains a Phone Hotline for consumers to report possible violations. You can reach the Hotline at **(619) 533-5600**.