



# Ministry of JUSTICE

## Guidance to consumers on Unfair Terms in Consumer Contract Regulations 1999

### What do the regulations do?

Whenever you, as a consumer, buy goods or services from a trader, you form a contract, even if the terms are not put in writing. These Regulations aim to make sure that those terms are not unfair to consumers.

### What is an unfair term?

A term is likely to be unfair if it is significantly more favourable to the trader than it is to you.

### What kinds of terms are likely to be unfair?

*(Note: This is not an exhaustive list, and terms like these are not **always** unfair – it depends on the circumstances of each case.)*

Terms that allow traders to:

- Seriously exclude or limit their legal obligations to you
- Seriously exclude or limit your legal rights
- Keep all of your deposit / payments when you cancel
- Provide no service to you whilst still binding you to the contract
- Set fixed penalties for you if you cancel
- Cancel without notice
- Set excessive notice periods for you to cancel
- Bind you to a hidden term
- Vary the terms without consulting you and without a valid reason
- Change what he supplies without a valid reason.
- Increase the price of the product without allowing you the right to cancel
- Be the sole judge of what a contract term means
- Bind you to the contract without binding him
- Restrict your right to take legal action

### Are there terms that are not covered?

Terms that:

- Have to be included in a contract by law
- Have been individually negotiated by you and the trader
- Are in contracts between businesses
- Are in contracts between private individuals
- Are in contracts that people do not make as consumers
- Are in contracts entered into before 1995.

### What are core terms?

These are terms that set a price or define the product. These are exempt from the test of fairness, but must meet the test of plain English.

### What is the effect of an unfair term?

If a term is classed as an unfair contract term then you will not be bound by it. However the contract can still be binding if it can exist without that term.

### Requirement of plain English

A contract must be written in plain and intelligible language. This means that a consumer should be able to read and understand the content of the contract before they are bound by the content of them. The 'Plain English' requirement applies not only to the wording of contract, but also to how easy it is to read. For instance, any terms in very small print are likely to breach this requirement.

### What happens if the business contests this?

A business may dispute that the terms is fair or not covered by the Unfair Terms in Consumer Contracts Regulations 1999.

### Useful Contacts for advice

1. Claims Management Regulation Monitoring and Compliance Unit ([www.claimsregulation.gov.uk](http://www.claimsregulation.gov.uk) or 0845 4506858 / 01283 233309)
2. Consumer Direct ([www.consumerdirect.gov.uk](http://www.consumerdirect.gov.uk) or 08454 040506)

#### **Contact us**

Claims Management Regulation Monitoring and Compliance Unit  
57 - 60 High Street, Burton on Trent, Staffordshire DE14 9JS  
Telephone: 0845 450 6858 or 01283 233309  
Fax: 0845 450 6866 or 01283 233335  
Email: [info@claimsregulation.gov.uk](mailto:info@claimsregulation.gov.uk)

[www.claimsregulation.gov.uk](http://www.claimsregulation.gov.uk)

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