Sale and Supply of Goods Act 1994

1994 CHAPTER 35

U.K.

An Act to amend the law relating to the sale of goods; to make provision as to the terms to be implied in certain agreements for the transfer of property in or the hire of goods, in hire-purchase agreements and on the exchange of goods for trading stamps and as to the remedies for breach of the terms of such agreements; and for connected purposes. [3rd November 1994]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Commencement Information

I1 Act wholly in force on 3.1.1995. See s. 8(2).

Provisions relating to the United Kingdom

1 Implied term about quality. U.K.

(1) In section 14 of the [M1]Sale of Goods Act 1979 (implied terms about quality or fitness) for subsection (2) there is substituted—

"(2) Where the seller sells goods in the course of a business, there is an implied term that the goods supplied under the contract are of satisfactory quality.

(2A) For the purposes of this Act, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price (if relevant) and all the other relevant circumstances.

(2B) For the purposes of this Act, the quality of goods includes their state and condition and the following (among others) are in appropriate cases aspects of the quality of goods—

(a) fitness for all the purposes for which goods of the kind in question are commonly supplied,

(b) appearance and finish,

(c) freedom from minor defects,

(d) safety, and

(e) durability.

(2C) The term implied by subsection (2) above does not extend to any matter making the quality of goods unsatisfactory—

(a) which is specifically drawn to the buyer's attention before the contract is made,

(b) where the buyer examines the goods before the contract is made, which that examination ought to reveal, or

(c) in the case of a contract for sale by sample, which would have been apparent on a reasonable examination of the sample."

(2) In section 15 of that Act (sale by sample) in subsection (2)(c) for "rendering them unmerchantable" there is substituted " making their quality unsatisfactory ".

Marginal Citations

M1 1979 c. 54.

2 Acceptance of goods and opportunity to examine them. U.K.

(1) In section 35 of the [M2]Sale of Goods Act 1979 (acceptance) for the words from "when he intimates" to "(2)" there is substituted—

"subject to subsection (2) below—

(a) when he intimates to the seller that he has accepted them, or

(b) when the goods have been delivered to him and he does any act in relation to them which is inconsistent with the ownership of the seller.

(2) Where goods are delivered to the buyer, and he has not previously examined them, he is not deemed to have accepted them under subsection (1) above until he has had a reasonable opportunity of examining them for the purpose—

(a) of ascertaining whether they are in conformity with the contract, and

(b) in the case of a contract for sale by sample, of comparing the bulk with the sample.

(3) Where the buyer deals as consumer or (in Scotland) the contract of sale is a consumer contract, the buyer cannot lose his right to rely on subsection (2) above by agreement, waiver or otherwise.

(4) The buyer is also deemed to have accepted the goods when after the lapse of a reasonable time he retains the goods without intimating to the seller that he has rejected them.

(5) The questions that are material in determining for the purposes of subsection (4) above whether a reasonable time has elapsed include whether the buyer has had a reasonable opportunity of examining the goods for the purpose mentioned in subsection (2) above.

(6) The buyer is not by virtue of this section deemed to have accepted the goods merely because—

(a) he asks for, or agrees to, their repair by or under an arrangement with the seller, or

(b) the goods are delivered to another under a sub-sale or other disposition.

(7) Where the contract is for the sale of goods making one or more commercial units, a buyer accepting any goods included in a unit is deemed to have accepted all the goods making the unit; and in this subsection "commercial unit" means a unit division of which would materially impair the value of the goods or the character of the unit.

(8)".

(2) In section 34 of that Act (buyer to have opportunity to examine goods)—

(a) the words from the beginning to "(2)" are repealed; and

(b) at the end of that section there is inserted " and, in the case of a contract for sale by sample, of comparing the bulk with the sample. "

Marginal Citations

M2 1979 c. 54.

3 Right of partial rejection. U.K.

(1) After section 35 of the [M3]Sale of Goods Act 1979 there is inserted the following section—

"**35A Right of partial rejection.**

(1) If the buyer—

(a) has the right to reject the goods by reason of a breach on the part of the seller that affects some or all of them, but

(b) accepts some of the goods, including, where there are any goods unaffected by the breach, all such goods,

he does not by accepting them lose his right to reject the rest.

(2) In the case of a buyer having the right to reject an instalment of goods, subsection (1) above applies as if references to the goods were references to the goods comprised in the instalment.

(3) For the purposes of subsection (1) above, goods are affected by a breach if by reason of the breach they are not in conformity with the contract.

(4) This section applies unless a contrary intention appears in, or is to be implied from, the contract."

(2) At the beginning of section 11(4) of that Act (effect of accepting goods) there is inserted " Subject to section 35A below ".

