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trading standards law explained

Consumer contracts: general

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In this guide, the words 'must' or 'must not' are used where there is a legal requirement to do (or not do) something. The word 'should' is used where there is established legal guidance or best practice that is likely to help you avoid breaking the law.

This guidance is for England, Scotland and Wales

Consumer contracts are those between traders and consumers, and require agreement from at least two parties.

To understand your legal responsibilities when selling to consumers, you need to know how and when a contract is made. You also need to have a broad understanding of contract terms so that you can be sure they are fair to consumers.

This also applies to non-written contracts - for example, selling goods in a shop.

Formation of a contract

When a consumer buys goods, services or digital content (including any combination of the three) from a trader, both parties enter into a contract. A contract may be defined as an agreement between two or more parties that is intended to be legally binding. In addition to terms agreed between the parties, the law sets certain standards for consumer contracts.

A contract does not have to be written down, but it is advisable to detail important terms in writing so there can be no dispute later on.

Failure to comply with the terms of the contract is referred to as a breach of contract, and the person committing the breach normally has to correct it in some way.

Consumer contracts

A consumer contract is a legally binding agreement between you and the consumer concerning the sale of goods or digital content, or the supply of services (with or without goods).

Contracts can be made:

- verbally
- in writing
- by your and the consumer's conduct ('silent contracts'). An example of a silent contract is when a customer picks up goods and pays for them using a self-service checkout in a supermarket. No words are spoken, but it is a contract all the same.

Invitation to treat

When you advertise goods, services or digital content (for example, a price list of available services or a display of goods in your store alongside a price ticket), or display them on your website or in a brochure, you are usually giving consumers what is referred to as an 'invitation to treat'. The consumer can then make you an offer to buy the goods, services or digital content. At this point, you are under no obligation to accept the offer; a contract is made if and when you accept. There may be situations where you do not want to accept the consumer's offer - for example where the law restricts sales of items such as knives to underage buyers.

What this means is that the consumer cannot legally insist that you sell the goods, services or digital content if you choose not to - for example, there may have been a mistake in the way you placed them on display, or included them in your website or brochure.

Care is needed regarding invitations to treat as, in some cases such as incorrect pricing, there may be breaches of the law regarding unfair trading.

Elements of a contract

An essential element in forming a contract is the agreement (consisting of an offer and acceptance). At least two parties are required (such as the trader and the consumer). One of them (the offeror) makes an offer, which the other (the offeree) accepts. An offer is an expression of willingness to contract, made with the intention that it shall become binding on the offeror as soon as it is accepted by the offeree. A legally binding consumer contract is made only when specific parts come together.

Offer

Firstly, there must be an offer.

Examples of a consumer offering to buy goods:

- removes them from the shelf and takes them to the checkout
- clicks 'add to basket' on your website
- contacts you to place an order from your brochure

Sometimes, the process works the other way round - that is, you make an offer to the consumer and a contract is made when the consumer accepts the offer. If, for example, you give the consumer a quote for a service, this is an offer, which the consumer may choose to accept or reject.

Acceptance

Then there must be acceptance of the offer.

Examples of you accepting the offer:

- put the goods through the till
- send a confirmation email to the consumer after an order was placed and payment received through your website
- accept and take payment for an order placed from your brochure

If the consumer agrees to your quote for goods, services or digital content, this is also acceptance.

Some online businesses delay their acceptance / confirmation of the consumer's offer to buy, sometimes issuing an order acknowledgement in the first instance. This is to safeguard against any errors on the website. Businesses may then have the right to decline the consumer's offer, rather than a consumer being able to argue that they had a legally binding contract.

Consideration

Under the contract, the consumer will agree to pay you a sum of money and/or do something else in return for the goods, services or digital content that you supply. This commitment is known as the 'consideration' in the contract. If there is no consideration (that is, if you offer something completely free of any charge or other obligation) there is no contract at all.

In a consumer contract, there is usually 'money consideration' (payment), including promises to make a payment.

In Scots law, consideration is not essential to form a contract. However, in consumer contracts, the price of goods, digital content or services is normally part of the offer and acceptance.

Intention

Intention to make a contract means that you and the consumer must intend to be legally bound by the contract and you must both understand what the contract actually means.

Legal capacity

The consumer must be legally capable of making a contract.

Examples of when people, depending on the situation, may not have legal capacity:

- too young
- mental health issues
- under the influence of drugs

Withdrawing from a prospective contract

You have the right to withdraw from a prospective contract; in other words, you do not have to accept the consumer's offer to buy.

