
Lay-by Policy

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Overview

A Lay-by is an arrangement where a customer and Franchisee agree that a customer makes at least 2 or more periodical payments for a product and can only take possession after all payments are made. The Franchisee also agrees to store the item(s) until the last payment is made.

Status: Final

Introduction

This policy outlines the specific requirements that govern a Lay-by agreement, repayments and record-keeping that a Franchisee must comply with

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Topic
Applicable Legislation
Policy Details

Applicable Legislation

Legislation

The Australian Competition and Consumer Commission is responsible for Lay-bys

State	Website
Federal	ACCC - Payment Methods

Note: Local state laws may also apply

Policy Details

1. Agreement must be in writing

Lay-by agreements must be in writing and meet the following guidelines

- specifies all terms and conditions, including any termination charge; and
 - is transparent, meaning it must be expressed in plain language, legible and clearly presented.
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2. Cancelling a Lay-by

Lay-bys can be cancelled if:

- the customer has breached a term of the agreement (such as missing a scheduled payment)
 - you are no longer engaged in trade or commerce, or
 - the goods are no longer available due to circumstances outside of your control. If you cancel the lay-by agreement or if the customer cancels the lay-by agreement because of something that was your fault (for example, the goods were damaged while in storage) you will not be able to charge the customer the termination fee.
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3. A customer can cancel a Lay-by

A customer can cancel the lay-by agreement at any time before the delivery of the goods.

4. Refunding a customer and termination fees

If a customer cancels the lay-by agreement, you must refund the customer all amounts paid less any termination fee that was clearly specified in the lay-by agreement.

Note: Termination Fees can only be applied if the customer cancels the agreement

5. Termination Fee amounts

There is no set amount or percentage for a termination fee. Still, it must be at most your reasonable costs relating to the lay-by agreement (for example, storage and administrative costs that apply to the lay-by agreement). What is 'reasonable' will depend on the circumstances, and you should be prepared to justify your reasonable costs.

6. Outstanding Debt

If the customer's lay-by instalments do not cover the termination fee, you can recover the outstanding amount as a debt.

Note: This should be clearly stated in the lay-by agreement along with any other details of termination fees to fulfil your obligation to have a transparent lay-by agreement.

7. No other damages apply

Apart from the termination charge, you are not entitled to damages or any other remedy for terminating the lay-by agreement.