(3) Section 30(4) of that Act (rejection of goods not within contract description) is repealed.

Marginal Citations
M3 1979 c. 54.

Provisions relating to England and Wales and Northern Ireland

4 Modification of remedies in non-consumer cases. **U.K.**

(1) After section 15 of the [M4]Sale of Goods Act 1979 there is inserted the following—

" Miscellaneous

15A Modification of remedies for breach of condition in non-consumer cases.

(1) Where in the case of a contract of sale—
(a) the buyer would, apart from this subsection, have the right to reject goods by reason of a breach on the part of the seller of a term implied by section 13, 14 or 15 above, but
(b) the breach is so slight that it would be unreasonable for him to reject them,

then, if the buyer does not deal as consumer, the breach is not to be treated as a breach of condition but may be treated as a breach of warranty.

(2) This section applies unless a contrary intention appears in, or is to be implied from, the contract.

(3) It is for the seller to show that a breach fell within subsection (1)(b) above.

(4) This section does not apply to Scotland."

(2) In section 30 of that Act (delivery of shortfall or excess) after subsection (2) there is inserted—

"(2A) A buyer who does not deal as consumer may not—
(a) where the seller delivers a quantity of goods less than he contracted to sell, reject the goods under subsection (1) above, or
(b) where the seller delivers a quantity of goods larger than he contracted to sell, reject the whole under subsection (2) above,

if the shortfall or, as the case may be, excess is so slight that it would be unreasonable for him to do so.

(2B) It is for the seller to show that a shortfall or excess fell within subsection (2A) above.

(2C) Subsections (2A) and (2B) above do not apply to Scotland."

Marginal Citations
M4 1979 c. 54.

Provisions relating to Scotland

5 Remedies for breach of contract. U.K.

(1) After section 15A of the [M5]Sale of Goods Act 1979, which is inserted by section 4(1) above, there is inserted the following section—

"**15B Remedies for breach of contract as respects Scotland.**

(1) Where in a contract of sale the seller is in breach of any term of the contract (express or implied), the buyer shall be entitled—
(a) to claim damages, and
(b) if the breach is material, to reject any goods delivered under the contract and treat it as repudiated.

(2) Where a contract of sale is a consumer contract, then, for the purposes of subsection (1)(b) above, breach by the seller of any term (express or implied) —
(a) as to the quality of the goods or their fitness for a purpose,
(b) if the goods are, or are to be, sold by description, that the goods will correspond with the description,
(c) if the goods are, or are to be, sold by reference to a sample, that the bulk will correspond with the sample in quality,
shall be deemed to be a material breach.

(3) This section applies to Scotland only."

(2) In section 30 of that Act (delivery of shortfall or excess) before subsection (3) there is inserted—

"(2D) Where the seller delivers a quantity of goods—
(a) less than he contracted to sell, the buyer shall not be entitled to reject the goods under subsection (1) above,
(b) larger than he contracted to sell, the buyer shall not be entitled to reject the whole under subsection (2) above,
unless the shortfall or excess is material.

(2E) Subsection (2D) above applies to Scotland only."

(3) After section 53 of that Act there is inserted the following section—

"**53A Measure of damages as respects Scotland.**

(1) The measure of damages for the seller's breach of contract is the estimated loss directly and naturally resulting, in the ordinary course of events, from the breach.

(2) Where the seller's breach consists of the delivery of goods which are not of the quality required by the contract and the buyer retains the goods, such loss as aforesaid is prima facie the difference between the value of the goods at the time of delivery to the buyer and the value they would have had if they had fulfilled the contract.

(3) This section applies to Scotland only."

Marginal Citations
M5 1979 c. 54.

6 Provision equivalent to Part I of Supply of Goods and Services Act 1982. U.K.

Schedule 1 to this Act shall have effect for the purpose of making provision equivalent to Part I of the [M6]Supply of Goods and Services Act 1982 for Scotland.

Marginal Citations
M6 1982 c. 29.

General

7 Amendments and repeals. U.K.

(1) Schedule 2 to this Act (which makes minor and consequential amendments of the [M7]Sale of Goods Act 1979 and the [M8]Uniform Laws on International Sales Act 1967, and makes amendments of enactments relating to the supply of goods corresponding to the amendments of that Act of 1979 made by this Act) shall have effect.

(2) The enactments mentioned in Schedule 3 to this Act are repealed to the extent specified in column 3 of that Schedule.

Marginal Citations
M7 1979 c. 54.
M8 1967 c. 45.

8 Short title, commencement and extent. U.K.

(1) This Act may be cited as the Sale and Supply of Goods Act 1994.

(2) This Act shall come into force at the end of the period of two months beginning with the day on which it is passed.

