



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
Second Regular Session

HOUSE BILL NO. **10906**



Introduced by **REPRESENTATIVE KATRINA REIKO CHUA - TAI**

EXPLANATORY NOTE

Consumer protection remains a fundamental policy of the State, as embodied in Republic Act No. 7394, otherwise known as the Consumer Act of the Philippines. While existing laws provide general safeguards against unfair trade practices, gaps persist in their implementation, particularly with respect to the widespread use of “No Return, No Exchange” policies by sellers.

In practice, consumers are often left without adequate remedies when they purchase defective, damaged, or non-conforming goods, as some businesses strictly enforce such policies regardless of the condition of the product. This creates a clear imbalance between buyers and sellers and undermines confidence in the marketplace.

This measure seeks to address these gaps by expressly invalidating abusive “No Return, No Exchange” policies in cases involving defective or misrepresented goods. It guarantees consumers the right to reasonable remedies, including exchange, replacement, or refund, thereby promoting fairness, accountability, and transparency in commercial transactions.

At the same time, the proposed measure recognizes the need to balance the rights of consumers with the legitimate interests of businesses. It allows sellers to impose reasonable conditions, such as requiring proof of purchase and adherence to a reasonable return period. It also acknowledges that different products may require different return or evaluation periods, thereby allowing flexibility where appropriate.

Furthermore, the bill strengthens enforcement mechanisms by reinforcing the role of the Department of Trade and Industry and encouraging the establishment of efficient complaint-handling systems.

Ultimately, this measure complements existing warranty provisions by clearly distinguishing between immediate remedies for defective goods and longer-term warranty claims. It aims to foster a more equitable and trustworthy marketplace for both consumers and responsible businesses.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


KATRINA REIKO CHUA-TAI

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“ART. 68. *Additional Provisions on Warranties* – Xxx.

a. Xxx.

- 1. Xxx;
- 2. Xxx;
- 3. Xxx;
- 4. Xxx;
- 5. Xxx; and
- 6. Xxx.

b. Xxx.

- 1. Xxx.
- 2. Xxx.
- 3. Xxx.
- 4. Xxx.
- 5. Xxx.
- 6. Xxx.

c. Xxx.

- 1. Xxx.
- 2. Xxx.

d. Xxx.

1 e. Xxx.

2 **F. NON-REPAIRABLE AND REPEATEDLY DEFECTIVE PRODUCTS. – IF A**
3 **PRODUCT CANNOT BE REPIRED, IF THE REPAIR WOILD MATERIALLY**
4 **ALTER ITS QUALITY, SAFETY, PERFORMANCE, OR VALUE, OR IF THE SAME**
5 **OR SUBSTANTIALLY SIMILAR DEFECT RECURS AFTER ONE (1) REPAIR**
6 **ATTEMPT, THE CONSUMER SHALL HAVE THE RIGHT TO DEMAND**
7 **REPLACEMENT OR A FULL REFUND, AT THE CONSUMER’S OPTION. THE**
8 **EXERCISE OF SUCH RIGHT SHALL NOT BE CONDITIONED UPON THE**
9 **CONSUMER ACCEPTING FURTHER REPAIR ATTEMPTS.”**

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11 SEC. 4. - Section 100 under Republic Act No. 7394 is hereby amended to read as follows:

12 “ART. 100. *Liability for Product and Service Imperfection.* – Xxx.

13 **IN CASES WHERE A CONSUMER PRODUCT IS FOUND TO BE DEFECTIVE,**
14 **MALFUNCTIONING, UNSAFE, OR MATERIALLY DIFFERENT FROM ITS**
15 **REPRESENTATION AT THE TIME OF SALE, AND THE DEFECT US NOT**
16 **ATTRIBUTABLE TO THE FAULT, MISUSE, OR NEGLIGENCE OF THE CONSUMER,**
17 **THE SELLER, DISTRIBUTOR, OR MANUFACTURER SHALL BE REQUIRED TO**
18 **PROVIDE THE CONSUMER, AT THE CONSUMER’S OPTION, WITH AN**
19 **IMMEDIATE REPLACEMENT OF THE DEFECTIVE PRODUCRT WITH A PRODUCT**
20 **OF THE SAME KIND, MODEL, AND SPECIFICATIONS, OR, WHEN REPLACEMENT**
21 **IS NOT AVAILABLE, A FULL REFUND OF THE PURCHASE PRICE. THE**
22 **CONSUMER SHALL NOT COMPELLED TO ACCEPT REPAIR IN LIEU OF THE**
23 **REPLACEMENT WHEN THE DEFECT IS SUBSTANTIAL, CANNOT BE**
24 **REASONABLY REPAIRED, OR RENDERS THE PRODUCT UNFIT FOR ITS**
25 **INTENDED PURPOSE.”**

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2 SEC. 5. **Obligations of Sellers.** - All sellers shall:

3 (a) Clearly inform consumers of their rights under this Act;

4 (b) Provide official receipts and warranty information, where applicable; and

5 (c) Establish and maintain an efficient mechanism for handling consumer complaints.

6 SEC. 6. **Prohibited Acts.** - It shall be unlawful for any person or business entity to:

7 (a) Refuse the exchange, replacement, or refund of defective goods as defined under this
8 Act;

9 (b) Misrepresent a product as non-exchangeable or non-returnable to evade liability; or

10 (c) Post or disseminate misleading notices that contradict established consumer protection
11 laws.

12 SEC. 7. **Penalties.** - Any person or entity found guilty of violating this Act shall, upon
13 conviction, be subject to:

14 (a) A fine of not less than Ten Thousand Pesos (₱10,000.00) but not more than Five
15 Hundred Thousand Pesos (₱500,000.00);

16 (b) Suspension or revocation of business permits or licenses; and/or

17 (c) Imprisonment of not less than one (1) month but not more than one (1) year, at the
18 discretion of the court.

19 SEC. 8. **Implementing Agency.** - The Department of Trade and Industry (DTI) in close
20 coordination with the Department of Science and Technology, the Department of Information and
21 Communications Technology, and Philippine National Police shall be the primary agencies
22 responsible for the implementation and enforcement of this Act.

1 SEC. 9. ***Implementing Rules and Regulations (IRR).*** - Within sixty (60) days from the
2 effectivity of this Act, the DTI, in coordination with relevant government agencies and
3 stakeholders, shall promulgate the necessary rules and regulations for its proper implementation.

4 SEC. 10. ***Separability Clause.*** - If any provision of this Act is declared unconstitutional
5 or invalid, the remaining provisions not affected thereby shall continue to be in full force and
6 effect.

7 SEC. 11. ***Repealing Clause.*** - All laws, decrees, executive orders, rules and regulations,
8 or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified
9 accordingly.

10 SEC. 12. ***Effectivity.*** - This Act shall take effect fifteen (15) days after its publication
11 in the Official Gazette or in at least two (2) newspapers of general circulation.

12 Approved,