



Unfair Contract Terms Act 1977

1977 CHAPTER 50

PART I

AMENDMENT OF LAW FOR ENGLAND AND WALES AND NORTHERN IRELAND

Explanatory provisions

11 The “reasonableness” test.

- (1) In relation to a contract term, the requirement of reasonableness for the purposes of this Part of this Act, section 3 of the ^{M1} Misrepresentation Act 1967 and section 3 of the ^{M2} Misrepresentation Act (Northern Ireland) 1967 is that the term shall have been a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.
- (2) In determining for the purposes of section 6 or 7 above whether a contract term satisfies the requirement of reasonableness, regard shall be had in particular to the matters specified in Schedule 2 to this Act; but this subsection does not prevent the court or arbitrator from holding, in accordance with any rule of law, that a term which purports to exclude or restrict any relevant liability is not a term of the contract.
- (3) In relation to a notice (not being a notice having contractual effect), the requirement of reasonableness under this Act is that it should be fair and reasonable to allow reliance on it, having regard to all the circumstances obtaining when the liability arose or (but for the notice) would have arisen.
- (4) Where by reference to a contract term or notice a person seeks to restrict liability to a specified sum of money, and the question arises (under this or any other Act) whether the term or notice satisfies the requirement of reasonableness, regard shall be had in particular (but without prejudice to subsection (2) above in the case of contract terms) to—
 - (a) the resources which he could expect to be available to him for the purpose of meeting the liability should it arise; and

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Changes to legislation: There are currently no known outstanding effects for the Unfair Contract Terms Act 1977, Section 11. (See end of Document for details)

(b) how far it was open to him to cover himself by insurance.

(5) It is for those claiming that a contract term or notice satisfies the requirement of reasonableness to show that it does.

Marginal Citations

M1 1967 c. 7

M2 1967 c. 14(N.I.)

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