

## Preparing a Letter of Formal Notice

Based on the information in the scenario below and the provisions of law, write a letter of formal notice on behalf of Alex. Refer to the sample letter you saw in class to remember all the key aspects.

### Alex's case

Alex tried mountain biking recently and caught the bug! What's more, his two best friends spend their weekends shooting down bike trails or cross-country biking on nearby mountain trails. So now Alex dreams of only one thing: owning a mountain bike. For several months now, his friends and he have been looking at and comparing bike models. Alex knows exactly what he wants: the M-Roll BX3000. The technical features of this bike are exactly what he is looking for, especially the suspension. Finally, after spending his summer working to save up the money he needs, Alex turns up at the store to buy his dream bike. The bike costs \$439.91, including tax. What luck! The merchant is offering a great promotion: in addition to the bike, Alex gets a free helmet and a pair of bike gloves.

The merchant tells him that the manufacturer provides a one-year warranty on the bicycle. This is what's called the conventional warranty. He also offers Alex an extended one-year warranty. "For only \$60, your bike will be guaranteed another year," the merchant explains. He goes on to explain that it is often costly to repair a bike. Since Alex wants to avoid any problems, he finds the proposal worthwhile. In the end, he pays a total of \$499.99 for the bike and the extended warranty.

The first two times he uses the bike, Alex notices significant problems. The brakes don't always work. As a result, more than once Alex has found himself barreling down trails at a dangerously high speed. Fortunately, he was able to avert obstacles by a hair and wasn't hurt. However, it has become clear that he can no longer take risks with the bike. Highly dissatisfied, Alex returns to see the merchant, who tells him that he himself will have to take care of returning the bike to the manufacturer for repair. Alex will also have to pay \$30 for the repair, plus \$20 for shipping. Yet no such information appears in the warranty booklet that came with the bike.

Alex is unhappy. He doesn't understand why he has to pay \$50 out of pocket. "That's your only option," the merchant tells him. Since the young man wants to hit the mountain biking trails before the season ends, he agrees to pay up. Two weeks later, he receives his bike. Everything seems fine.

After a few successful bike rides, winter arrives. Alex puts his bike away in the basement for winter, then brings it out again in spring and performs the maintenance recommended by the merchant before hitting the trails again. After a few outings, Alex notices that the derailleur gears barely work. It's virtually impossible to change speeds. He goes back to see the merchant, who tells him that the manufacturer's warranty has expired. "I bought an extended warranty," Alex reminds him and asks that his bike be repaired at no cost. However, the merchant informs him that the part is not covered under the warranty. In his view, the problem is not a defect but the result of misuse by Alex. Yet Alex knows that he took good care of his bike and used it very little. What's more, a bike specialist confirms to him that the problem is indeed a product defect. Dumbfounded, Alex has no idea what to do. The merchant is asking him to pay \$75 for the repair. Alex tries in vain to make his point to the merchant and negotiate with him, but it goes nowhere. He has lost all confidence in both the merchant and his bike. Since the negotiation has failed, Alex decides to write a letter of formal notice.

### What the law says

- Goods forming the object of a contract must be fit for the purposes for which goods of that kind are ordinarily used. (section 37)
- Goods forming the object of a contract must be durable in normal use for a reasonable length of time, having regard to their price, the terms of the contract and the conditions of their use. (section 38)
- Every writing evidencing a warranty must be clearly drawn up and state:
  - *the obligations of the person granting the warranty in the case of a defect in the goods or of the improper carrying out of the services covered by the warranty;*
  - *the manner in which the consumer is to proceed to obtain execution of the warranty, and the persons authorized to execute it;*
  - *the duration of the warranty.*
- No costs may be claimed from a consumer by the merchant or manufacturer when executing a conventional warranty unless that amount is precisely indicated in the document explaining the warranty.
- The merchant or the manufacturer must assume the real cost of transportation or shipping incurred in respect of the performance of a conventional warranty, unless otherwise stipulated in the writing evidencing the warranty.
- Before proposing to a consumer to purchase a contract that includes an additional warranty on goods, the merchant must inform the consumer:
  - *of the existence and nature of the warranty (sections 37 and 38);*
  - *of the existence and duration of the conventional warranty, if one is provided without charge.*

\* The above information is intended to simplify legislative and regulatory provisions and therefore cannot be used for legal interpretation purposes. Where necessary, the reader's understanding of this information can be completed with the wording of the legislation and regulations to which they refer.