



Business in Focus



# Starting an online business

Guidance for online sellers

Make sure your business complies with consumer law

**businesscompanion**  
trading standards law explained

This guide was produced as part of a business advice project by the Department for Business, Energy and Industrial Strategy and the Chartered Trading Standards Institute.





# Introduction

Whether you want to buy and sell goods, make money out of your carpentry skills, or run your own café, starting a new business can be daunting.

The internet has greatly increased the opportunities for individuals to sell goods, with the absence of any need for traditional 'shop-front' premises.

The purpose of this guide is to enable sellers to establish what their legal obligations are and to provide new businesses with an introduction to the UK's consumer and trading laws.

Buyer rights and seller obligations vary in different situations, depending on the legal status of both:

- when a consumer sells to a consumer ('C2C') or to a business ('C2B'), the seller has minimal obligations and the buyer very few rights; broadly speaking, it is 'buyer beware'
- when a business sells to a consumer ('B2C'), the seller must comply with a wide range of consumer laws, covering such matters as information provision, cancellation rights, buying rights such as description and quality, and product safety. Accordingly, the buyer has extensive legal rights that automatically apply to the transaction
- when a business sells to another business ('B2B'), the seller has contractual and commercial obligations but does not have to comply with most consumer law provisions; therefore, the buyer has significantly fewer rights than in a B2C sale

It is important to clarify the legal status of buyer and seller in order to ensure that obligations are being followed and rights are being observed. The focus of this guide and much of the associated guidance on the Business Companion website is B2C sales. If sellers are making their goods generally available, the fact that at least some of their customers are consumers is likely to be clear. The key assessment then becomes: is the seller 'in business'?

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## Part 1. Am I in business?

It is difficult to pin down in clear black-and-white terms what being 'in business' means, so the law has broad descriptive definitions.

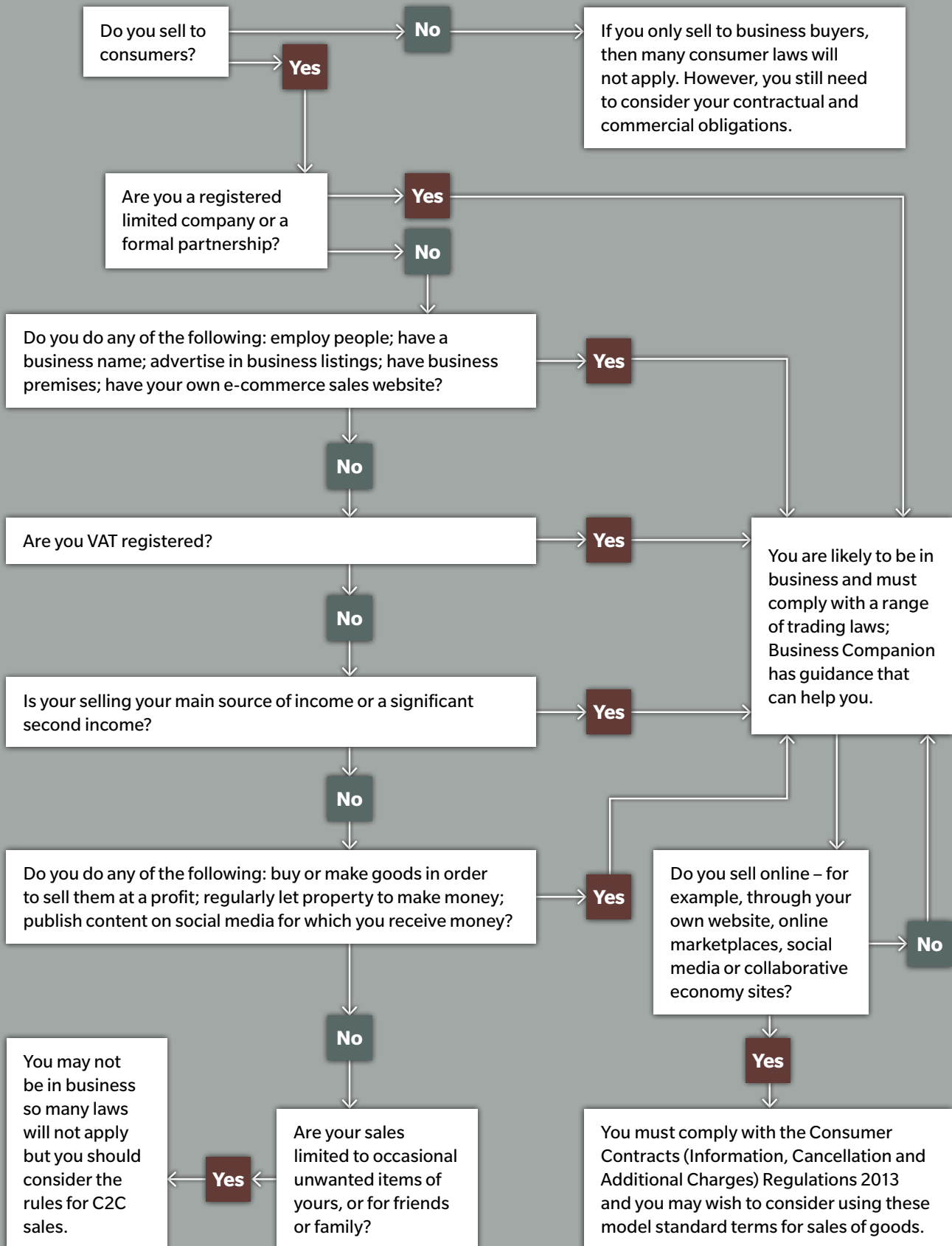
For example, regulation 2 of the Consumer Protection from Unfair Trading Regulations 2008 states that "'business' includes a trade, craft or profession" and that "'trader' means any person who in relation to a commercial practice is acting for purposes relating to his business".

