

# CONSUMER ALERT:

## Service Contracts/Warranties



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## At a glance:

Many people think that warranties and service contracts are the same, but they are not. You typically do not have to pay extra for a warranty because it is included in the price of the good or service. However, a service contract may be called a “home warranty” or “extended warranty” even though they are technically not warranties.

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These service contracts sometimes seem like a scam because the company that sold it to you might make it extremely difficult or time consuming to get the repairs completed.

## Tips:

- **Caps on payments:** If a warranty is promising to protect you from a big expense but caps the amount it will pay for covered repairs, it won't provide much protection against a large repair.
- **Limitations and Exclusions:** If the contract has numerous limitations and exclusions, the service contract might not cover much.

# Protect Yourself:

- Read all contracts and warranties thoroughly before purchasing them.
- Check the paperwork carefully to see what the contract offers versus what they are trying to sell you. Make sure you understand what the manufacturer's warranty covers and when it expires.
- Review which repairs are included or excluded. The service contract may only cover specific parts under specific circumstances so the service contract may not always be applicable.
- Be aware of high-pressure sales tactics where the seller expresses urgency in purchasing the contract or claims that it is a "final offer." Sellers may talk about potential costly repairs to scare you into buying the service contract.
- Determine the final cost of the service contract, including all fees. Most service contracts impose a fee every time you call for service.

## Resources:

### **Arizona Attorney General's Office**

[www.azag.gov/complaints/consumer](http://www.azag.gov/complaints/consumer)

Phoenix: (602) 542 - 5763, Tucson: (520) 628 - 6648  
or Toll-free: (800) 352 - 8431

### **For additional information go to:**

[www.azag.gov/consumer/consumereducation](http://www.azag.gov/consumer/consumereducation)

### **Task Force Against Senior Abuse Helpline**

(602) 542 - 2124 or (844) 894 - 4735

[www.azag.gov/scamalert](http://www.azag.gov/scamalert)