



By Hannah Nimot
Hannah@collinsmay.co.nz
 DD: 576 1409

Lloyd Collins
lloyd@collinsmay.co.nz
 DD: 576 1403

Eugene Collins
eugene@collinsmay.co.nz
 DD: 576 1407

Amy Haste
amy@collinsmay.co.nz
 DD: 576 1412

Simone Seddon
simone@collinsmay.co.nz
 DD: 576 1411

Lisa Grant
lisa@collinsmay.co.nz
 DD: 576 1417

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BEING SMART ABOUT BUYING & SELLING GOODS ONLINE

The internet is a fantastic place to both recycle your pre-loved goods in exchange for some instant cash and to score a bargain. Different rules apply depending on whether you are selling by way of a private sale or as a 'trader'. In both cases it's important to know your rights and obligations to ensure you don't get caught out by consumer law:

Private Sales

Private sales are consumer – consumer transactions. They cover items purchased at an online auction from a one-off seller or at a garage sale. The big draw card of private sales is the expectation of getting a bargain - where you cut out the second hand dealer the price should (in theory) be cheaper.

However, if something goes wrong, you can't expect much protection from the law. There are very limited options for you to obtain a refund or get the item repaired if they are faulty. The Contractual Remedies act may provide some assistance to claim compensation where you have been provided incorrect information about the goods. It can be difficult to prove this so be sure to check the goods thoroughly and ask questions before paying.

The Sale of goods act 1908 does allow you to claim damages if the seller sold you stolen goods (or there was money owing on them).

Overall with a private sale you are largely on your own. This makes it important to keep a note of the seller's phone number and street address just in case you need to track them down.

Buying from a Trader

The obligations of the Fair Trading Act 1986 apply to professional traders. Under that legislation a seller must disclose their 'trader' status, accurately describe the goods, price and the terms of sale. It is illegal to advertise or provide advice about

goods that is inaccurate or in a misleading way.

If a buyer has been misled they may be able to obtain compensation or cancel the purchase.

In addition, the seller could be liable for a fine of up to \$60,000 if they breach this Act!

Are you a 'Professional Trader'?

James travels to Thailand for a holiday. While over there he spots a great deal on sports shoes. He purchases a pair for himself and fourteen pairs to sell online upon his return to New Zealand. When James lists the extra fourteen pairs at an online auction, James is in trade.

This is because James purchased the shoes with the intention of selling them. James's listing must clearly state that he is selling the shoes in trade and he must comply with the Fair Trading Act. If he fails to comply with those obligations he could be liable to pay up to \$60,000 for breach of the Fair Trading Act!

In comparison Kate regularly buys shoes. She wears them herself, gets sick of them and then sells them online by way of auction. In total, Kate would sell more shoes than James. Despite the great quantity of sales, Kate is not in trade and not required to comply with the obligations under the Fair Trading Act as at the time Kate purchases the shoes, they were intended for personal use, rather than for sale.

If you have any queries about buying and selling goods online, please do not hesitate to contact the team at Collins and May Law.

20 MINUTE FREE

WANT to review your Family Trust structure? THEN call us and take advantage of our 20 Minute Free interview