These general definitions allow the concept of being 'in business' to be wide-ranging and they reflect the expansive nature of what being in business can involve. The definitions clearly apply to registered limited companies, partnerships and individuals who use a business name and employ others in their business. But many other sellers are also acting in law as a business, including some who sell through online platforms, but may not realise their status and the obligations that go with it.



Another key word in much of the legislation is 'trader'. This may conjure up images of market traders selling fruit and vegetables, or City traders in the stock exchange, but in consumer law it goes much further than that: it is an all-encompassing term for any business seller.

“Many sellers are acting in law as a business but may not realise their status and the obligations that go with it”





*These frequently asked questions illustrate some examples of assessing whether a seller is 'in business' (also known as being a 'trader'); they are taken from the real experiences of sellers.*

**Q.** I have a job and only sell at weekends, are my activities private sales?

**A.** It depends. Being in employment – or indeed having any other main source of income – does not preclude you from also being in business in relation to sales. It will depend on the quantity, regularity and nature of the sales. Unfortunately, there are no set financial thresholds or similar black-and-white assessments; each case must be judged individually.

**Q.** Do I need to be VAT-registered before consumer laws apply to me?

**A.** No. Being VAT-registered is likely to be a clear indicator of being in business, but many sellers who fall short of the threshold for VAT registration are still business sellers in consumer law.

**Q.** I occasionally sell off a few items for relatives who can't use a computer. Are these C2C sales?

**A.** If the activities are restricted to those described, then these are not likely to be business sales. If that is the

case, the main requirements are that goods are not misdescribed and the seller has the legal right to sell them. However, if 'a few items' increases and you end up regularly selling a significant number of items, you could be seen as being in business.

**Q.** I don't have my own website, I just sell on eBay and Facebook, maybe three or four items a day. These platforms are for private sellers, aren't they?

**A.** These platforms – and others like them – are used effectively by private sellers to get rid of unwanted items and recoup a little money. But the activity in this example sounds like it goes beyond that; the seller would be considered a 'trader' and consumer laws would apply.

**Q.** I sell bits and pieces at car boot sales. Do I have to comply with consumer laws?

**A.** Again, regularity and quantity must be assessed, but many sellers at car boot sales are not deemed to be in business.

**Q.** I sell at car boot sales, through Gumtree and the local small ads; I'm also on a number of Facebook selling groups and I've started using Instagram to sell a few things. Do consumer laws apply to me?

**A.** In the eyes of the law, hobbies can turn into businesses and scale again is a central factor. Another key point here might be where were the goods obtained and why? Were they recycled or even bought in order to be sold at a profit? It is much more likely that this seller is in business than one who simply attends a few car boot sales.

**Q.** I run a small community group that makes and supplies soft toys to local children. We don't sell anything so can we ignore consumer laws?

**A.** Many of the laws relating to consumer sales – such as many addressed by the online contract provisions in Part 3 – are not relevant. But others are likely to be very important, in particular product safety legislation, which generally applies to 'supply' and not just sale. Requirements around toys are very strict and specialist advice is needed.

