

Commercial Insights

How the changing definition of “consumer” under the Australian Law may affect you

From 1 July 2021, the monetary threshold for determining whether a person (or business) acquires goods or services as a “consumer” under the Australian Consumer Law (**ACL**) is set to increase from \$40,000 to \$100,000.

Currently, under the ACL, the definition of a “consumer” is a person (or business) who acquires goods or services if:

- the amount paid for those goods or services is \$40,000 or less, or
- the goods or services were of a kind ordinarily acquired for personal, domestic or household use or consumption.

A “consumer” has the protection of certain rights and guarantees in relation to those goods and services. Specifically, goods are to be of an acceptable quality, fit for purpose and match the description provided, and services will be provided with due care and skill, be fit for purpose and delivered within a reasonable timeframe (**consumer guarantees**).

As a business owner, a failure to meet these consumer guarantees will result in the consumer being entitled to an appropriate remedy under the ACL including repair, replacement, refund, cancellation and compensation.

What does this mean for businesses?

With an increase to the monetary threshold, consumers are now afforded more protection under the ACL than ever before. This means that a wider range of higher valued goods or services now fall within the consumer guarantee regime.

In preparation for this change, businesses may consider if they will need to:

- a. update terms and conditions in any contracts or sales
- b. update refund policies
- c. account for potential refunds/replacement/compensation on a wider range of higher valued goods or services
- d. ensure higher valued goods or services meet the consumer guarantees
- e. train their staff to understand the new requirements.

Meridian Lawyers assists businesses in their obligations under the Australian Consumer Law. If you'd like further details about the assistance we can provide, please contact a member of our Commercial Disputes team.

This article was written by Senior Associate, Gabrielle Parra.



Gabrielle Para

Senior Associate

+61 2 9018 9925

gparra@meridianlawyers.com.au

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