For example, if you made a mistake with the price, you do not have to sell at the incorrect price, providing that you can clearly establish that a contract has not been made.

You should take care because you run the risk of the consumer claiming they have been misled and that you are trading unfairly, in which case you may be in breach of the law. You will find more information on trading unfairly in the 'Protection from unfair trading (criminal law)' guide.

What happens when the consumer changes their mind?

Normally a consumer has no automatic right to change their mind and to cancel a contract once it has been made; therefore, if this happens they are in breach of contract. However, there is an automatic right to cancel in some special cases, including most consumer contracts made at a distance (for example, mail order or internet) or at a consumer's home etc. See 'On-premises, off-premises and distance contracts' below.

If a consumer cancels the contract wrongfully, you can claim the reasonable costs incurred. Where you cannot recover the lost sale (for example, by making another booking in place of the cancelled one) your claim may include loss of profit. If the consumer has made full or part payment up front, you can only retain enough to cover these losses and must refund the difference.

Contract terms

Terms in consumer contracts set out the agreement you have with consumers - in other words, what you agree to do and what you expect the consumer to do. In order for a term to be binding it must clearly be part of the contract and be legal. Terms given to a consumer after the contract is made (for example, terms written only on the back of a receipt) are not part of the contract and they have no effect.

Not all contracts will have written terms, but if the contract was verbal, you may find it difficult to prove what you and the consumer had agreed in the event of a dispute.

Your terms can appear:

- on the back of the contract
- on your website
- in the back of your brochure, if you sell by mail order

Any terms that are individually agreed with the consumer are called 'express terms'. This could be the price of the goods, digital content or service if it is not fixed.

Any terms that are the same across all your consumer contracts, such as payment or delivery arrangements, are called 'standard terms'.

In consumer law, some terms are automatically part of a contract for the sale of goods or digital content, or the supply of services (with or without goods). For example, it is to be expected that goods and digital content are all of the following:

- of satisfactory quality
- as described
- fit for purpose

For more information on the requirements for goods and digital content, see 'Selling and supplying goods' and 'Digital content'.

It is also expected that services will be carried out with reasonable care and skill, within a reasonable time (if no time agreed beforehand) and at a reasonable charge (if the cost is not agreed beforehand).

See 'Supplying services' for more information.

It is against the law to try to take away a consumer's 'statutory rights', including in your contract terms, on your website or brochure or through a notice in your business premises.

The international Standard BS ISO 21800:2025 *Guidance for organisations to increase consumer understanding of online terms and conditions* is a useful tool for business that enter into contracts with consumers online. It covers contracts for products, subscription-based services, financial services, and so on, including contracts entered into via digital platforms (social media, for example). The Standard applies equally to contracts with consumers in the UK and abroad.

Unfair contract terms

The Government department that leads on unfair terms is the Competition and Markets Authority; links to its guidance can be found in 'Unfair contract terms'.

Breach of contract

If you or the consumer do not do what you agreed to do, as set out in the contract (for example, you might not deliver the right goods or provide the service on time, or the consumer might not pay), this is called being in 'breach of contract'.

If you are in breach of contract, the consumer may, depending upon the circumstances and the type of contract, claim for repair or replacement of goods, full or partial refund, or damages (money compensation).

In cases where the consumer cancels the contract, there are circumstances where you are entitled to claim compensation for the reduction in value of goods sold or supplied under a distance or off-premises contract (see below).

On-premises, off-premises and distance contracts

There are very specific requirements for contracts, which vary according to where the contract is formed.

The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 provide consumers with a 14-day cooling-off period for most 'distance contracts' (those made via the internet etc) and 'off-premises contracts' (those made, for example, in a consumer's home).

For more information on these Regulations, see:

- 'Consumer contracts: on-premises sales'
- 'Consumer contracts: off-premises sales'
- 'Consumer contracts: distance sales'

Trading Standards

For more information on the work of Trading Standards services - and the possible consequences of not abiding by the law - please see 'Trading Standards: powers, enforcement and penalties'.

In this update

Reference added to the international Standard BS ISO 21800:2025 *Guidance for organisations to increase consumer understanding of online terms and conditions*.

Last reviewed / updated: March 2026

Key legislation

- Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013
- Consumer Rights Act 2015

Please note

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.

The guide's 'Key legislation' links go to the legislation.gov.uk website. The site usually updates the legislation to include any amendments made to it. However, this is not always the case. Information on all

changes made to legislation can be found by following the above links and clicking on the 'More Resources' tab.

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