

## Unfair contract terms

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### **This guidance is for England, Scotland and Wales**

If you wish to rely on the terms of the contracts you have with consumers it is essential that those terms are 'fair'. An unfair term is not legally binding on consumers, and enforcers can also take action to stop you using it.

The Consumer Rights Act 2015 covers the use of unfair terms in consumer contracts. Consumer contracts are those between traders and consumers (although this does not include employment contracts). As well as terms in consumer contracts the Act applies to certain consumer notices, whether or not they are in writing.

The Competition and Markets Authority (CMA) has produced various types of guidance on the subject.

### **Unfair contract terms**

The CMA has produced consumer protection and unfair contract terms guidance documents for businesses, which can be found on the GOV.UK website.

As well as the full guidance above the CMA has produced a series of shorter guides on writing fair contracts to help businesses use fair and clear terms in their consumer contracts and notices.

The CMA has also produced a series of short, animated videos help businesses understand more about the law on using unfair terms and conditions with consumers.

### **Care homes**

The CMA has published *Care Homes: Consumer law Advice for Providers*, which gives care homes advice on such matters as what information they should give to potential residents, how to ensure their contract terms are not unfair, and how to handle complaints fairly.

## Wedding & event venues

The CMA, on behalf of the Consumer Protection Partnership, has issued an advisory letter to over 100 major wedding and event venue providers across the UK. The letter raises businesses' awareness of the potential for consumer contract terms to be unfair and recommends that they ensure that their terms, and in particular their advance payment and cancellation terms, comply with consumer protection law.

## Penalties

Failure to comply with trading standards law can lead to enforcement action and to sanctions, which may include a fine and/or imprisonment. For more information please see 'Trading standards: powers, enforcement and penalties'.

## Key legislation

Consumer Rights Act 2015

Last reviewed / updated: February 2020

## In this update

No major changes

## 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 may only show the original version of the legislation, although some amending legislation is linked to separately where it is directly related to the content of a guide. Information on amendments to legislation can be found on each link's 'More Resources' tab.

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**Source URL:** <https://www.businesscompanion.info/en/quick-guides/goods/unfair-contract-terms>