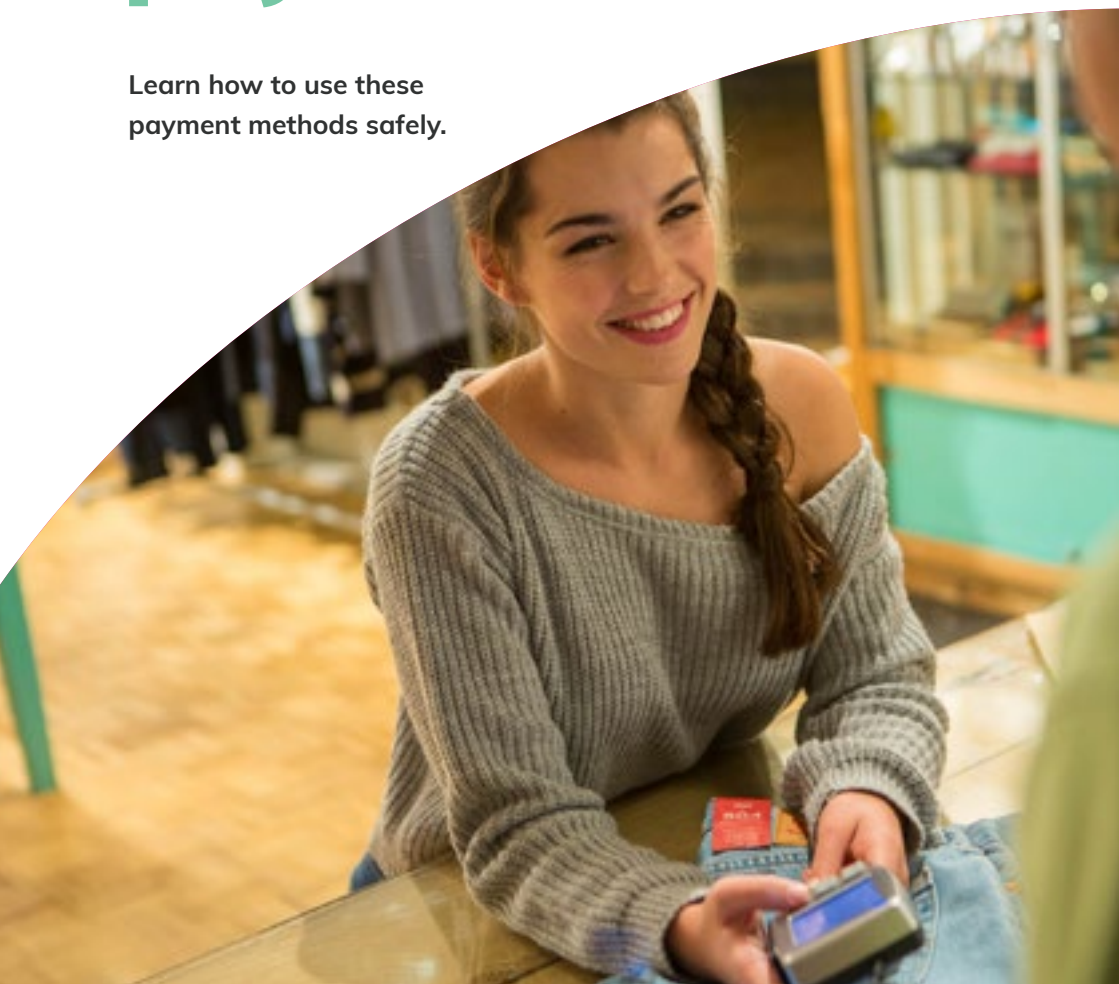


Layby? Buy now, pay later?

Learn how to use these
payment methods safely.



Understand layby, and buy now, pay later

Layby, and buy now, pay later, both let you buy something if you do not have the money now. Both methods are popular, but they do not make things cheaper. You pay the same price, but over a longer time. And they have risks.

Comparing layby, and buy now, pay later

Layby, and buy now, pay later, are very different.

Layby	Buy now, pay later
You get the item later, after your last payment.	You get the item when you make the first payment.
You can cancel any time. You'll get a cash refund.	You cannot cancel once you start paying. You have bought the item.
You may be able to pay when you want , if the retailer agrees.	You must pay regularly, as agreed . If you do not, you must pay penalty fees.