**Q.** I've read your guide and still can't work out if I'm in business or not. What should I do?

**A.** Contact your local authority trading standards service for advice. Simply enter your postcode into this [online search tool](#) for contact details.

## Part 2. Traders

*This next set of questions examines what you need to do once you have established that you are a trader.*

**Q.** What consumer laws do I have to comply with?

**A.** This depends on the nature of your business. Consumer law is very wide-ranging, covering topics such as consumer buying rights, online contract formation, product descriptions, weights and measures, price display, product safety, and age-restricted sales. However, it may be that only some of these are relevant to your business. The Business Companion website has comprehensive and readable information on all these laws. If you begin on the '[Get Started](#)' page you will be guided to the relevant material.

**Q.** I'm very busy establishing my new online business, I haven't got time to start writing terms and conditions or enough money to pay a lawyer to write them for me. What do I do?

**A.** If you sell goods online, one option for creating terms and conditions (Ts & Cs) is to use our suggested model terms below. Some may need to be adapted to suit your business model, but they should save you time and money and can help you to be legally compliant.

**Q.** Why should I bother worrying about compliance? Can't I just deal with any problems that arise?

**A.** This approach is not recommended for several reasons. Leaving yourself open to complaints risks damage to your business

reputation, a problem that can spiral quickly through online postings. You may also be subject to enforcement action by trading standards. A third risk is being sued, a particular danger if you sell safety-critical items such as nursery goods, toys or electrical products, where an injured consumer could successfully sue you for a large sum if you are not compliant.

**Q.** I've read your model terms; aren't they a bit over the top?

**A.** The terms have been designed to be as short and straightforward as possible, while still helping to protect your legal position. For example, if you don't have a term requiring the consumer to pay whatever it costs to return goods cancelled during the cooling-off period of 14 days, you will have to pay it. The laws provide fairness to both parties, business and consumer.

**Q.** Can't I just copy and paste some Ts & Cs from the internet?

**A.** Quite apart from a possible copyright breach, this is a dangerous approach. There is no guarantee that the Ts & Cs will be compliant with consumer law or provide the protection you need. Furthermore, they may have been designed for commercial B2B contracts and so be unsuitable for B2C sales.

**Q.** Why does this guidance not give me any information about the

particular products that I sell?

**A.** This guidance is designed to give general information to those starting an online business. Business Companion has a wide range of guidance on the various trading standards laws. Looking at the [Quick Guides](#) is a good place to start. Some products have very specific legal requirements - for example '[Toys](#)' - while others will fall under the more general information covered in '[Sale and supply of goods](#)'. There are many requirements when selling '[Food and drink](#)' and you will need to look at the individual guides carefully, depending on what exactly you sell.

**Q.** What else do I have to comply with?

**A.** Business Companion only covers trading standards law. You will need to make enquiries about compliance with other areas of law such as health and safety, employment, data protection and tax. A good starting point for these enquiries is the Government's webpage '[Get help and support for your business](#)'.

**Q.** I've read Business Companion but there are a few requirements that I don't understand in relation to what I do. Can someone help me?

**A.** Your local authority trading standards service should be able to provide specific advice as you are a business based in their area. Simply enter your postcode into this [online search tool](#) for contact details.

## Part 3. Model contract terms for selling to consumers online

This guidance provides a set of model terms to help internet retailers comply with consumer protection laws. The guidance applies to businesses selling goods to consumers in the UK. The terms are relevant to a range of selling mechanisms, including your own e-commerce website, on an online marketplace, through social media platforms, or via any other platform on which you sell and which is operated by another business.

For your terms to have legal effect, they must be part of your contract with the consumer and so must be communicated effectively before a purchase is made. Terms introduced after a purchase is completed have no legal effect and cannot be enforced. The terms must be on your website or in the pages that you use on another platform (such as an online marketplace like eBay). They must not be hidden away or obscured, but instead be prominent, unambiguous and clear. Reiteration of the terms during the buying process is best practice and will contribute to ensuring that the contract formed contains everything that you require.

While it is likely that you will have full control over the presentation of the information if your business has its own e-commerce website, there will be some limitations and restrictions in relation to other online platforms. That does not change

the fact that you are the seller, and it is your legal duty to ensure that the necessary information is communicated to buyers.

In addition to the pre-contract information, many of the terms must be sent to the consumer after purchase in a 'durable medium' such as email. For more information on this, see the '**Confirming distance contracts**' section of '[Consumer contracts: distance sales](#)'.

