

Here's **how a no refund policy can cost your business thousands of naira.**

According to **a judge's ruling in the high court of Enugu in April 2022, PMT was ordered to pay NGN500,000 in fees in case of a refusal to refund.**

The provisions of **Sections 120, 104, 129 (1) (a) and (b) (iii) of the Federal Competition and Consumer Protection Act, 2018, say that a no-refund policy is void and illegal in Nigeria.**

"I want a refund" has to be among the top 5 sentences business owners dread to hear and it's not number 5 or 4.



Dealing with a refund or returns case can be complex, especially if you don't have the policy to cater to it.

Here are **5 reasons you should create a refund policy:**

## **#1 It's illegal to operate a no-refund policy.**

According to the laws of the Federal Competition and Consumer Protection Act 2018, it is illegal for businesses to operate a no-refunds policy. This means that if a customer wants a refund and you refuse to grant them one if it falls within the T and C of your business's refund policy, you can end up in court.

[But how can your business sift between what customer](#) to grant a refund or not if you don't already have a refund policy with T&C's?

In cases like this, having a well-thought-out refund policy that all customers are aware of before making a purchase is of greater benefit to your business.

## **#2 It builds customer trust.**

In this age of what I ordered vs. what I got, people approach shopping online with a lot of hesitancy and scepticism and you can't blame them.

PEOPLE ALSO READ: [Content Marketing Tips: How To Writing Winning Contents](#)

Powered by [Inline Related Posts](#)

A refund policy gives your customers a greater sense of security because it lets them know that if something has gone wrong in line with these specified conditions, they can get a return or a refund.

Also, if a customer has made a purchase they aren't too pleased with and can't find any semblance of a return or refund policy, their chances of being a return customer are next to none.

If you want to increase retention rates + build trust, you need a return policy.

## **3. It attracts new customers, thereby increasing sales.**

A 2017 Narvar Consumer survey found that 49% of customers actively check for a return Policy before buying anything. In addition, consumers who are informed of their rights to refunds are more likely to make a purchase.

Even though businesses don't exist on what could have been, just imagine how many potential customers you may have scared away with your bold NO REFUNDS ☒ plastered all over your business site or social media.

People view a return policy as a sign that the product will be good, or else they can get their money back as customers know businesses don't want to lose.

#### **4. Manages customer expectations.**

Having a well-explained return policy prevents situations where customers might be trying to outsmart you. It's not enough to say we offer refunds.

To protect your business against customers that may try to take advantage of you, you must clearly state under what terms or conditions a refund is liable to be carried out. Doing this will help you avoid future disagreements or mistakes.

PEOPLE ALSO READ: [How To Create Video Discovery Ads](#)

Powered by [Inline Related Posts](#)

#### **5. It will help you save time**

Whether it's time away from lawsuits or time not expended on explaining over and over to every customer what your business stance on refunds is, having a policy will save you time.

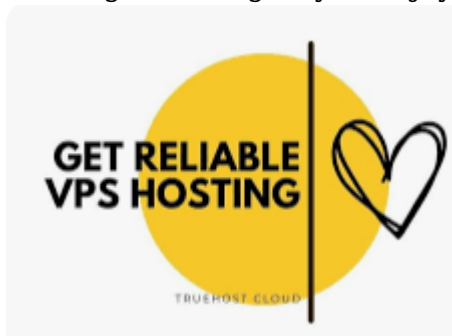
A simple document you can always refer customers to or an Instagram highlight where all the T&C's are documented will save you time and unnecessary back & forth.

## Action Point

**PS:** I know you might agree with some of the points raised in this article or disagree with some of the issues raised.

Please share your thoughts on the topic discussed. We would appreciate it if you could drop your comment. Thanks in anticipation.

Sharing Is Caring. If you enjoy this article, help us share with others.



## Related posts:

1. [Electronic Payment Concepts: The Five Modes](#)
2. [Blogging Success Tips From Steven van Vessum](#)
3. [Amazing Blogging Success Tip From Elise Dopson](#)
4. [Blogging Success Tips From Brent Custoras](#)