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ZERO \$ Deal - a myth for many consumers

Festive season is indeed a time for presents and wishes to come true.

While, not everyone gets to bump into Santa for gifts, there are special deals, discounts and giveaways available to choose from at popular stores to materialize their dreams, for instance of owning their favorite washing machine, fridge, TV set or gas cooker.

Many families around the country often await anxiously for this time of the year to buy these items either cash or on hire purchase –the offers are so enticing that many consumers in particular, the low –income earners, wouldn't want to miss.

There is so much excitement and rush and offers like the zero deposit, which are available in the marketplace during this season, just adds icing to the cake. It sets the momentum to buy household items without having a cent in the pocket. One can now walk in to the store and pick up his or her dream item without paying any money – it all looks so easy.

Consumers are overwhelmed by this generosity that they fail to compare prices, interest rates, warranty period etc to make an informed decision.

Many consumers who enjoy such deals do not even realize or ask hard questions such as “can I afford weekly or monthly payments?”

The enthusiasm and merry-making mood begins to die out when it comes to making payment and keeping up to date with the payments every week or month. It is painful for some when reality strikes them when they receive default notices - this is when, some consumers decide to get rid of the very item they once longed for. They then opt to voluntarily surrender the items to the hire purchase companies thinking the problem ends here.

Unfortunately, the consumers perhaps do not know the fact that they borrowed the money on a high interest rate to buy the item from the hire purchase company. Returning the items to the hire purchase company will not end their financial woes. They still have to pay the money they borrowed (debt).

The hire purchase company will claim the difference between the total money borrowed against the amount they received through repayments and resale of the returned items.

The returned item becomes 'used item or second-hand item' which can no longer fetch the same price the consumer paid. It will be sold at a lesser price as compared to what the consumer paid. Therefore, the consumer still has to pay the outstanding balance.

This is not a myth but a reality!

Meanwhile, when the items are voluntarily surrendered and the hire purchase company in question re-sells the items at a higher price than the amount in arrears, then the difference should be refunded to the consumer. But this does not materialize as many a times, the company does not disclose the amount they have sold the returned/repossessed item for and the consumer remains in dark.

The Council is urging consumers to be prudent as they spend their money this festive season – **DO NOT GET INTO DEALS WHICH YOU CAN'T AFFORD!**

Consumers must know the fact that if they buy an item on hire purchase, they have to pay the money they borrowed to buy the item. Using the item for a short time and returning the item won't set them free!

While, consumers can make the most of the special offers and deals, they should be mindful of their personal budgets to stay away from temptations.