Some of the model terms in this document can simply be copied as they are; others need to be adapted using the advice in the 'Rationale / comments' column.

These terms can provide a basis for complying with consumer laws. You may require other terms in relation to other areas of law such as health and safety or data protection. You may also need to include further consumer-related terms in relation to the specifics of your business.

Business customers and consumers do not automatically enjoy the same level of legal protection. It is therefore permitted to have different sets of terms for different types of customers. However, it can be difficult to identify whether a buyer is a consumer or a business, and many retailers will find it simpler to apply the same terms and conditions to all purchases. If you do decide to apply different terms to different

customers, you will probably need to take specialist legal advice.

Customers outside the UK are in a different legal jurisdiction, which means that your terms may not be legally binding on them. You should bear this in mind (and possibly take specialist legal advice) before deciding whether to sell internationally.

Business Companion contains detailed guidance about the legal requirements and you can also contact your local trading standards service. Simply enter your postcode into this [online search tool](#) for contact details.

The terms marked '#' terms below are only required if they are relevant to your business. All quotations in the 'Rationale / comments' column are taken from the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013, unless otherwise stated.



Model term	Rationale / comments
<p><b>Status of Terms</b> Please read these terms and conditions carefully as they are intended to form the basis of our contract with you. You may wish to keep an electronic or paper copy of them for future reference.</p>	<p>Contract formation in law is based around the concept of ‘offer and acceptance’. For terms and conditions to have legal effect, consumers must be aware of them before they agree to buy something. It is a good idea to bring the terms and conditions to the attention of the consumer during the online buying process, with a view to ensuring that they form part of the legal contract.</p> <p>You should not rely solely on a declaration that the buyer has read and understood the terms and ticked a box accordingly.</p>
<p><b># Identification of seller</b> <i>(when selling on another business’s platform such as an online marketplace or social media):</i> These goods or services are supplied by <i>(name of your business)</i> and your contract is with us and not with <i>(name of the platform operator)</i>.</p>	<p>It is important that the buyer knows from whom they are buying so that they can exercise their consumer rights if necessary. Additionally, if this is not clear, you may not be able to exercise your legitimate contractual rights against the buyer.</p>
<p><b>Identity of business</b> We are: <i>(name of your business)</i> We can be contacted through these details: <i>(full postal address)</i> <i>(email address)</i> <i>(telephone number)</i> # <i>(VAT number)</i> # <i>(company registration number)</i></p>	<p>If you are a limited company, you must state the full corporate name. If you are a sole trader or partnership, you must state the name(s) of the proprietor(s). Supplying a telephone number is likely to be the easiest and most obvious way to comply with the requirement in the Electronic Commerce (EC Directive) Regulations 2002 for you to provide contact details “which make it possible to contact [you] rapidly and communicate with [you] in a direct and effective manner”. There may be alternatives.</p> <p>It is a requirement that you provide a full postal address so that consumers can write to you formally and, if necessary, serve court papers. If you use a mail forwarding company then they must ensure that all of the mail is forwarded on to the business.</p>
<p><b>Contract formation</b> When you order goods or services from us online you are making a legal offer to buy. A contract is only formed when we reply to you to accept your offer and we will not take payment from you until we have accepted your order. If we do not accept the offer because we are unable to supply the goods or services requested, or for any other reason, we will respond promptly to make you aware, and no charge will be made.</p>	<p>Formation of contract in law is not always a straightforward matter, including where goods are ordered online. By stating explicitly that the consumer is making an offer to buy, you are bringing clarity and should be able to make the correct business decision. In most cases you will simply accept the consumer’s offer, but there may be cases where you unexpectedly are unable to easily source goods, or where you have made an error by significantly underestimating price, or you inadvertently misrepresent some aspect of the product. In any event, if you do decide to not accept the offer, this must be communicated promptly and clearly. After any offer is accepted, you must honour the contract in full. Any errors in your product information must be immediately corrected and steps taken to prevent such errors being repeated.</p>

