

SERVICE MAINTENANCE CONTRACTS

Trap

WAIT – WHAT????

Refunded only \$18.32 instead of the full \$360. What's up with that?

Mrs. Rogers thought she would save money and aggravation by signing a service contract for the major appliances in her home. Four months later when she requested a service call for her stove, the service technician was rude, telling her a replacement was necessary but that type of stove was not covered by the contract – essentially providing no real service at all. She cancelled the contract, expecting to get all her money back, not realizing there was a charge per service call. She also didn't know that her refund would be pro-rated to a percentage of the unearned part of the contract, which was less the cost of service calls. She was surprised and really upset when she received that small refund check!

Tips

The consumer was unaware of some of the important parts of the contract she signed. She realized she knew almost nothing about the company even though the salesman was extremely nice. Most service company contracts include details of what is covered and what is not, and also include terms and conditions with a penalty for early termination of the contract.

- Research service maintenance companies before signing a contract. Check with neighbors, and contact PBC Consumer Affairs to get a "Business Information Report" about the company. Some things that are important to establish in a service maintenance contract: the maximum response time; service completion time; prices; compensation for damages to property by the vendor; compensation in the event of a service delay; terms of payment and client/contractor expectations.
- Be savvy. Get quotes from two or three companies and compare them carefully.
- READ THE FINE PRINT – oftentimes on the back of the signature page. Take the time to read and review all terms, including exclusions, refund/cancellation policies, and warranty information. Contracts are written for the company's benefit, not the consumer's.

For more information, call Palm Beach County Consumer Affairs



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