

Consumer Protection

Misleading prices or advertising

Under the Fair Trading Act, businesses in New Zealand can't mislead you with false information in advertising or about pricing.

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Your rights

Under the Fair Trading Act (FTA), you have the right to clear and accurate prices for products and services, and factual advertising.

It is illegal for a business to mislead or deceive you about the things they sell. This includes:

- writing or saying anything false or misleading about products or services, including in advertising
- making claims about products if they don't have evidence to back them up
- unfair sales practices like bait advertising, which is when businesses lure you in with cheap items that are unavailable, then offer a more expensive item instead.

[Fair Trading Act \(/general-help/consumer-laws/fair-trading-act/\)](/general-help/consumer-laws/fair-trading-act/).

[Pricing_ \(http://www.comcom.govt.nz/fair-trading/fair-trading-act-fact-sheets/pricing/\)](http://www.comcom.govt.nz/fair-trading/fair-trading-act-fact-sheets/pricing/) —
Commerce Commission

Incorrect or misleading pricing

Most retailers that use computerised check-out and barcoding systems are members of GS1 New Zealand. Their code of practice states that:

- prices should be displayed so they can be read and linked with the product easily
- the retailer can't charge more than the displayed price.

A trader or retailer who is not a member of GS1 New Zealand doesn't have to advertise or display their prices.

Usually, if a price is advertised or displayed incorrectly at a substantially lower price, the trader doesn't have to sell at that price. But if they often advertise products at the wrong price or for a long time, they may be breaking the Fair Trading Act by misleading you about the true price.

If you have been undercharged, the trader can't ask you to pay the extra amount after the sale is completed unless you knew:

- there was a genuine mistake about the price, and
- it was much less than it should have been.

Advertised prices must be genuine, and there must not be extra costs you weren't told about.

Price promotions

Retailers often discount products and services and advertise the savings you can make by buying at the discounted price compared to the non-sale price. This may be misleading and breach the FTA if the claimed usual price:

- has never been charged
- is inflated
- is out of date.

If the discounted price is used a lot, it becomes the usual selling price. It would then be misleading for a business to continue to claim it was discounting this price.

Businesses may also mislead you about prices if they:

- promote a special price to get you to buy quickly when it's actually the usual price
 - state an advertised price is the total price to pay when it is not.
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Misleading advertising

Businesses and traders aren't allowed to behave in a way that is misleading or false. They also can't make misleading or false statements about their products' or services':

- price, standard, quality, origin or history
- particular uses or benefits
- endorsements or approvals, for example from celebrities or sports people using those products.

Misleading or false statements can be made:

- in advertising brochures, signs, newspapers, and contracts
- as part of a sales pitch
- on TV, radio and websites.

Examples of how an advertisement could be misleading include:

- statements about the origin, quality and use of the goods that are not clear and accurate
- comparisons with other competitors about the same products that are not accurate
- special offers or discounts and sales which are not genuine.

Businesses must be accurate when they describe in advertising whether goods are 'as new', second-hand or reconditioned.

False or unsubstantiated claims

Businesses and traders can't make claims without reasonable grounds — like evidence to back them up — otherwise it is called an unsubstantiated representation. They're breaching the Act if they make a claim they can't back up with evidence, even if it later turns out to be true.

Businesses making environmental claims about sustainability, recycling, carbon neutrality, energy efficiency, or use of natural products must make sure those claims are accurate and based on solid scientific evidence.

This rule doesn't apply if a reasonable person would know the claim was just exaggeration. This is known as puffery.

If things go wrong

Contact the seller to try to resolve any dispute about pricing or advertising first. This applies to private sellers as well as businesses.

What you can ask for depends on what's gone wrong. Sometimes it will be a partial refund.

You can cancel a sale or contract and ask for a full refund if:

- The product doesn't match the seller's description.
- You only agreed to a service contract because of false or misleading advertising or pricing, and the difference between promise and reality would have a major impact on you.
- You wouldn't have bought a product or service if the seller had told the truth.

You can ask for compensation if misleading information resulted in loss or damage, including if you:

- paid extra bills or other costs
- did extra tasks that were unnecessary
- suffered distress.

[How to complain \(/general-help/how-to-complain/\)_\(/general-help/how-to-complain/\)](#)



We have information on solving problems with specific products and services, eg cars, phone and broadband, electricity and gas, in our Help by product and services section.

[Help by product and service \(/help-product-service/\)](#)

Take your complaint further

If you can't resolve your issue directly with the business, the Disputes Tribunal or District Court may be your next step. Bear in mind, if the seller is overseas it may be harder to enforce any formal decision.

[About the tribunal \(https://www.disputestribunal.govt.nz/about-2/\)](https://www.disputestribunal.govt.nz/about-2/) — Disputes Tribunal

You can report the business to the Commerce Commission if:

- you think you have been misled
- the business has said something that is not true.

Commerce Commission can't investigate every complaint, or solve your individual problem. But they can warn or prosecute the business. Your information helps them assess which consumer issues are causing the greatest harm.

[Make a complaint](https://comcom.govt.nz/consumers/make-an-enquiry-or-complaint) (https://comcom.govt.nz/consumers/make-an-enquiry-or-complaint) — Commerce Commission

More help

Get support at any point from:

- **Citizens Advice Bureau (CAB)** — a free, independent service, run by volunteers. CAB can advise you on your consumer rights and obligations, in person, by phone, or online.
- **Community Law Centre** — offers free one-on-one legal advice to people with limited finances. The organisation has 24 community law centres throughout the country. You can find legal information and other resources on its website.

[Find a CAB](https://www.cab.org.nz/find-a-cab/) (https://www.cab.org.nz/find-a-cab/) — Citizens Advice Bureau

[Our law centres](http://communitylaw.org.nz/our-law-centres/) (http://communitylaw.org.nz/our-law-centres/) — Community Law Centres

Examples

Example — Pricing mistake

Ahmed is thrilled to see an online advertisement for smart TVs for only \$50 from his local appliance store. He rushes in to buy one and finds out the actual price is \$500. The owner apologises for the mistake in the advertising and has it corrected immediately. This is a genuine mistake, so Ahmed will have to pay the full price if he wants the TV. But if the store did this regularly, it could be misleading conduct and Ahmed could report it to the Commerce Commission.

Example — Misleading descriptions

Hannah decides to buy a car from a private seller on Trade Me. The car is described as in good condition for \$2,500 or nearest offer, with a current WOF. Hannah buys it without doing a mechanical inspection and three months later the car breaks down. Her mechanic says the engine needs extensive repairs costing \$1,500. Hannah is unhappy with the sale and contacts the seller. He refuses to negotiate, so she makes a claim to the Disputes Tribunal for misleading advertising — and breach of the implied warranty as to matching its description — under the Contract and Commercial Law Act.

Related pages you might find useful

[Fair Trading Act \(/general-help/consumer-laws/fair-trading-act/\)](/general-help/consumer-laws/fair-trading-act/)

Your rights if a business acts in an unfair or misleading way, including sales tactics...

[Private sales and second-hand goods \(/general-help/ways-to-buy-and-pay/private-sales-and-second-hand-goods/\)](/general-help/ways-to-buy-and-pay/private-sales-and-second-hand-goods/)

Your rights when buying from a dealer or online trader, including Trade Me. These rights...

[How to complain \(/general-help/how-to-complain/\)](/general-help/how-to-complain/)

Steps to take if you have an issue with an NZ product or service.