Model term	Rationale / comments
<p><b>Product information</b> <i>(state the main characteristics of the product)</i></p>	<p>The length and detail of information required will vary according to the product involved. A clear photograph accompanied by some key information will often be sufficient and in many cases you will be providing this information anyway in a bid to promote the product for sale. Any important features or issues that are not otherwise apparent should be stated.</p>
<p><b>Price</b> <i>(state price including taxes)</i></p>	<p>All products for sale must have the price indicated, inclusive of VAT and any other taxes.</p>
<p><b>Ordering goods</b> You can order goods by <i>(state the steps required for placing an order)</i>. When you click on <i>(state wording used to indicate obligation to pay – for example, ‘buy now’)</i> you are under an obligation to pay.</p> <p>We accept the following means of payment: <i>(state what means of payment are accepted)</i></p>	<p>You must ensure that when placing an order a buyer “explicitly acknowledges that the order implies an obligation to pay”. One way to do this is to require the consumer to click an appropriately labelled ‘button’; something like ‘order with obligation to pay’ is ideal, but ‘buy now’, ‘pay now’ and similar phrases are likely to be sufficient as long as the overall effect is clear to the consumer. Failure to take these steps may mean that the consumer is not bound to pay.</p> <p>For example, credit and debit cards, and online payment systems such as PayPal.</p>
<p><b>Delivery of goods</b> The following delivery charges apply: <i>(state full list of delivery charges)</i></p> <p># We do not deliver to the following postcodes / locations: <i>(state any UK postcodes or locations to which you do not deliver)</i></p> <p>Purchases are delivered <i>(state arrangements for delivery, including an indication of timescale)</i>.</p>	<p>Delivery charges must be indicated and if these vary according to the geographical location of the buyer, this must be brought clearly to their attention prior to purchase. There must be no hidden surcharges. A schedule of charges related to postcodes is a common mechanism used. This can be supplemented by a ‘postcode finder’ tool whereby the buyer enters their postcode and a delivery charge is calculated.</p> <p>This must be brought to the buyer’s attention before, or when, the order process begins. Declaring this clearly pre-contract will ensure that you do not accidentally create obligations to consumers to whom you are not able to deliver goods.</p> <p>You must state “the time by which [you undertake] to deliver the goods”. Doing so protects you against any possible timescale demands from the buyer that are not achievable. Delivery arrangements may include plans in the event of no one being available at the time of delivery – for example, return to a pick-up point or leave with a neighbour.</p>

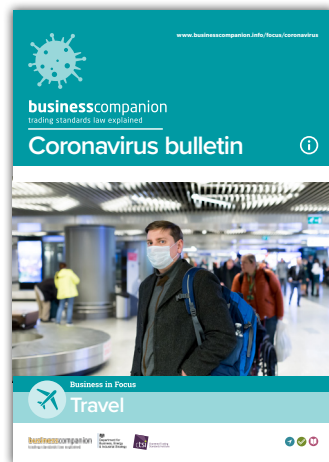
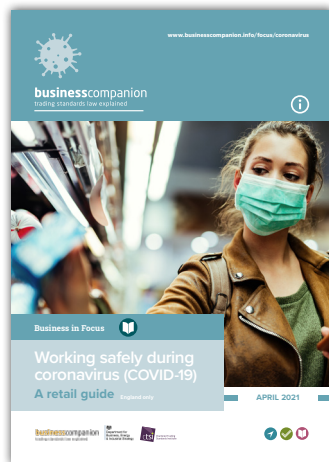
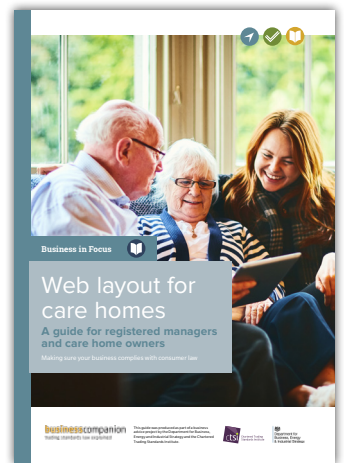
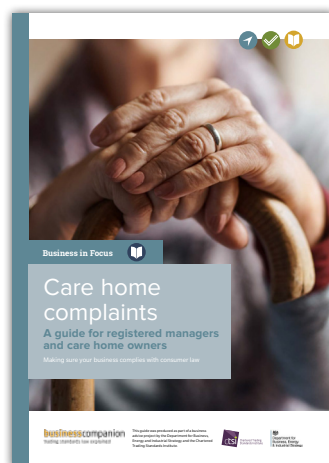
Model term	Rationale / comments
<p><b>Cancellation and returns</b> You may cancel the purchase at any time up to 14 days after delivery unless the goods are exempt from cancellation (state goods exempt from cancellation).</p> <p>If you choose to cancel, please contact us, preferably by sending an email to (<i>state email address</i>). You may use the model cancellation form at the end of these terms, but you do not have to.</p> <p>If you cancel your purchase, you must arrange and pay for the goods to be returned to us at (<i>state postal address to which goods should be returned</i>). You must do this within 14 days of notifying us of your wish to cancel.</p> <p>If you cancel and return the goods as described above, we will refund the full purchase price including the original delivery charge, on the condition that you have not used the goods or otherwise handled them so that their value is reduced. If you have handled the goods so as to reduce their value, we may deduct an amount from the refund that is proportionate to this reduction. Refunds are provided within 14 days of our receipt of the returned goods.</p> <p>You have the right to receive a refund for goods cancelled in accordance with the above terms. However, if you would prefer to receive alternative equivalent goods from us, or a credit note, please let us know and we can consider appropriate options.</p>	<p>Some goods are exempt from cancellation (see the ‘<b>Contracts with no right to cancel</b>’ section of <a href="#">Consumer contracts: distance sales</a>). You must offer cancellation on other goods and buyers are not required to give a reason for choosing to cancel. Failure to indicate cancellation rights extends the cancellation period to up to 12 months from the day after the normal cancellation period would have ended.</p> <p>You must bring the model cancellation form to the attention of buyers, but they do not have to use it to cancel; instead they must give a “clear statement setting out the decision to cancel”. In principle this can be done orally (for example, over the telephone) but it is reasonable for you to prefer to have this in writing for full clarity. You may wish to also offer other methods of written communication for consumers to cancel, such as completing an online form, sending an SMS text message, or writing to a postal address.</p> <p>Failure to include this as a term would mean that you would be unable to require the consumer to cover this cost. You may prefer that the consumer returns the goods by handing over to a carrier of your choosing, although any charges relating to this must be reasonable.</p> <p>The principle is that an online buyer must be able to inspect goods in a similar manner to a consumer in a physical shop. But if “the value of the goods is diminished by any amount as a result of handling of the goods by the consumer beyond what is necessary to establish the nature, characteristics and functioning of the goods”, you may make a proportionate deduction from the refund, “up to the contract price”. You must refund within 14 days.</p> <p>Consumers have a right to a refund for goods cancelled in accordance with the Regulations and they must be informed of this. But there is no harm in you also suggesting other options which may suit your business better, as long as you do not try to make these compulsory.</p>

