NO PREP

Warranties, Returns, and Contracts

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Name: Period: Date:

Warranties, Returns, and Contracts

The Promise Attached to the Product

A warranty is a seller's or manufacturer's promise about the condition of a product and what will be done if it fails. It is not customer service and it is not goodwill. It is a legally enforceable commitment, and knowing which kind you have determines what you can demand when a product breaks in month four. Warranties divide first into express and implied. An express warranty is stated outright, in writing or in speech, and includes the printed booklet in the box, the phrase on the packaging, and the sentence a salesperson says on the floor. Sales talk that a reasonable person would take as a factual promise can create an express warranty even when nothing is signed, which is why what the employee told you matters more than people

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Reading the Warranty You Were Given

Written warranties are further divided by federal law into full and limited, and the label is required to appear on the document itself. A full warranty means defective products are repaired or replaced free within a reasonable time, the buyer does not have to do anything unreasonable to get service such as shipping a refrigerator across the country, and if it cannot be fixed after reasonable attempts the buyer may choose a refund or replacement. A limited warranty is anything less, and the great majority of warranties are limited. Limited does not mean worthless, it means

the specific terms decide everything, so the terms have to be read. Look for four things. What is covered, since parts and labor are often treated differently and a warranty covering parts only can still leave a large bill. How long coverage lasts, and whether different components carry different periods, which is common in appliances and vehicles. What voids it, typically unauthorized repair, misuse, or commercial use of a residential product. And what the buyer must do, since some warranties require registration, professional installation, or proof of maintenance. Beware the phrase lifetime warranty, which usually means the expected service life of the product as the manufacturer defines it, not the life of the owner. As-is means the seller disclaims warranties entirely and the buyer accepts all risk, and some states restrict that language on consumer goods.

Return Policies Are Not a Right

A widespread misconception deserves correcting directly, because it produces a lot of angry conversations at customer service counters. There is no general federal right to return a product simply because you changed your mind. Return policies are set voluntarily by the retailer, and they are contract terms rather than consumer protections. Stores offer generous policies because they increase sales, not because they are required to. What the law does guarantee is different and narrower: a remedy when a product is defective, misrepresented, or fails to match what was promised. That is why a change-of-mind return can be refused while a defective product cannot simply be ignored. Read the policy before buying anything you might return, and note the window, which is frequently shorter for electronics, opened software, and seasonal merchandise. Note also whether a receipt is required, whether refunds are issued to the original payment method or as store credit, and whether a restocking fee applies, which can reach fifteen or twenty percent on large items. Final sale and clearance items typically cannot be returned at all. A few narrow federal rules do exist. The Federal Trade Commission's cooling-off rule allows cancellation within three business days for sales of twenty-five dollars or more made at your home, or one hundred thirty dollars or more made at a workplace or a temporary location such as a hotel conference room, though it does not apply to purchases made at a seller's permanent place of business. Some states add their own protections, particularly for vehicles, gym memberships, and door-to-door sales.

Signing Something That Binds You

A contract is a legally enforceable agreement, and most people sign several before they turn twenty-five without reading any of them. A valid contract requires an offer, acceptance of that offer, consideration meaning something of value exchanged on both sides, legal capacity of the parties, and a lawful purpose. Capacity is the part that matters most to students. Minors generally have limited capacity to contract, and a contract signed by a minor is often voidable by the minor, which is one reason landlords and lenders require an adult cosigner. That protection ends abruptly at eighteen, when a signature becomes fully binding. The practical rules for signing anything are short and are ignored constantly. Read the entire document including everything below the signature line and on the back. Never sign a document with blank spaces in it, since blanks can be filled in afterward. Verify that every verbal promise a salesperson made appears in the written text, because in most disputes the written contract controls and a promise that is not in it effectively did not happen. Ask for a copy of exactly what you signed and keep it. Watch for automatic renewal clauses that convert a one-year membership into a continuing obligation unless canceled in a specific window and a specific way, and for mandatory arbitration clauses that waive your right to sue and to join a class action. If the other party will not give you time to read it, that is information about the deal.

