The Directive aims to protect 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.

As part of the new deal for consumers, Directive 93/13/EEC has been amended by Directive (EU) 2019/2161, which aims to modernise EU consumer law and improve its enforcement.

**Scope of application (Art. 1)**

This Directive applies to unfair terms in contracts concluded between a seller or supplier and a consumer. The contractual terms which reflect mandatory statutory or regulatory provisions and the provisions or principles of international conventions to which the Member States or the Community are party, particularly in the transport area, shall not be subject to the provisions of this Directive.

1. Unfairness of a provision (Art. 4)

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 (Art. 4).

The actual price paid for goods or services is not taken into account in this assessment, unless the term in question is unclearly drafted (Art. 4).

2. List of unfair provisions (Annex)

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 (Annex).

3. Plain, intelligible language (Art. 5)

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 (Art. 5).

4. Remedies (Art. 6 to 7)

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 (Art. 6).

EU countries must act to ensure that the necessary measures are taken to prevent unfair terms from continuing to be used in contracts (Art. 7).

Organisations or individuals with a legitimate interest in protecting consumers’ rights may go to court to determine whether a contractual condition is unfair (Art. 7).

**Amending Acts**

It has been amended by Directive (EU) 2019/2161. It requires Member States to introduce effective, proportionate and dissuasive penalties applicable to infringements of the rules on unfair contract terms, based on a set of parameters. These criteria include:

- the nature, gravity, scale and duration of the infringement;
- any action taken by the trader to mitigate or remedy the damage suffered by consumers;
- any previous infringements by the trader;
- penalties imposed on the trader for the same infringement in other Member States in cross-border cases, where information about these penalties is available through the mechanism set up by Regulation (EU) 2017/2394 (see summary).

Under the new directive, Member States must also be able to impose fines when, in connection with coordinated actions under Regulation (EU) 2017/2394, they identify major cross-border infringements affecting consumers in several Member States. Fines must be able to reach at least 4% of a trader’s annual turnover, or €2 million if information about the trader’s turnover is unavailable.

**From when does the directive apply? (Art. 10)**

Directive 93/13/EEC had to be transposed into the national law of Member States by 31 December 1994.

Amending Directive (EU) 2019/2161 had to be transposed into national law by 28 November 2021. Member States have had to apply the rules since 28 May 2022.

**Background**

Unfair contract terms on the European Commission’s website.


### References

<table>
<thead>
<tr>
<th>Act</th>
<th>Entry into force</th>
<th>Deadline for implementation in the Member States</th>
<th>Official Journal</th>
</tr>
</thead>
</table>

**Related acts**


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