

Damaged goods

Information for businesses

October 2008

Retailers encounter

many situations where goods are damaged in the store or damaged while being transported to a customer's house. Repairing or replacing damaged goods can be expensive, but you may not always be liable.

Goods damaged by a customer

Some stores display signs such as: 'Nice to see, lovely to hold; if you break it consider it sold'.

However, displaying such a sign does not automatically make a customer responsible for damage.

If customers or their children are negligent and cause damage, you are entitled to ask the customer to pay. Negligence is defined as not showing proper care.

For example, if a customer's child was running through your shop unsupervised, knocked over a display and damaged some goods, the customer would be liable. As the legal guardian, the customer accepts responsibility for the action of children in his or her care.

However, if the child damaged an item which was protruding from a shelf or placed precariously, the customer may not be liable. It could be argued that by having the goods in a vulnerable position, you had not minimised the risk or that you had created the risk of damage by your own actions.

So it's wise to check the displays in your shop to reduce this risk. It may also be a good idea not to place fragile items where they could be handled or knocked.

In some cases it is difficult to prove negligence. Be sure to check with your insurer to see exactly what is covered.

If your insurer pays for goods damaged by customers, for customer relations it may be good business not to hold them liable. This could help customer relations and ultimately benefit your business.



Goods damaged when being delivered

In many cases, a sale may depend on you being able to deliver the goods to the customer.

When you arrange delivery for a customer, it is your responsibility to deliver the items in good order. For example, if a customer buys a lounge suite and pays you a delivery fee as part of the contract, you are liable for any damage in transit. This includes the cost of transporting the suite back and forth.

Regardless of who you get to make the delivery, it is advisable to have insurance to cover potential damage or loss.

However, if customers decide to transport the goods themselves, or arrange for someone else to do it, any damage during transport is not your responsibility. It is a good idea to have your customer check the goods before they are transported and to sign to say they are in good order.

When goods are delivered

If you arrange delivery, it is important to have the customer inspect the goods after delivery and sign to say that they are in good order.

This can protect you should a dispute arise. Make sure that the person delivering the goods tells customers what they are signing. Many customers believe that by signing such a form they are just accepting delivery.

If you arrange to deliver goods at a certain time and the customer is not present, you should instruct the driver to return the goods to your store or warehouse unless alternative delivery arrangements have been made. It would be reasonable to charge for delivery again if a further arrangement has to be made to deliver the goods.

We strongly suggest that you do not leave goods unattended at a customer's house. They may be stolen or vandalised, which could result in a drawn-out dispute.

Further information

Telephone the Consumer Protection Advice Line on 1300 30 40 54 (for the cost of a local call from anywhere in the state).

This publication is available on request in other formats to assist people with special needs.

Regional offices:

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 Great Southern (08) 9842 8366
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