(3) This Act has effect in relation to contracts of sale of goods, hire purchase agreements, contracts for the transfer of goods, contracts for the hire of goods and redemptions of trading stamps for goods (as the case may be) made after this Act comes into force.

(4) This Act extends to Northern Ireland.

Changes to legislation: *There are currently no known outstanding effects for the Sale and Supply of Goods Act 1994. (See end of Document for details)*

SCHEDULES

SCHEDULE 1 U.K.

Section 6.

PROVISION EQUIVALENT TO PART I OF SUPPLY OF GOODS AND SERVICES ACT 1982 FOR SCOTLAND

1 After Part I of the [M9]Supply of Goods and Services Act 1982 there is inserted the following Part—

"PART IA U.K.

SUPPLY OF GOODS AS RESPECTS SCOTLAND

Contracts for the transfer of property in goods

The contracts concerned.

11A (1) In this Act in its application to Scotland a "contract for the transfer of goods" means a contract under which one person transfers or agrees to transfer to another the property in goods, other than an excepted contract.

(2) For the purposes of this section an excepted contract means any of the following—

(a) a contract of sale of goods;

(b) a hire-purchase agreement;

(c) a contract under which the property in goods is (or is to be) transferred in exchange for trading stamps on their redemption;

(d) a transfer or agreement to transfer for which there is no consideration;

(e) a contract intended to operate by way of mortgage, pledge, charge or other security.

(3) For the purposes of this Act in its application to Scotland a contract is a contract for the transfer of goods whether or not services are also provided or to be provided under the contract, and (subject to subsection (2) above) whatever is the nature of the consideration for the transfer or agreement to transfer.

Implied terms about title, etc.

11B (1) In a contract for the transfer of goods, other than one to which subsection (3) below applies, there is an implied term on the part of the transferor that in the case of a transfer of the property in the goods he has a right to transfer the property and in the case of an agreement to transfer the property in the goods he will have such a right at the time when the property is to be transferred.

(2) In a contract for the transfer of goods, other than one to which subsection (3) below applies, there is also an implied term that—

(a) the goods are free, and will remain free until the time when the property is to be transferred, from any charge or encumbrance not disclosed or known to the transferee before the contract is made, and

(b) the transferee will enjoy quiet possession of the goods except so far as it may be disturbed by the owner or other person entitled to the benefit of any charge or encumbrance so disclosed or known.

(3) This subsection applies to a contract for the transfer of goods in the case of which there appears from the contract or is to be inferred from its circumstances an intention that the transferor should transfer only such title as he or a third person may have.

(4) In a contract to which subsection (3) above applies there is an implied term that all charges or encumbrances known to the transferor and not known to the transferee have been disclosed to the transferee before the contract is made.

(5) In a contract to which subsection (3) above applies there is also an implied term that none of the following will disturb the transferee's quiet possession of the goods, namely—

(a) the transferor;

(b) in a case where the parties to the contract intend that the transferor should transfer only such title as a third person may have, that person;

(c) anyone claiming through or under the transferor or that third person otherwise than under a charge or encumbrance disclosed or known to the transferee before the contract is made.

(6) In section 21 of the 1977 Act after subsection (3) there is inserted the following subsection—

(3A) Notwithstanding anything in the foregoing provisions of this section, any term of a contract which purports to exclude or restrict liability for breach of the obligations arising under section 11B of the Supply of Goods and Services Act 1982 (implied terms about title, freedom from encumbrances and quiet possession in certain contracts for the transfer of property in goods) shall be void."

Implied terms where transfer is by description.

11C (1) This section applies where, under a contract for the transfer of goods, the transferor transfers or agrees to transfer the property in the goods by description.

(2) In such a case there is an implied term that the goods will correspond with the description.

(3) If the transferor transfers or agrees to transfer the property in the goods by reference to a sample as well as by description it is not sufficient that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description.

Changes to legislation: *There are currently no known outstanding effects for the Sale and Supply of Goods Act 1994. (See end of Document for details)*

(4) A contract is not prevented from falling within subsection (1) above by reason only that, being exposed for supply, the goods are selected by the transferee.

Implied terms about quality or fitness.

11D (1) Except as provided by this section and section 11E below and subject to the provisions of any other enactment, there is no implied term about the quality or fitness for any particular purpose of goods supplied under a contract for the transfer of goods.

(2) Where, under such a contract, the transferor transfers the property in goods in the course of a business, there is an implied term that the goods supplied under the contract are of satisfactory quality.

(3) For the purposes of this section and section 11E below, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price (if relevant) and all the other relevant circumstances.

