

New Zealand Consumer Law Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is a consequence of a court declaring a term as unfair in a consumer contract?**
 - A. The term can still be enforced against consumers**
 - B. The rest of the contract remains valid**
 - C. All traders must change their contracts immediately**
 - D. The trader is exempt from fines**

- 2. Which of the following constitutes a breach under consumer law?**
 - A. Offering discounts on bulk purchases**
 - B. Providing false claims about a product's effectiveness**
 - C. Focusing on customer service**
 - D. Maintaining product quality**

- 3. Under what condition can a warranty be voided?**
 - A. If the product is always faulty**
 - B. If the consumer misuses the product or ignores care instructions**
 - C. Only if the seller agrees**
 - D. If the product is out of warranty period**

- 4. If a business refuses to take back items sold with defects, which government entity can consumers approach?**
 - A. The Ministry of Justice**
 - B. The Commerce Commission**
 - C. The Ministry of Consumer Affairs**
 - D. The Trade Commission**

- 5. What is the purpose of warranties in consumer transactions?**
 - A. To reduce product prices**
 - B. To provide additional assurances of quality**
 - C. To limit consumer options**
 - D. To enable cancellation of contracts**

- 6. Under the Fair Trading Act, what constitutes 'consumer information'?**
- A. Price listings of goods**
 - B. Any information provided that could guide consumer decisions about a purchase**
 - C. Advertising materials only**
 - D. Customer reviews**
- 7. What must one party prove to show that an unfair term is reasonably necessary to protect their interests?**
- A. That it aligns with industry standards**
 - B. A clear demonstration of necessity**
 - C. That it is well-known among consumers**
 - D. That it has been in effect for several years**
- 8. What type of claims does Section 9(1) of the CGA 1993 protect against?**
- A. Claims about a product's recipe**
 - B. Claims regarding product packaging**
 - C. Claims that goods comply with their description**
 - D. Claims relating to customer service quality**
- 9. What must be considered to determine if it is fair and reasonable to contract out of the CGA?**
- A. The economic status of the parties**
 - B. The subject matter of the agreement and bargaining power**
 - C. The reputation of the parties involved**
 - D. The length of time the contract exists**
- 10. Can a consumer request a repair for a faulty item before asking for a refund?**
- A. No, a refund must be requested first**
 - B. Yes, they can choose a repair first under the Consumer Guarantees Act**
 - C. Only if the business agrees**
 - D. Yes, but only for electronic goods**

Answers

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1. B
2. B
3. B
4. B
5. B
6. B
7. B
8. C
9. B
10. B

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Explanations

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1. What is a consequence of a court declaring a term as unfair in a consumer contract?

- A. The term can still be enforced against consumers**
- B. The rest of the contract remains valid**
- C. All traders must change their contracts immediately**
- D. The trader is exempt from fines**

When a court declares a term in a consumer contract to be unfair, the primary consequence is that this term cannot be enforced against consumers, which means it is considered void. However, the overall validity of the remaining parts of the contract is maintained. This concept is rooted in the principle that not all elements of an agreement should be invalidated simply because one part is deemed unfair. Hence, the remainder of the contract can still be effective and legally binding. This helps to preserve the intentions of both parties involved in the agreement, allowing them to continue with the contract while disregarding the unfair term. The other options do not accurately reflect the legal implications of a term being ruled unfair. For instance, the enforcement of the unfair term against consumers is not permissible, and there are no immediate obligations for all traders to change their contracts universally. Furthermore, being declared unfair does not exempt a trader from potential fines or other consequences for including such terms in their contracts.

2. Which of the following constitutes a breach under consumer law?

- A. Offering discounts on bulk purchases**
- B. Providing false claims about a product's effectiveness**
- C. Focusing on customer service**
- D. Maintaining product quality**

Providing false claims about a product's effectiveness constitutes a breach under consumer law because it directly violates the principles of fair trading and consumer protection. Under New Zealand's Consumer Guarantees Act and the Fair Trading Act, businesses are required to provide accurate information about their products and not engage in misleading or deceptive conduct. When a company makes false claims about how effective a product is, it misleads consumers into making purchasing decisions based on incorrect information, which can cause financial loss or harm to consumers. This is considered an unfair trading practice and can lead to legal consequences for the business involved. The other options do not represent breaches of consumer law. Offering discounts on bulk purchases is generally a legitimate business practice, focusing on customer service enhances the consumer experience, and maintaining product quality is essential for compliance with consumer guarantees. These actions contribute positively to consumer relationships and do not infringe upon legal obligations in the same way that false claims do.