Layby — pay in instalments and get the item later

A layby sale is when:

- you pay for something in instalments
- the seller keeps the item until you've paid for it
- the item costs less than \$15,000.

Sellers sometimes call it something else, like part-payment or Christmas club.

You and the seller agree how many payments you make, and how much each one is.

If you have to pay a deposit, it's counted as the first payment.

Know your rights

If you buy from a New Zealand company, the Fair Trading Act protects you. You have the right to:

- get a set price
- have the item kept safely
- get a written contract before you buy
- get a free statement of your account any time
- cancel the sale any time and get a cash refund (but you may have to pay a reasonable cancellation fee).

You cannot be charged interest on layby.



Be careful there is also a buy now pay later provider called Laybuy. see page 7 for details

Get a contract

The seller must give you a written contract. (A contract is sometimes called an agreement.) The contract must be in plain language and understandable, and show the date you agreed to the sale.

The front page must:

- describe the item clearly
- show the total price
- describe your right to cancel
- say whether you must pay a fee if you cancel, and how much the fee is
- show the seller's name, street address, telephone number and email address.

If the seller does not give you a contract, you can cancel without paying a cancellation fee.

If the seller stores the item somewhere else, they may charge you a storage fee. In that case, the seller must ask you if you agree to the fee, and must show the fee in the agreement.

Get receipts, and statements if you wish

The seller must give you a receipt for your deposit and for each payment. Keep those receipts.

You can ask for a statement of your account any time. The seller must give this to you for free, within 5 working days. The statement must show:

- the total price
- the amount you've paid so far
- the amount you still owe and when you must pay it
- any cancellation fees.

Cancel your layby if you want

You can cancel before your last payment. You do not have to say why, but you must be clear that you are cancelling. You can tell the seller by visiting the shop, or by letter or email.

The seller must immediately refund your money in cash. The refund cannot be a credit note.

If the seller charges a reasonable cancellation fee, you must pay it. If you have not made many payments, the cancellation fee may be more than the refund. You may have to pay the difference.

Know the risks

If something happens to your item, here's what you can do.

What could happen	What you can do
Your item could be damaged, lost or stolen.	You can cancel your layby, or ask the seller to refund your money or replace your item.
The seller could sell your item to someone else.	You can ask the seller to replace your item or refund your money.
The seller does not put your item aside.	You can ask the seller to replace your item or refund your money.
The seller could cancel your layby because your item is not available.	You can get a refund. You may have to pay a cancellation fee, but only if the seller has done what the contract says. The seller should write to you or phone you to say they are cancelling.
The seller could go out of business.	You can pay the balance and get your item if it's still available. You cannot have missed any payments in the last 3 months though. If the item is not available, you may get your money back. You will need to tell the person looking after the business what the seller owes you.

Ask for help if you need it

If you bought from a seller in New Zealand, you can go to the Disputes Tribunal. You'll need the seller's physical address. You'll also need to pay a fee.

Phone 0800 COURTS (0800 268 787) **Visit** www.disputestribunal.govt.nz

Buy now, pay later — get your item now and pay later

Buy now, pay later lets you get an item now, even if you do not have the money. You pay fixed amounts at times you agree with the seller. This is often weekly or two-weekly. LayBuy, PartPay and AfterPay are examples of buy now, pay later schemes.

You do not pay interest, so this arrangement can be less expensive than high-interest options like credit cards or loans. It also spreads out your spending over time, so you avoid sudden large payments. But it is a debt.

Know the risks

Be careful. Risks include:

- It's easy to buy more than you can afford.
- Changes in life (like losing a job or having to pay more rent) can make payments hard.
- Extra fees if you miss a payment. This makes your item more expensive.
- Your credit rating can decrease if you use this way of paying often or if you miss payments.

To use buy now, pay later, you need to be good at:

- knowing how much you spend, so you know if you can afford the payments
- keeping up to date with payments.
- knowing how many regular payments you have going out and when important payments are due.



Always check the real cost before you buy. What will the total of your payments be?

If you're not sure whether buy now, pay later is right for you, talk to a budget advisor.

Consumer Protection

Ministry of Business, Innovation and Employment

0508 426 678 (0508 4 CONSUMER)

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www.consumerprotection.govt.nz

PO Box 1473, Wellington 6140

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