(4) The term implied by subsection (2) above does not extend to any matter making the quality of goods unsatisfactory—

(a) which is specifically drawn to the transferee's attention before the contract is made,

(b) where the transferee examines the goods before the contract is made, which that examination ought to reveal, or

(c) where the property in the goods is, or is to be, transferred by reference to a sample, which would have been apparent on a reasonable examination of the sample.

(5) Subsection (6) below applies where, under a contract for the transfer of goods, the transferor transfers the property in goods in the course of a business and the transferee, expressly or by implication, makes known—

(a) to the transferor, or

(b) where the consideration or part of the consideration for the transfer is a sum payable by instalments and the goods were previously sold by a credit-broker to the transferor, to that credit-broker,

any particular purpose for which the goods are being acquired.

(6) In that case there is (subject to subsection (7) below) an implied term that the goods supplied under the contract are reasonably fit for the purpose, whether or not that is a purpose for which such goods are commonly supplied.

(7) Subsection (6) above does not apply where the circumstances show that the transferee does not rely, or that it is unreasonable for him to rely, on the skill or judgment of the transferor or credit-broker.

(8) An implied term about quality or fitness for a particular purpose may be annexed by usage to a contract for the transfer of goods.

(9) The preceding provisions of this section apply to a transfer by a person who in the course of a business is acting as agent for another as they apply to a transfer by a principal in the course of a business, except where that other is not transferring in the course of a business and either the transferee knows

that fact or reasonable steps are taken to bring it to the transferee's notice before the contract concerned is made.

Implied terms where transfer is by sample.

11E (1) This section applies where, under a contract for the transfer of goods, the transferor transfers or agrees to transfer the property in the goods by reference to a sample.

(2) In such a case there is an implied term—

(a) that the bulk will correspond with the sample in quality;

(b) that the transferee will have a reasonable opportunity of comparing the bulk with the sample; and

(c) that the goods will be free from any defect, making their quality unsatisfactory, which would not be apparent on reasonable examination of the sample.

(3) For the purposes of this section a transferor transfers or agrees to transfer the property in goods by reference to a sample where there is an express or implied term to that effect in the contract concerned.

Remedies for breach of contract.

11F (1) Where in a contract for the transfer of goods a transferor is in breach of any term of the contract (express or implied), the other party to the contract (in this section referred to as "the transferee") shall be entitled—

(a) to claim damages; and

(b) if the breach is material, to reject any goods delivered under the contract and treat it as repudiated.

(2) Where a contract for the transfer of goods is a consumer contract and the transferee is the consumer, then, for the purposes of subsection (1)(b) above, breach by the transferor of any term (express or implied)—

(a) as to the quality of the goods or their fitness for a purpose;

(b) if the goods are, or are to be, transferred by description, that the goods will correspond with the description;

(c) if the goods are, or are to be, transferred by reference to a sample, that the bulk will correspond with the sample in quality,

shall be deemed to be a material breach.

(3) In subsection (2) above, "consumer contract" has the same meaning as in section 25(1) of the 1977 Act; and for the purposes of that subsection the onus of proving that a contract is not to be regarded as a consumer contract shall lie on the transferor.

Contracts for the hire of goods

The contracts concerned.

11G (1) In this Act in its application to Scotland a "contract for the hire of goods" means a contract under which one person ("the supplier") hires or agrees to hire goods to another, other than an excepted contract.

Changes to legislation: *There are currently no known outstanding effects for the Sale and Supply of Goods Act 1994. (See end of Document for details)*

(2) For the purposes of this section, an excepted contract means any of the following—

(a) a hire-purchase agreement;

(b) a contract under which goods are (or are to be) hired in exchange for trading stamps on their redemption.

(3) For the purposes of this Act in its application to Scotland a contract is a contract for the hire of goods whether or not services are also provided or to be provided under the contract, and (subject to subsection (2) above) whatever is the nature of the consideration for the hire or agreement to hire.

Implied terms about right to transfer possession etc.

11H (1) In a contract for the hire of goods there is an implied term on the part of the supplier that—

(a) in the case of a hire, he has a right to transfer possession of the goods by way of hire for the period of the hire; and

(b) in the case of an agreement to hire, he will have such a right at the time of commencement of the period of the hire.

(2) In a contract for the hire of goods there is also an implied term that the person to whom the goods are hired will enjoy quiet possession of the goods for the period of the hire except so far as the possession may be disturbed by the owner or other person entitled to the benefit of any charge or encumbrance disclosed or known to the person to whom the goods are hired before the contract is made.

(3) The preceding provisions of this section do not affect the right of the supplier to repossess the goods under an express or implied term of the contract.

Implied terms where hire is by description.

