It protects consumers in the European Union from unfair terms and conditions which might be included in a standard contract for goods and services they purchase. It introduces the notion of ‘good faith’ to avoid any significant imbalance in mutual rights and obligations.

**Key points**

The goods and services involved, circumstances of the transaction and all the other terms and conditions determine whether a provision in a contract is fair or not.

The actual price paid for goods or services is not taken into account in this assessment, unless the term in question is unclearly drafted.

The directive contains a list of unfair conditions. These include requiring consumers to pay unreasonable compensation or holding them to terms they had no time to fully understand before signing the contract.

The wording of all written contracts must be in plain, intelligible language. When there is doubt about the meaning of a term, it should be interpreted in a manner favourable to the consumer.

Conditions deemed unfair are not binding on consumers, but other terms are valid for both parties if the rest of the contract remains relevant and valid.

EU countries must act to ensure that the necessary measures are taken to prevent unfair terms from continuing to be used in contracts.

Organisations or individuals with a legitimate interest in protecting consumers’ rights may go to court to determine whether a contractual condition is unfair.

**When does the directive apply?**

From 16 April 1993.

**Background**

Unfair contract terms on the European Commission’s website

**References**

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**Related acts**


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