

Abandon That: What to do when your customers don't come back to claim their goods

Description

Does your business service or repair property for customers? If yes, your next questions may be: What do I do with property if a customer abandons it and doesn't pay me? How long must I hold unclaimed property for the owner's benefit? What rights do I have to protect my interests?

The answers to these questions will vary depending on your company's written policies and procedures. If you have none in place, Rhode Island has established laws to protect service providers in the event of nonpayment for items delivered for repair or storage, but administration of these laws takes time, money and effort and can lead to frustration.

Say you are in the technology business and your company often repairs tech devices that are directly delivered to your company. After you finish completing the repair, you contact the customer requesting payment and inform them their device is ready to be picked up. If the customer fails to pay for the repair and to pick up the device within a specific time frame, you send a second notice, and then a third notice. But, what if the customer never pays for the repair and never comes to retrieve their item? Or, what if the customer returns to pick up the item three years later? What are your business's rights and responsibilities with respect to the device? How do you ensure your business is paid in a timely manner for the work completed?

In Rhode Island, money and proceeds of property are generally deemed to be abandoned if the owner has not claimed such funds for three years. Once property is deemed "abandoned," you not only need to remit the funds to the state but also must send notices to the owner at his or her last known address, maintain records and make certain filings with the state.

If your company is owed money for work performed related to another person's personal property and the customer has not paid you, your company may bring an action in superior court requesting the ability to sell such property to pay the debt owed.

If you prevail, the court will generally issue an order to authorize you to sell the property covering your claim and to remit the excess either to its general court fund for the property owner's benefit or to the state in accordance with Rhode Island's abandoned property laws.

In addition to the laws relating to abandoned property of items held for repair or storage generally, there are other specific Rhode Island laws providing for statutory liens in favor of launderers, cleaners, jewelers and watchmakers, and innkeepers. Rhode Island abandoned property laws also cover other business activities, including abandoned wages, unused gift cards and unclaimed insurance proceeds.

There are steps a company can take to ensure their policies are known to avoid ambiguity and reduce the risk that property becomes abandoned. They include clearly expressing company policies in writing to their customers "in a terms and conditions agreement, repair slip, purchase order, simple receipt or on the company website. Regardless of the form of communication, such documentation should clearly state the company's policies as they relate to: the customer's obligations to the company relating to such property; the company's obligations to the customer; and what the company will do if the customer fails to comply with company policies and its written agreement with the company.

Exercising care and establishing best practices when dealing with customers'™ property at the outset of the business relationship will help create consistency, avoid confusion and provide protection to your company should a customer disappear without paying his or her bill.

[Click here to read the original PBN article.](#)

Date Created

June 18, 2018