11I (1) This section applies where, under a contract for the hire of goods, the supplier hires or agrees to hire the goods by description.

(2) In such a case there is an implied term that the goods will correspond with the description.

(3) If under the contract the supplier hires or agrees to hire the goods by reference to a sample as well as by description it is not sufficient that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description.

(4) A contract is not prevented from falling within subsection (1) above by reason only that, being exposed for supply, the goods are selected by the person to whom the goods are hired.

Implied terms about quality or fitness.

11J (1) Except as provided by this section and section 11K below and subject to the provisions of any other enactment, there is no implied term about the quality or fitness for any particular purpose of goods hired under a contract for the hire of goods.

(2) Where, under such a contract, the supplier hires goods in the course of a business, there is an implied term that the goods supplied under the contract are of satisfactory quality.

(3) For the purposes of this section and section 11K below, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the consideration for the hire (if relevant) and all the other relevant circumstances.

(4) The term implied by subsection (2) above does not extend to any matter making the quality of goods unsatisfactory—

(a) which is specifically drawn to the attention of the person to whom the goods are hired before the contract is made, or

(b) where that person examines the goods before the contract is made, which that examination ought to reveal; or

(c) where the goods are hired by reference to a sample, which would have been apparent on reasonable examination of the sample.

(5) Subsection (6) below applies where, under a contract for the hire of goods, the supplier hires goods in the course of a business and the person to whom the goods are hired, expressly or by implication, makes known—

(a) to the supplier in the course of negotiations conducted by him in relation to the making of the contract; or

(b) to a credit-broker in the course of negotiations conducted by that broker in relation to goods sold by him to the supplier before forming the subject matter of the contract,

any particular purpose for which the goods are being hired.

(6) In that case there is (subject to subsection (7) below) an implied term that the goods supplied under the contract are reasonably fit for that purpose, whether or not that is a purpose for which such goods are commonly supplied.

(7) Subsection (6) above does not apply where the circumstances show that the person to whom the goods are hired does not rely, or that it is unreasonable for him to rely, on the skill or judgment of the hirer or credit-broker.

(8) An implied term about quality or fitness for a particular purpose may be annexed by usage to a contract for the hire of goods.

(9) The preceding provisions of this section apply to a hire by a person who in the course of a business is acting as agent for another as they apply to a hire by a principal in the course of a business, except where that other is not hiring in the course of a business and either the person to whom the goods are hired knows that fact or reasonable steps are taken to bring it to that person's notice before the contract concerned is made.

Implied terms where hire is by sample.

11K (1) This section applies where, under a contract for the hire of goods, the supplier hires or agrees to hire the goods by reference to a sample.

(2) In such a case there is an implied term—

(a) that the bulk will correspond with the sample in quality; and

(b) that the person to whom the goods are hired will have a reasonable opportunity of comparing the bulk with the sample; and

(c) that the goods will be free from any defect, making their quality unsatisfactory, which would not be apparent on reasonable examination of the sample.

(3) For the purposes of this section a supplier hires or agrees to hire goods by reference to a sample where there is an express or implied term to that effect in the contract concerned.

Exclusion of implied terms, etc.

Exclusion of implied terms etc.

11L (1) Where a right, duty or liability would arise under a contract for the transfer of goods or a contract for the hire of goods by implication of law, it may (subject to subsection (2) below and the 1977 Act) be negatived or varied by express agreement, or by the course of dealing between the parties, or by such usage as binds both parties to the contract.

(2) An express term does not negative a term implied by the preceding provisions of this Part of this Act unless inconsistent with it.

(3) Nothing in the preceding provisions of this Part of this Act prejudices the operation of any other enactment or any rule of law whereby any term (other than one relating to quality or fitness) is to be implied in a contract for the transfer of goods or a contract for the hire of goods."

Marginal Citations

M9 1982 c. 29.

2 In section 18(1) of that Act—

(a) in paragraph (b) of the definition of "credit-brokerage" after "bailment" there is inserted " or as regards Scotland the hire ";

(b) in the definition of "goods"—

(i) for "include all personal chattels (including" there is substituted " includes all personal chattels, other than things in action and money, and as regards Scotland all corporeal moveables; and in particular "goods" includes ";

(ii) for "or bailment" there is substituted " bailment or hire ";

(iii) "), other than things in action and money" is omitted.

3 In section 18(2) of that Act after "assignment" there is inserted " assignation ".

4 In section 20(6) of that Act after "Act" there is inserted " except Part IA, which extends only to Scotland " and for "but not" there is substituted " and Parts I and II do not extend ".

SCHEDULE 2 U.K.

Section 7.

MINOR AND CONSEQUENTIAL AMENDMENTS

The Trading Stamps Act 1964 (c. 71)

F1 1 . . . . . .

