



TMI Eyes No. 39: Thailand's Draft Lemon Law – New Act on Liability for Defective Goods

Thailand has taken another step forward in strengthening consumer protection with the introduction of the Draft Act on Liability for Defective Goods (the "Draft Act"), commonly known as the "Lemon Law." The Draft Act is currently under legislative consideration and, if enacted, will come into force 180 days after its publication in the Royal Gazette.

TMI highlights the key features of the Draft Act and discusses its potential implications for business operators in this Article.

Background: What is the "Lemon Law"?

As consumer products become increasingly complex, consumers often face difficulties in obtaining effective remedies for defective goods. The Draft Act, commonly known as the "Lemon Law," aims to strengthen consumer protection by providing clearer legal remedies and rebalancing the rights and obligations of buyers and sellers. The term "lemon" commonly refers to a product that is defective or fails to meet the expected standards of quality or performance.

Highlights of the Draft Act

The key features of the Draft Act include:

1. Expanded Seller Liability

The Draft Act broadens the definition of a "defect", expanding sellers' liability where a product:

- fails to provide the contractual benefit reasonably expected by the buyer;
- is not fit for its ordinary or intended purpose; or
- does not meet reasonable expectations created by advertisements, marketing materials, or other public statements.

A seller may avoid liability by proving that the misleading information was corrected before the contract was concluded or did not materially influence the buyer's purchasing decision.

2. Shift in the Burden of Proof

Defects discovered within the following periods are presumed to have existed at the time of delivery unless the seller proves otherwise, e.g., 6 months for general goods, electrical appliances, electronic devices, and motorcycles; and 1 year for motor vehicles. This significantly reduces the evidentiary burden on consumers.

3. Clearer Buyer Remedies

The Draft Act introduces a tiered framework of remedies, including repair, replacement, price reduction, contract termination and a full refund for serious defects, and damages and reimbursement of reasonable expenses.

4. Business Implications

The Draft Act will require businesses to strengthen their after-sales processes, including timely repairs and replacements, proper service record management, and effective customer communications. Failure to comply may expose sellers to increased legal liability.

TMI's Notes

The proposed Draft Act represents a significant shift in Thailand's consumer protection regime. While it strengthens consumer rights, it also increases potential liability for manufacturers, importers, distributors, dealers, retailers, e-commerce operators, and other businesses throughout the supply chain.

Businesses should begin reviewing their manufacturing and quality control processes, contractual arrangements, and internal procedures, including warranty terms, sales conditions, dealer and distribution agreements, after-sales service policies, and complaint-handling processes. They should also ensure that agreements with manufacturers and suppliers, particularly overseas manufacturers, appropriately allocate liability and provide adequate indemnity and cost-recovery mechanisms.

Businesses should also ensure that their operational processes strike an appropriate balance between legal compliance, customer satisfaction, and cost efficiency. Effective procedures for repairs, replacements, record-keeping, and customer communications will help manage product-defect claims consistently while minimizing costs and legal risks.

Although the Draft Act has not yet been enacted, early preparation will enable businesses to adapt smoothly if it comes into force and to manage product-defect claims in a legally compliant and commercially practical manner.

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