

The Telegraph

Do retailers have to honour pricing mistakes?

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Ask the experts: What rights do shoppers have when retailers make pricing mistakes? We look at the different scenarios



Retailers must honour a price only once a legally binding contract has been entered into.

The Telegraph has been inundated with emails from Screwfix customers about last week's online [pricing error](#) which saw all items on the website marked down to £34.99.

Quick-thinking customers snapped up goods worth thousands of pounds after word of the malfunction spread on Twitter. One bought a sit-on mower worth £1,599.99 for just £34.99.

Screwfix, part of B&Q-owner Kingfisher group, soon realised its mistake. It cancelled all orders that had not already been delivered or collected from stores and said it would issue refunds to customers. It said people who had already received their goods were unaffected.

Many customers who missed out are angry that the company is not honouring their purchases, especially as they had paid for the goods and the majority had received an email saying the product had been dispatched.

Some customers who did receive their items claimed Screwfix staff had threatened to charge their card for the full amount if they did not bring the goods back to the store for a refund.

Screwfix is far from alone when it comes to pricing malfunctions. There have been a large number of errors in recent years, both online and in-store.

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In October, Asda withdrew a voucher that accidentally offered shoppers £50 discounts on their shopping. The voucher was intended for one use only but a glitch meant shoppers could use it repeatedly – and hundreds of people quickly took advantage.

The supermarket cancelled the voucher within hours and would not honour any outstanding orders. A spokesman said “a small number of savvy customers” had “got more money off than they should have”.

Tesco has suffered a number of pricing errors. In March a buy one, get one free offer on Danone’s Oykos yogurt and tubs of I Can’t Believe It’s Not Butter scanned at buy one, get three free at the tills. One enthusiastic shopper ordered 72 yogurts and 12 tubs of the butter substitute for £2.34 plus £2 to collect them.

Other errors by the supermarket giant have seen Terry’s Chocolate Oranges sell for 29p instead of the list price of £2.75, Cathedral City Cheddar sell for £1 instead of £6.55 and six bottles of wine, usually worth £59.94, scan at less than the cost of a single bottle.

Here we look at consumers’ rights when items are incorrectly priced in-store and online.

In stores:

If an item is priced incorrectly on the shelf, or scans at the wrong price at the till, retailers are under no obligation to honour it, under the Sale of Goods Act. They can offer the item at the correct price or refuse your money and withdraw the product from sale.

If a pricing mistake is not noticed and the customer pays for an item at the reduced cost, the purchase is considered a legally binding contract between the retailer and the customer. The shop has no legal right to claw back any money if it later realises there has been an error.

Online:

The situation is not as clear-cut online.

The legally binding contract is complete when a retailer accepts an order. However, acceptance does not necessarily happen at the point of order. Even the confirmation email may not be an acceptance. Some retailers reserve the right to cancel an order up to the point of delivery. It is therefore important to carefully check the retailer’s terms and conditions (which must be available on their website) and emails – if a retailer simply acknowledges an order, there may be no contract at that point.

According to Screwfix’s terms and conditions on its website this week, it only accepts orders once it has delivered the goods. It says the processing of a payment and acknowledgement of an order does not constitute a legally binding contract.

As with in-store purchases, once a customer has received their order a retailer generally has no right to claw back any money.

The catch:

One essential element of a contract is an intention to create legal relations. If an item has been very heavily discounted and it is clear that an error has occurred, the trader could say that it was obvious that they had no intention to form a contract at that price.

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In the Screwfix case for example, the company could argue that a ride-on mower that normally costs £1,599.99 would not ever be on sale for £34.99 – and the consumer must have been aware this was a mistake.

Where an item could feasibly be priced at £34.99, something normally priced at £40 for instance, Screwfix would probably have to rely solely on its terms and conditions.

Stuart Helmer, of law firm CMS, said: “The growth of e-commerce creates huge potential for a computer glitch to lead to widespread pricing errors. Screwfix are just the latest in a long line of retailers to be caught out in this way.

“However, if the retailer has drafted its terms and conditions carefully – which Screwfix appears to have done – then, unless it has deliberately misled customers, it will usually be legally entitled to cancel the order right up to the point of delivery. Whether it chooses to do so is a question of public relations, not legal rights.”

Link: <http://www.telegraph.co.uk/finance/personalfinance/consumertips/10602641/Price-glitches-Do-retailers-have-to-honour-pricing-mistakes.html>