Textual Amendments

F1 Sch. 2 para. 1 repealed (E.W.S.) (6.4.2005) by The Regulatory Reform (Trading Stamps) Order 2005 (S.I. 2005/871), art. 1, **Sch.**

The Trading Stamps Act (Northern Ireland) 1965 (c. 6 (N.I.))

F2 2 . . . . . .

Textual Amendments

F2 Sch. 2 para. 2 repealed (N.I.) (15.11.2005) by The Law Reform (Miscellaneous Provisions) (Northern Ireland) Order 2005 (S.I. 2005/1452), art. 1(2), **Sch. 2**; S.R. 2005/494, art. 2(1)(d)

The Uniform Laws on International Sales Act 1967 (c. 45)

3 In section 1 of the Uniform Laws on International Sales Act 1967 (application of Uniform Law on the International Sale of Goods) in subsection (4)(c) for "12 to 15" there is substituted " 12 to 15B ".

The Supply of Goods (Implied Terms) Act 1973 (c. 13)

4 (1) The Supply of Goods (Implied Terms) Act 1973 is amended as follows.

(2) In section 8 (implied terms as to title)—

(a) for "condition" (in subsection (1)(a)) and for "warranty" (in subsections (1)(b), (2)(a) and (2)(b)) there is substituted " term "; and

(b) at the end of that section there is inserted—

"(3) As regards England and Wales and Northern Ireland, the term implied by subsection (1)(a) above is a condition and the terms implied by subsections (1)(b), (2)(a) and (2)(b) above are warranties."

(3) In section 9 (bailing or hiring by description)—

(a) in subsection (1) for "condition" there is substituted " term "; and

(b) after that subsection there is inserted—

"(1A) As regards England and Wales and Northern Ireland, the term implied by subsection (1) above is a condition."

(4) In section 10 (implied undertakings as to quality or fitness)—

(a) for subsection (2) there is substituted—

"(2) Where the creditor bails or hires goods under a hire purchase agreement in the course of a business, there is an implied term that the goods supplied under the agreement are of satisfactory quality.

(2A) For the purposes of this Act, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price (if relevant) and all the other relevant circumstances.

(2B) For the purposes of this Act, the quality of goods includes their state and condition and the following (among others) are in appropriate cases aspects of the quality of goods—

(a) fitness for all the purposes for which goods of the kind in question are commonly supplied,

(b) appearance and finish,

(c) freedom from minor defects,

(d) safety, and

(e) durability.

(2C) The term implied by subsection (2) above does not extend to any matter making the quality of goods unsatisfactory—

(a) which is specifically drawn to the attention of the person to whom the goods are bailed or hired before the agreement is made,

(b) where that person examines the goods before the agreement is made, which that examination ought to reveal, or

(c) where the goods are bailed or hired by reference to a sample, which would have been apparent on a reasonable examination of the sample";

(b) for "condition or warranty" (in subsections (1) and (4)) and for "condition" (in subsection (3)) there is substituted " term "; and

(c) after subsection (6) there is inserted—

"(7) As regards England and Wales and Northern Ireland, the terms implied by subsections (2) and (3) above are conditions."

(5) In section 11 (samples)—

(a) at the beginning there is inserted " (1) ";

(b) for "condition" there is substituted " term ";

(c) in paragraph (c) for "rendering them unmerchantable" there is substituted " making their quality unsatisfactory "; and

(d) at the end there is inserted—

"(2) As regards England and Wales and Northern Ireland, the term implied by subsection (1) above is a condition."

(6) After that section there is inserted the following section—

"**11A Modification of remedies for breach of statutory condition in non-consumer cases.**

(1) Where in the case of a hire purchase agreement—

(a) the person to whom goods are bailed would, apart from this subsection, have the right to reject them by reason of a breach on the part of the creditor of a term implied by section 9, 10 or 11(1)(a) or (c) above, but

(b) the breach is so slight that it would be unreasonable for him to reject them,

then, if the person to whom the goods are bailed does not deal as consumer, the breach is not to be treated as a breach of condition but may be treated as a breach of warranty.

(2) This section applies unless a contrary intention appears in, or is to be implied from, the agreement.

(3) It is for the creditor to show—

(a) that a breach fell within subsection (1)(b) above, and

(b) that the person to whom the goods were bailed did not deal as consumer.

(4) The references in this section to dealing as consumer are to be construed in accordance with Part I of the Unfair Contract Terms Act 1977.

(5) This section does not apply to Scotland."

(7) For section 12 (exclusion of implied terms and conditions) there is substituted the following section—

"**12 Exclusion of implied terms.**

An express term does not negative a term implied by this Act unless inconsistent with it."

