

Retailer's Rights of Returns

2014-07-22 15:54:56 by PaulaA

ASHLAND, OHIO: Retailers are concerned with how to balance customer service with the financial impact of returned merchandise. Time Magazine reports that \$.09 out of every retail dollar spent is returned. This figure is an average; rates of return vary by industry. While retailers can exert their legal rights, doing so may result in further losses due to disappointed customers.



Retailer's Responsibility

The Arizona State Attorney General Tom Horne states that most states do not have a law that requires a retail merchant to have a specific refund, credit or exchange policy. That means it is up to the retailer to decide on whether it will allow customers to return merchandise and how long they have to return it. A retailer can prohibit returns altogether, give qualified returns or allow 100% money-back return. A qualified return can be an exchange or repair of an item.

Retailers' Rights

Retailers allow customers to return merchandise as an extension of customer service. State to state laws vary slightly on the legal requirements of retailers. The federal three day right-to-cancel law only applies to credit or cash transactions of \$25.00 or more which occur via face-to-face transactions away from the retailer's shop in specific circumstances. Retailers are

not required by law to refund a customer's purchase as long as they make a good faith effort to accommodate the customer.



Fraudulent Returns

One of the biggest problems for retailers is fraudulent returns. Also called wardrobing or deshopping, a fraudulent return is committed when a customer returns an item that they bought specifically for an event knowing that they would return it thereafter. This merchandise can be a dress for a wedding, a large-screen television for a football game or a pair of swim trunks for vacation. In these cases, the customer is knowingly buying something which they intend to

return; therefore committing fraud. Doing so reduces trust between a retailer and their customers as well as degrading the profit margin of the retailer. With slim profit margins, this type of behavior can cause grave financial concerns for a business.

Retailer Protection

Retailers can protect themselves against fraud and theft with insurance. However, a more stringent return policy can help bridge the financial gap of fraudulent returns while still allowing legitimate returns. By training staff to be aware of serial returners and having a policy in place for those shoppers, you can continue to maintain a good relationship with honest clients. Posting your return policy clearly and letting customers know what it is at the time of purchase goes a long way towards reducing fraudulent returns. You can require that returned items be in brand new condition or have sales tags intact. Let your customers know up front that you are having a problem with wardrobing to give them a reason to help you by being prepared with a proper receipt when they do need to return an item. Legitimate returns are part of doing business. If your return policy is posted, the customer will know to come prepared with their receipt when they return the merchandise.

References

Consumer Reports: Your Rights as a Consumer

New York Better Business Bureau: Your Refund Rights with Retailers

Time Magazine: Business & Money: Why a Good Return Policy Is So Important for Retailers

Harvard Business Review Blog Network: When The Customer Isn't Right

Arizona Attorney General: Tom Horne: Top 10 "Consumer Myths"

Resources (Further Reading)

The Guardian: Fight for Your Right to Return Sale Goods

Akron Better Business Bureau (Services Mid-Ohio)

Photo Credits: Public Domain

<http://www.mymidohio.com/modules.php?name=News&file=article&sid=29>