3. Under what condition can a warranty be voided?

- A. If the product is always faulty**
- B. If the consumer misuses the product or ignores care instructions**
- C. Only if the seller agrees**
- D. If the product is out of warranty period**

A warranty can be voided if the consumer misuses the product or ignores care instructions. This is because warranties generally come with an expectation of proper use and maintenance of the product. When a consumer fails to adhere to the guidelines provided by the manufacturer or seller, it can lead to damage or failure of the product that is not covered under warranty. Misuse might include actions like using the product in an inappropriate environment, failing to follow usage directions, or neglecting necessary maintenance, which indicates that the warranty protections were not upheld by the consumer. In contrast, a faulty product that is consistently malfunctioning does not inherently void the warranty; instead, it may substantiate a claim for repair or replacement. The requirement for seller agreement to void a warranty is not standard practice, as warranty terms are typically outlined in advance and can be voided based on specific conditions. Lastly, simply being out of the warranty period does not itself void a warranty; rather, it means that the warranty protections have expired, and claims cannot be made post-expiration.

4. If a business refuses to take back items sold with defects, which government entity can consumers approach?

- A. The Ministry of Justice**
- B. The Commerce Commission**
- C. The Ministry of Consumer Affairs**
- D. The Trade Commission**

Consumers facing issues with defective goods can approach the Commerce Commission. This body plays a crucial role in enforcing the Consumer Guarantees Act (CGA), which mandates that goods must be of acceptable quality, fit for purpose, and as described. If a business refuses to take back or address defective items, the Commerce Commission can investigate complaints and ensure that consumer rights are upheld, guiding businesses to comply with the law. While the Ministry of Justice deals with legal and policy issues, it does not specifically focus on consumer protection regarding defective goods. The Ministry of Consumer Affairs, although it sounds relevant, no longer exists as a separate entity, as its functions have been integrated into the broader framework of consumer law and enforcement led by the Commerce Commission. The Trade Commission, while it addresses trade issues, does not specifically handle consumer complaints related to defective products. Therefore, the most appropriate entity for consumers to approach when dealing with defective items is indeed the Commerce Commission.

5. What is the purpose of warranties in consumer transactions?

- A. To reduce product prices
- B. To provide additional assurances of quality**
- C. To limit consumer options
- D. To enable cancellation of contracts

Warranties serve as a critical component in consumer transactions by providing additional assurances of quality regarding a product or service. When a seller offers a warranty, they are essentially guaranteeing that the product will meet certain standards or performance criteria over a specified period. This assurance instills confidence in consumers that they are making a sound investment; if the product fails to meet the promised standards, the consumer can seek remedies such as repair, replacement, or refund. The presence of a warranty also reflects the seller's commitment to customer satisfaction and helps establish trust in the marketplace. It ensures that consumers have recourse if they encounter issues, thereby encouraging fair practices among businesses. Alternative options do not align with the primary function of warranties. For instance, while a warranty might indirectly influence product pricing by creating a perceived value, its direct role is not to reduce prices. Limiting consumer options contradicts the purpose of enhancing consumer rights, and facilitating cancellation of contracts is typically governed by different laws and conditions unrelated to warranties. In essence, warranties are fundamentally designed to enhance consumer protection and reinforce the quality and reliability of products and services.

6. Under the Fair Trading Act, what constitutes 'consumer information'?

- A. Price listings of goods
- B. Any information provided that could guide consumer decisions about a purchase**
- C. Advertising materials only
- D. Customer reviews

Under the Fair Trading Act, 'consumer information' is defined broadly to include any information that assists consumers in making informed decisions about purchases. This encompasses a wide variety of data, including details about product features, pricing, quality, and the potential benefits or risks associated with the goods or services. Option B captures this expansive definition effectively. It reflects the intention of the Act to ensure that consumers have access to accurate and comprehensive information so that they can make choices that suit their needs and interests. This definition acknowledges that consumer information is not limited to formal advertising materials or specific types of content; rather, it includes any relevant insights that could influence purchasing behavior. In contrast, the other options are more limited in scope. Price listings are just one aspect of the broader category of consumer information, and advertising materials alone do not encompass all potential sources of guidance that consumers might rely on. Customer reviews can provide valuable insights but remain a subset of the broader category of consumer information, rather than a comprehensive definition. Thus, B is the most accurate and complete understanding of what constitutes 'consumer information' under the Fair Trading Act.

