

Legal Update

Thailand's Lemon Law: Is Your Business Ready for the Shift in the Burden of Proof?

What if a product defect discovered months after delivery is presumed to have existed from day one—and your business is required to prove otherwise?

Under Thailand's proposed Lemon Law, product warranties are likely to become a legal risk management issue.

If Thailand's proposed Liability for Defective Goods Act (commonly referred to as the "Lemon Law"), which was approved in principle by the Cabinet on 16 June 2026, comes into force, this position may change significantly. Under certain circumstances, the draft legislation introduces a legal presumption that a defect existed at the time the goods were delivered, even if the defect only becomes apparent months later. As a result, the seller may need to produce evidence to rebut that presumption.

Although the bill is still undergoing the legislative process, manufacturers, importers, distributors and retailers with operations in Thailand should not wait until the law is enacted before taking action. Preparing now may significantly reduce not only legal exposure, but also the evidential challenges and commercial disruption that may arise once the legislation takes effect.

The more important question is not when the law will come into force, but whether your organisation could successfully defend a claim if it did.

In the author's view, preparing for the proposed Lemon Law involves far more than simply revising warranty policies or updating legal documentation. It requires businesses to review their operational processes from end to end, from manufacturing and quality control to record-keeping, customer complaint handling, after-sales service and dispute management.

This article does not intend to provide a general overview of Thailand's proposed Lemon Law. Instead, it highlights the practical legal, commercial and operational measures that businesses should consider before the legislation comes into force.

In many product liability disputes, the outcome depends not only on the quality of the product itself, but also on the quality of the evidence available to the court.

Thailand's proposed Lemon Law is not merely about expanding consumer rights. It requires businesses to rethink how they manage legal risk, operational processes and evidence throughout the product lifecycle. Businesses should therefore not view the proposed legislation in isolation. Similar consumer protection regimes have long been in force in jurisdictions across the region, including Singapore, offering valuable practical lessons for businesses operating across Southeast Asia. Those regional experiences demonstrate that early preparation is not merely a matter of legal compliance, but a strategic business decision that can strengthen governance, operational resilience and dispute preparedness.

Against this backdrop, the following are five practical measures that businesses should consider before Thailand's proposed Lemon Law comes into force.

1. Review warranty policies and terms and conditions

Under the current Thai legal framework, businesses generally determine their warranty, repair, replacement and refund policies through their own commercial terms and internal policies, reflecting the principle of freedom of contract, provided that such terms do not contravene the Thai Civil and Commercial Code, applicable consumer protection laws or other mandatory legal requirements.

For example, businesses may specify the duration of a warranty, the procedures for making warranty claims, and the circumstances in which repair or replacement will be provided, provided that such terms comply with applicable law.

The proposed Lemon Law adopts a different approach. Rather than leaving these matters primarily to commercial terms and internal policies, the bill introduces minimum statutory consumer rights where goods are defective, including the right to request repair, replacement, price reduction or contract termination, subject to the conditions prescribed by law. It also supplements the existing legal framework by introducing certain mandatory consumer rights that cannot be excluded or restricted by contract.

For example, the bill provides that, in certain circumstances, a replacement product must be provided within 30 days after the seller receives notice from the buyer, without requiring the buyer to make any additional payment.

Businesses should therefore not assume that their existing warranty terms will necessarily remain enforceable once the proposed legislation comes into force. Provisions stating that "the company reserves the sole right to determine warranty claims" or that "product replacement is subject to the company's discretion" may require reconsideration if they are inconsistent with, or seek to restrict, the minimum rights conferred on consumers under the proposed Lemon Law.

Accordingly, businesses should begin reviewing their warranty policies, sales terms and customer-facing documentation while the bill remains under consideration. Early preparation will not only facilitate compliance with the proposed legislation but may also place businesses in a stronger position to respond to future consumer claims should disputes arise.

2. Strengthen quality control systems and evidence management

Under the current Thai legal framework, where a dispute arises over allegedly defective goods, consumers generally bear the burden of proving that the goods were defective and that the defect existed at the time of delivery, or that the seller is otherwise legally liable for the defect.

The proposed Lemon Law, however, introduces a fundamentally different approach. It establishes a legal presumption that, where a defect becomes apparent within the period prescribed by law, the defect is presumed to have existed at the time the goods were delivered, unless the seller can prove otherwise.

This shift significantly increases the importance of documentary evidence. Businesses may need to demonstrate that the goods were manufactured, inspected and quality-tested in accordance with appropriate standards, and that any defect did not exist at the time of delivery to the buyer.

