

Scenario - Before the Fair Trading Act

A young man, Henry, walks into a well know small home appliance store, Acme Appliances. Henry has seen many TV ads promoting 3D capable televisions. Because this is new technology businesses are selling the TVs at discounted rates. Acme is selling the television for \$10,000.00. Another store, ABC Appliances, further up the road is selling a similar TV for \$10,250.00 (\$250.00 more). However, Acme is closer and more convenient so Henry has decided to have a look there first.

A salesperson called Bob approaches Henry to see how he can help him. Henry asks a lot of questions about the 3D capability of the TV – Bob assures Henry that the television he is interested in suits his requirements to play and watch TV programmes in 3D. Bob is a nice guy, and a convincing salesperson, so Henry agrees to buy the television from Bob rather going into town and checking out ABC Appliances' deals.

After getting the television home and installing it Henry sits down to watch a movie in 3D. However, when he tries to play the movie it won't screen in 3D. Henry is annoyed about this and calls Acme the next morning. The manager of the store, Jim, assures Henry he has bought a 3D capable TV. However, it requires a special decoder to be installed for the 3D capability to work effectively. The cost of this decoder is \$500.00 and there are none in stock. Henry would have to wait a further two weeks for the decoder to arrive.

Henry is now very upset. He hangs up the phone and calls ABC Appliances, the store that has the similar TV. They tell Henry that their television is able to play 3D programmes without a decoder, and that they currently have one in stock. Henry would only have to pay \$10,250.00, rather than the \$10,500.00 that the combined television and decoder will cost.

Henry decides to call Acme and tell them he wants to return the television. He intends to go to ABC and purchase the television they are selling. When he tells Jim, the Manager, Jim tells him he can't return the television as the contract he signed states there are no refunds and that he is stuck with his purchase. He has no choice but to wait for the decoder to come in and then purchase one.

Questions:

What do you think Henry's rights should be?

What do you think Acme's responsibilities should be?