7. What must one party prove to show that an unfair term is reasonably necessary to protect their interests?

- A. That it aligns with industry standards**
- B. A clear demonstration of necessity**
- C. That it is well-known among consumers**
- D. That it has been in effect for several years**

To demonstrate that an unfair term in a contract is reasonably necessary to protect a party's interests, the requirement hinges upon a clear demonstration of necessity. This means that the party must provide evidence or arguments that articulate why the specific term is indispensable for safeguarding their legitimate business interests. The reasoning behind this is rooted in the concept of fairness in consumer law, particularly in the context of contracts that may exploit the imbalance of power between businesses and consumers. By examining the necessity of a term, the law seeks to ensure that the protections afforded by such a term are not overly broad or detrimentally impactful on the weaker party. Other considerations such as alignment with industry standards can provide context but do not directly satisfy the requirement of proving necessity. Moreover, consumer awareness of the term or its long-standing presence does not, in itself, establish its necessity. The focus must remain on articulating a clear and convincing argument for why the term is essential for protecting the party's interests.

8. What type of claims does Section 9(1) of the CGA 1993 protect against?

- A. Claims about a product's recipe**
- B. Claims regarding product packaging**
- C. Claims that goods comply with their description**
- D. Claims relating to customer service quality**

Section 9(1) of the Consumer Guarantees Act 1993 (CGA) is pivotal in consumer law as it establishes that goods supplied to consumers must be of acceptable quality and fit for their intended purpose. Specifically, it protects consumers against claims that goods comply with their description. This means that when consumers purchase a product, they are entitled to receive what has been explicitly described by the seller—whether that description pertains to the features, quality, brand, or performance of the product. If a product does not align with its description, this could be deemed misleading or false advertising, thereby giving consumers the right to seek remedies under the CGA. This protection is essential in preventing misleading conduct and ensuring fairness in trade, as it holds sellers accountable for the representations they make regarding their products. In the context of the other claims mentioned, while they are relevant in considering consumer experiences, they do not fall under the specific protections outlined in Section 9(1). Claims about a product's recipe, product packaging, or customer service quality, while important, do not directly relate to the essential understanding that goods must meet the description provided at the point of sale. Therefore, the focus of Section 9(1) is crucially on the alignment of

9. What must be considered to determine if it is fair and reasonable to contract out of the CGA?

- A. The economic status of the parties
- B. The subject matter of the agreement and bargaining power**
- C. The reputation of the parties involved
- D. The length of time the contract exists

To determine if it is fair and reasonable to contract out of the Consumer Guarantees Act (CGA), it is essential to consider the subject matter of the agreement and the bargaining power of the parties involved. The CGA provides a set of guarantees that protect consumers when purchasing goods and services, and it is designed to ensure that consumers are treated fairly. When evaluating whether to exclude those protections, one must assess the nature of the goods or services being provided and the relative bargaining power of each party. For instance, if one party holds significantly more bargaining power—perhaps due to being a large corporation compared to an individual consumer—contracting out of the CGA may not be considered fair or reasonable. The objective is to identify imbalances in power or knowledge that could lead to unfair disadvantage for the weaker party. Additionally, the subject matter of the agreement is critical because certain products or services may inherently involve higher risks to consumers which necessitate the protections provided under the CGA. If these factors suggest that the party seeking to contract out has undue advantage, it likely undermines the fairness of excluding CGA protections. In contrast, considerations like the economic status of the parties, their reputation, or the duration of the contract, while potentially relevant in specific contexts

10. Can a consumer request a repair for a faulty item before asking for a refund?

- A. No, a refund must be requested first
- B. Yes, they can choose a repair first under the Consumer Guarantees Act**
- C. Only if the business agrees
- D. Yes, but only for electronic goods

The appropriate response to whether a consumer can request a repair for a faulty item before seeking a refund is affirmatively supported by the Consumer Guarantees Act. Under this legislation, consumers have specific rights that allow them to choose how they want a remedy when a product fails to meet acceptable quality or is not fit for purpose. The Consumer Guarantees Act stipulates that consumers have the option to request a repair first when an item is faulty. This means that if a consumer receives goods that do not conform to the guarantees provided, they can opt for a repair as a remedy. If the repair is not satisfactory, or if the consumer prefers another remedy, they may then seek a replacement or a refund. This flexibility in options empowers consumers, putting them in a position to control how they want the issue resolved. While the concept of remedies such as refunds and repairs applies broadly, consumers are not restricted to requesting a refund first. This empowerment through choice is a key feature of consumer rights under the act, which emphasizes fair handling of consumer complaints regarding faulty or defective goods.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://nzconsumerlaw.examzify.com>

We wish you the very best on your exam journey. You've got this!

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