(8) After section 12 there is inserted the following section—

"**12A Remedies for breach of hire-purchase agreement as respects Scotland.**

(1) Where in a hire-purchase agreement the creditor is in breach of any term of the agreement (express or implied), the person to whom the goods are hired shall be entitled—

(a) to claim damages, and

(b) if the breach is material, to reject any goods delivered under the agreement and treat it as repudiated.

(2) Where a hire-purchase agreement is a consumer contract, then, for the purposes of subsection (1) above, breach by the creditor of any term (express or implied)—

(a) as to the quality of the goods or their fitness for a purpose,

(b) if the goods are, or are to be, hired by description, that the goods will correspond with the description,

(c) if the goods are, or are to be, hired by reference to a sample, that the bulk will correspond with the sample in quality,

shall be deemed to be a material breach.

(3) In subsection (2) above "consumer contract" has the same meaning as in section 25(1) of the Unfair Contract Terms Act 1977; and for the purposes of that subsection the onus of proving that a hire-purchase agreement is not to be regarded as a consumer contract shall lie on the creditor.

(4) This section applies to Scotland only."

(9) In section 15 (supplementary)—

(a) in subsection (1), the words from " "condition" and "warranty"" to "material to the agreement" are omitted;

(b) subsection (2) is omitted; and

(c) in subsection (4), for "condition or warranty" there is substituted " term ".

The Sale of Goods Act 1979 (c. 54)

5 (1) The Sale of Goods Act 1979 is amended as follows.

(2) In section 11 (when condition to be treated as warranty)—

(a) for subsection (1) there is substituted —

"(1) This section does not apply to Scotland."; and

(b) subsection (5) is omitted.

(3) In section 12 (implied terms about title etc.)—

(a) for "condition" (in subsection (1)) and for "warranty" (in subsections (2), (4) and (5)) there is substituted " term "; and

(b) after subsection (5) there is inserted—

"(5A) As regards England and Wales and Northern Ireland, the term implied by subsection (1) above is a condition and the terms implied by subsections (2), (4) and (5) above are warranties."

(4) In section 13 (sale by description)—

(a) in subsection (1) for "condition" there is substituted " term "; and

(b) after that subsection there is inserted—

"(1A) As regards England and Wales and Northern Ireland, the term implied by subsection (1) above is a condition."

(5) In section 14 (implied terms about quality or fitness)—

(a) for "condition or warranty" (in subsections (1) and (4)) and for "condition" (in subsection (3)) there is substituted " term "; and

(b) for subsection (6) there is substituted—

"(6) As regards England and Wales and Northern Ireland, the terms implied by subsections (2) and (3) above are conditions."

(6) In section 15 (sale by sample)—

(a) in subsection (2), for "condition" there is substituted " term " and paragraph (b) is omitted; and

(b) for subsection (3) there is substituted—

"(3) As regards England and Wales and Northern Ireland, the term implied by subsection (2) above is a condition."

(7) In section 53 (remedy for breach of warranty) for subsection (5) there is substituted—

"(5) This section does not apply to Scotland."

(8) In section 55 (exclusion of implied terms) in subsection (2) for "condition or warranty" (in both places) there is substituted " term ".

[F3](9) . . . . . .

(10) For the heading "*Conditions and warranties*" that precedes sections 10 to 14 there is substituted the heading " *Implied terms etc.* ".

Textual Amendments

F3 Sch. 2 para. 5(9) omitted (1.10.2015) by virtue of Consumer Rights Act 2015 (c. 15), s. 100(5), **Sch. 1 para. 55(a)**; S.I. 2015/1630, art. 3(g) (with art. 6(1))

The Supply of Goods and Services Act 1982 (c. 29)

6 (1) The Supply of Goods and Services Act 1982 is amended as follows.

(2) In section 1 (the contracts concerned), in subsections (1) and (3) after "Act" there is inserted " in its application to England and Wales and Northern Ireland ".

(3) In section 4 (contracts for transfer: quality or fitness) for subsections (2) and (3) there is substituted—

"(2) Where, under such a contract, the transferor transfers the property in goods in the course of a business, there is an implied condition that the goods supplied under the contract are of satisfactory quality.

(2A) For the purposes of this section and section 5 below, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price (if relevant) and all the other relevant circumstances.

(3) The condition implied by subsection (2) above does not extend to any matter making the quality of goods unsatisfactory—

(a) which is specifically drawn to the transferee's attention before the contract is made,

(b) where the transferee examines the goods before the contract is made, which that examination ought to reveal, or

(c) where the property in the goods is transferred by reference to a sample, which would have been apparent on a reasonable examination of the sample."; and subsection (9) is omitted.

