Consumer Protections for Owners Corporations: What Strata Schemes Should Know

Since 1 July 2025, owners corporations (‘**OC**’) in NSW have protections previously reserved for consumers and small businesses. New section 32A of the Fair Trading Act 1987 ('**FTA**') applies parts of the Australian Consumer Law ('**ACL**') to contracts supplying goods or services to an OC, or selling or granting it an interest in land.

The ACL is Schedule 2 of the Competition and Consumer Act 2010 (Cth). For residential buildings, it operates alongside the statutory warranties in the Home Building Act 1989 ('**HBA**'). This article explains each regime and when its remedies may be of limited help.

Unfair contract terms

Under Part 2-3 of the ACL, a term is void if it is unfair and the contract is a standard form contract. This is generally one the supplier prepared in advance, which the OC must effectively accept or reject as presented, without a real opportunity to negotiate.

A term is unfair if it causes a significant imbalance in the parties' rights, is not reasonably necessary to protect the supplier's legitimate interests, and would cause detriment. The rest of the contract still applies. OCs should review contracts entered into or renewed after 1 July 2025.

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Consumer guarantees

When a contractor, consultant or tradesperson supplies services to an OC, the ACL guarantees the services will be rendered with due care and skill, fit for any purpose made known and supplied within a reasonable time.

For a minor failure, the OC may require the supplier to fix it, or have it fixed elsewhere and recover the cost. For a major failure, the OC may terminate the contract or claim compensation for the reduced value. Foreseeable losses are also recoverable. A term attempting to exclude the guarantees is void.

Home Building Act warranties

Section 18B of the HBA implies warranties into all residential building work, including that work is done with due care and skill, with suitable materials, lawfully and on time. An OC may enforce these warranties for common property. Proceedings must commence within six years for a major defect, or two years otherwise.

When the remedies may not help

Non-household services costing over $100,000 may fall outside the guarantees, and their suppliers may limit liability to resupplying the services, where fair and reasonable. The reasonable time guarantee does not apply where the contract fixes a timeframe.

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Key takeaways

- From 1 July 2025, s32A of the FTA extends key ACL protections to OCs.
- Unfair terms in standard form contracts with OCs are void.
- Services must be supplied with due care and skill, fit for purpose and on time.
- HBA warranties add protection, subject to strict time limits.

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