Unfair Contract Terms Directive (93/13)

WHAT DOES THE DIRECTIVE DO?

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.]

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