



## THE CONSUMER PROTECTION ACT FREE OFFERS

The word “free” is said to be the most powerful word in advertising. It is a substantial draw card for customers and, understandably, many retailers offer free gifts or prizes, or interest free finance deals as an incentive to encourage customers to buy from them.

These offers can benefit customers and help promote competition among businesses.

The Consumer Protection Act prohibits traders including retailers, from misleading or deceiving customers.

Section 12 states:

*“A person shall not in trade or commerce as a supplier engage in conduct that is or is likely to be misleading or deceptive”.*

The Act specifically prohibits false or misleading representation about the price of goods or services.

Section 13(g) states:

*“A person shall not in trade or commerce as a supplier make false or misleading representations concerning the price of any goods or services”.*

The Act also prohibits a business from offering free items that they do not intend to provide as offered.

Section 14 states:

*“A person shall not in trade or commerce in connection with the supply or possible supply of goods or services in connection with the promotion by any means of the supply of goods or services, offer a gift, prize, or other **free item** with the intention of not providing the gift, prize or other free item as offered”.*



If a business advertises something as “**free**”, it must be truly free. Goods will not be free if:

- the price of the goods or services the customer must buy in order to qualify for the free item have been increased to cover the cost, or part of the cost, of the free item;
- the goods or services that the customer must buy can be purchased cheaper without the free item.