(4) In section 5 (transfer by sample)—

(a) in subsection (2)(c), for "rendering them unmerchantable" there is substituted " making their quality unsatisfactory "; and

(b) subsection (3) is omitted.

(5) After section 5 there is inserted the following section—

Changes to legislation: *There are currently no known outstanding effects for the Sale and Supply of Goods Act 1994. (See end of Document for details)*

"**5A Modification of remedies for breach of statutory condition in non-consumer cases.**

(1) Where in the case of a contract for the transfer of goods—

(a) the transferee would, apart from this subsection, have the right to treat the contract as repudiated by reason of a breach on the part of the transferor of a term implied by section 3, 4 or 5(2)(a) or (c) above, but

(b) the breach is so slight that it would be unreasonable for him to do so,

then, if the transferee does not deal as consumer, the breach is not to be treated as a breach of condition but may be treated as a breach of warranty.

(2) This section applies unless a contrary intention appears in, or is to be implied from, the contract.

(3) It is for the transferor to show that a breach fell within subsection (1)(b) above."

(6) In section 6 (the contracts concerned) in subsections (1) and (3) after "Act" there is inserted " in its application to England and Wales and Northern Ireland ".

(7) In section 9 (contracts for hire: quality or fitness) for subsections (2) and (3) there is substituted—

"(2) Where, under such a contract, the bailor bails goods in the course of a business, there is an implied condition that the goods supplied under the contract are of satisfactory quality.

(2A) For the purposes of this section and section 10 below, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the consideration for the bailment (if relevant) and all the other relevant circumstances.

(3) The condition implied by subsection (2) above does not extend to any matter making the quality of goods unsatisfactory—

(a) which is specifically drawn to the bailee's attention before the contract is made,

(b) where the bailee examines the goods before the contract is made, which that examination ought to reveal, or

(c) where the goods are bailed by reference to a sample, which would have been apparent on a reasonable examination of the sample."; and subsection (9) is omitted.

(8) In section 10 (hire by sample)—

(a) in subsection (2)(c), for "rendering them unmerchantable" there is substituted " making their quality unsatisfactory "; and

(b) subsection (3) is omitted.

(9) After section 10 there is inserted the following section—

"**10A Modification of remedies for breach of statutory condition in non-consumer cases.**

(1) Where in the case of a contract for the hire of goods—

(a) the bailee would, apart from this subsection, have the right to treat the contract as repudiated by reason of a breach on the part of the bailor of a term implied by section 8, 9 or 10(2)(a) or (c) above, but

(b) the breach is so slight that it would be unreasonable for him to do so,

then, if the bailee does not deal as consumer, the breach is not to be treated as a breach of condition but may be treated as a breach of warranty.

(2) This section applies unless a contrary intention appears in, or is to be implied from, the contract.

(3) It is for the bailor to show that a breach fell within subsection (1)(b) above."

(10) In section 18 (interpretation) in subsection (1) the definition of "quality" is omitted and at the end of that section there is inserted—

"(3) For the purposes of this Act, the quality of goods includes their state and condition and the following (among others) are in appropriate cases aspects of the quality of goods—

(a) fitness for all the purposes for which goods of the kind in question are commonly supplied,

(b) appearance and finish,

(c) freedom from minor defects,

(d) safety, and

(e) durability.

(4) References in this Act to dealing as consumer are to be construed in accordance with Part I of the Unfair Contract Terms Act 1977; and, for the purposes of this Act, it is for the transferor or bailor claiming that the transferee or bailee does not deal as consumer to show that he does not."

SCHEDULE 3 U.K.

Section 7.

REPEALS

Chapter	Short title	Extent of repeal
1973 c. 13.	The Supply of Goods (Implied Terms) Act 1973.	In section 15, in subsection (1), the words from " "condition" and "warranty"" to "material to the agreement" and subsection (2).
1979 c. 54.	The Sale of Goods Act 1979.	Section 11(5).
		Section 15(2)(b).
		Section 30(4).

Changes to legislation: *There are currently no known outstanding effects for the Sale and Supply of Goods Act 1994. (See end of Document for details)*

		In section 34, the words from the beginning to "(2)".
		In section 61, in subsection (1) the definition of "quality" and subsection (2).
1982 c. 29.	The Supply of Goods and Services Act 1982.	Section 4(9).
		Section 5(3).
		Section 9(9).
		Section 10(3).
		Section 17(1).
		In section 18(1), the definition of "quality" and in the definition of "goods" the words "), other than things in action and money".

Changes to legislation:
There are currently no known outstanding effects for the Sale and Supply of Goods Act 1994.