Model term	Rationale / comments
<p><b>Consumer rights</b></p> <p>If you buy goods from us, we have a legal obligation to supply goods that are in conformity with the contract.</p> <p>If goods are faulty, the processes and timescales above under 'Cancellation and returns' do not apply, and we will deal with the problem according to your consumer buying rights. If you think there is a problem with goods purchased from us, please contact (<i>state preferred mechanisms for consumer to make enquiry</i>)</p>	<p>This may seem obvious, but there is a legal requirement to state this.</p> <p>Various legal rights automatically apply (for example, goods must be of satisfactory quality and as described) and 14-day timescales applicable in relation to no-fault cancellation do not apply. Further information can be found in '<a href="#">Sale and supply of goods</a>'.</p>
<p><b># After-sales service and codes of conduct</b></p> <ul style="list-style-type: none"> <li>• we offer the following after-sales service (<i>state services offered</i>)</li> <li>• we subscribe to the following code of conduct (<i>state details</i>)</li> <li>• goods sold by us are subject to the following warranties (<i>state details</i>)</li> <li>• we will agree to submit unresolved disputes to the following 'alternative dispute resolution' (ADR) scheme (<i>state details</i>)</li> </ul> <p>These provisions do not affect, and are in addition to, your legal buying rights (see 'Consumer rights' above).</p>	<p>You must comply with the consumer rights requirements above. You may also offer additional services that go beyond these statutory rights through after-sales, codes of conduct or warranties. Examples of relevant codes of conduct include trade association schemes and local trading standards approved trader schemes. ADR is a broad term covering schemes where disputes are resolved as an alternative to court action.</p>

Model term	Rationale / comments
<p>Model cancellation form, from the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013</p> <p>To <i>(here the trader's name, geographical address and, where available, fax number and email address are to be inserted by the trader):</i></p> <p>I / We (*) hereby give notice that I / We (*) cancel my/our contract of sale of the following goods (*) / for the supply of the following service (*),</p> <p>Ordered on (*) / received on (*),</p> <p>Name of consumer(s),</p> <p>Address of consumer(s),</p> <p>Signature of consumer(s) <i>(only if this form is notified on paper),</i></p> <p>Date</p> <p><i>(*) Delete as appropriate</i></p>	<p>See 'Cancellation and returns' above.</p>

# More information

Other guides in this Business in Focus series:





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