Accordingly, businesses should begin reviewing their systems for maintaining production and quality assurance records, including quality control records, production records, inspection reports, batch numbers and traceability systems. These documents may become critical evidence in defending future claims involving allegedly defective goods.

In the author's view, preparing for this aspect of the proposed legislation is not simply about improving product quality. It is equally about establishing a robust evidence management system that enables businesses to protect their business should a dispute arise.

In practice, the court's assessment is likely to extend beyond determining whether a product is defective. It may also examine whether the business has implemented appropriate quality control procedures and maintained sufficient documentary evidence to demonstrate that those procedures were consistently followed.

3. Strengthen customer complaint handling and after-sales service processes

Under current business practices, many companies regard customer complaint handling and after-sales service primarily as part of customer satisfaction and relationship management. As such, businesses generally have broad discretion to establish their own internal policies and procedures.

However, if Thailand's proposed Lemon Law comes into force, customer complaints may no longer be viewed solely as a customer service issue. Instead, they are likely to become an integral part of a business's legal compliance and risk management framework. A consumer's complaint regarding a defective product may serve as the starting point for exercising statutory remedies, including the right to request repair, replacement, a price reduction or termination of the contract.

Businesses should therefore review and strengthen their customer complaint handling and after-sales service processes. This includes establishing clear procedures for receiving and investigating complaints, communicating with customers, setting appropriate response timelines, and maintaining comprehensive records and supporting documentation. A well-structured complaint management system will enable businesses to monitor each case effectively, facilitate informed decision-making, and preserve evidence that may become critical in the event of potential future disputes.

4. Review commercial contracts and supply chain risk allocation

Although Thailand's proposed Lemon Law is primarily intended to govern the relationship between businesses and consumers, its commercial implications may extend well beyond the consumer transaction itself.

Where a retailer, distributor or importer is required to provide remedies to consumers under applicable consumer protection laws, that party may subsequently seek to recover its losses from other parties through the contractual arrangements governing the supply chain.

Businesses should therefore review their commercial agreements, particularly provisions relating to product warranties, product returns, allocation of liability, indemnities and claims handling. Clearly allocating responsibilities among manufacturers, importers, distributors and retailers can help minimise commercial disputes, improve coordination when consumer claims arise, and provide greater certainty as to each party's respective obligations.

Without carefully drafted contractual provisions, a single consumer complaint may trigger a series of contractual claims throughout the supply chain, resulting in increased legal costs, operational disruption and uncertainty over which party should ultimately bear the financial and legal responsibility.

5. Develop an incident response and crisis management plan

No matter how robust a company's manufacturing standards and quality control systems may be, the possibility of product defects or customer complaints can never be entirely eliminated. Accordingly, effective risk management is not only about preventing problems from occurring, but also about being prepared to respond promptly and appropriately when they do.

Businesses should therefore establish clear internal procedures for assessing alleged product defects, determining appropriate remedial measures, communicating with consumers and relevant regulatory authorities, and, where necessary, implementing a product recall. A well-designed incident response and crisis management framework can significantly reduce legal exposure, facilitate a coordinated response to potential claims, minimise reputational damage, and preserve consumer confidence over the long term.

6. Conclusion

Thailand's proposed Lemon Law represents more than just an expansion of consumer rights. It signals a broader shift in the way businesses are expected to manage legal and operational risks. From reviewing warranty policies and strengthening quality control systems to maintaining evidentiary records, improving complaint handling procedures and preparing effective incident response plans, businesses should begin assessing their readiness well before the legislation comes into force.

Although the bill is still progressing through the legislative process, early preparation will enable businesses to adapt more efficiently, minimise legal and commercial risks, and strengthen consumer confidence. More importantly, it provides an opportunity for organisations to review their internal governance, compliance and risk management frameworks as a whole, rather than treating the proposed Lemon Law as merely another consumer protection regulation.

For multinational businesses, Thailand's proposed Lemon Law should not be viewed in isolation. It also provides an opportunity to review regional compliance frameworks and harmonise internal policies across jurisdictions where consumer protection laws, product warranty obligations and after-sales requirements may differ. A consistent regional approach can help businesses reduce legal risks, improve operational efficiency and ensure a more coordinated response to evolving regulatory developments.

Ultimately, the businesses best prepared for Thailand's proposed Lemon Law will not necessarily be those with the most comprehensive warranty policies, but those that can demonstrate, through robust governance, operational controls and reliable evidence, that they have done the right things long before a dispute ever arises.

Further information

Should you have any questions on Thailand's proposed Liability for Defective Goods Act (commonly referred to as the "Lemon Law"), or how the proposed legislation may affect your business, please get in touch with the team at PDLegal.

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