The Contracts You Never Signed

Many binding agreements are now accepted without a pen. A clickwrap agreement is the checkbox stating you agree to the terms of service, and courts have generally enforced these when the terms were reasonably available and the user had to act affirmatively to accept. Browsewrap, where terms are merely linked at the bottom of a page and no action is required, is enforced far less reliably. Either way, the practical result is that people accept dozens of contracts a year without reading a word, and those documents routinely include arbitration clauses, data-sharing permissions, and automatic renewal terms. The realistic response is not to read every word of every terms of service, which nobody does. It is to search the document for the handful of terms that carry money or rights, particularly cancellation, renewal, arbitration, and what happens to your data. Subscriptions deserve specific attention, since federal and state rules increasingly require that canceling be as easy as signing up, and the negative option, where silence counts as

agreement to keep paying, remains widespread in free trials that convert automatically. Set a reminder before any trial ends rather than trusting yourself to remember. Keep a written record of the cancellation, including a confirmation number or screenshot, because disputed cancellations are common and the burden of proof falls on the person who says they canceled. The consistent theme across warranties, returns, and contracts is that documentation is what converts a claim into a remedy.

Key Information: Warranties, Returns, and Contract Terms

Detail	Information
Express Warranty	Stated outright in writing or speech, including sales claims
Implied Merchantability	Automatic promise the product does what such products normally do
Full Warranty	Free repair or replacement; refund option if it cannot be fixed
Limited Warranty	Anything less than full; the specific written terms control
As-Is	Seller disclaims warranties; buyer accepts all risk
Return Policies	Set voluntarily by the store, not a federal consumer right
Cooling-Off Rule	Three business days: $25+ at your home, $130+ at a workplace or temporary location
Contract Elements	Offer, acceptance, consideration, capacity, and lawful purpose

Case Study: The Blender and the Blank Line

Selena buys a five-year limited warranty blender for a family catering side business her mother runs out of their kitchen. The salesperson tells her that if anything at all goes wrong they will just swap it out, no questions asked. Fourteen months later the motor burns out. Selena brings it back with her receipt and the warranty booklet, and the store points to two lines she never read. The warranty covers parts for five years and labor for one year, and it excludes commercial use. Selena argues that the salesperson promised a straight exchange. The manager asks whether that promise is anywhere in writing. Selena also remembers something else uncomfortable. When she signed the extended service plan at the register, the form had a blank line where the coverage type should have been, and the clerk said he would fill it in later. She never got a copy of what she signed.

1. The salesperson promised a no-questions exchange. Explain what kind of warranty that could have created and why Selena cannot enforce it now.

2. Identify two mistakes Selena made with the paperwork and explain what the reading says she should have done instead.

Multiple Choice

1. Which warranty exists automatically under state law without being written anywhere?

a) An extended service plan purchased at the register

b) A full warranty on any product over one hundred dollars

c) A lifetime warranty on a product's moving parts

d) The implied warranty of merchantability

2. What does the reading say about a store's change-of-mind return policy?

a) Federal law requires at least a thirty-day window

b) It is set voluntarily and is not a federal right

c) It must match the manufacturer's warranty period

d) It applies only to items purchased with a credit card

3. Why does the reading warn against signing a document that contains blank spaces?

a) The blanks can be filled in after you sign

b) The signature cannot be verified without complete text

c) Blank spaces make the contract legally void

d) Courts require every line to be initialed separately

Matching

Write the letter of the correct definition on the line next to each term.

Term	Definition
1. ___ express warranty	A) An automatic legal promise that exists without being written down
2. ___ implied warranty	B) Terms accepted by checking a box before using a product or service
3. ___ full warranty	C) Something of value exchanged by both sides of an agreement
4. ___ consideration	D) Free repair or replacement, with a refund option if it cannot be fixed
5. ___ clickwrap	E) A promise stated outright in writing or in a salesperson's claim

Fill-in-the-Blank

1. A promise stated in writing or speech is an _____ warranty.

2. Something of value exchanged by both sides is _____.

3. Selling a product with no warranty at all is selling it _____.

Short Answer

Answer each question in 2-4 complete sentences.

1. Explain the difference between a full and a limited warranty, and why limited is not the same as worthless.

2. Why can a store refuse a change-of-mind return but not ignore a defective product?

3. Explain why the reading says documentation is what converts a claim into a remedy.