



# Consumer Rights Act 2015

## 2015 CHAPTER 15

### PART 2

#### UNFAIR TERMS

*What are the general rules about fairness of contract terms and notices?*

#### **62 Requirement for contract terms and notices to be fair**

- (1) An unfair term of a consumer contract is not binding on the consumer.
- (2) An unfair consumer notice is not binding on the consumer.
- (3) This does not prevent the consumer from relying on the term or notice if the consumer chooses to do so.
- (4) A term is unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer.
- (5) Whether a term is fair is to be determined—
  - (a) taking into account the nature of the subject matter of the contract, and
  - (b) by reference to all the circumstances existing when the term was agreed and to all of the other terms of the contract or of any other contract on which it depends.
- (6) A notice is unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations to the detriment of the consumer.
- (7) Whether a notice is fair is to be determined—
  - (a) taking into account the nature of the subject matter of the notice, and
  - (b) by reference to all the circumstances existing when the rights or obligations to which it relates arose and to the terms of any contract on which it depends.
- (8) This section does not affect the operation of—

- (a) section 31 (exclusion of liability: goods contracts),
- (b) section 47 (exclusion of liability: digital content contracts),
- (c) section 57 (exclusion of liability: services contracts), or
- (d) section 65 (exclusion of negligence liability).

### **63 Contract terms which may or must be regarded as unfair**

- (1) Part 1 of Schedule 2 contains an indicative and non-exhaustive list of terms of consumer contracts that may be regarded as unfair for the purposes of this Part.
- (2) Part 1 of Schedule 2 is subject to Part 2 of that Schedule; but a term listed in Part 2 of that Schedule may nevertheless be assessed for fairness under section 62 unless section 64 or 73 applies to it.
- (3) The Secretary of State may by order made by statutory instrument amend Schedule 2 so as to add, modify or remove an entry in Part 1 or Part 2 of that Schedule.
- (4) An order under subsection (3) may contain transitional or transitory provision or savings.
- (5) No order may be made under subsection (3) unless a draft of the statutory instrument containing it has been laid before, and approved by a resolution of, each House of Parliament.
- (6) A term of a consumer contract must be regarded as unfair if it has the effect that the consumer bears the burden of proof with respect to compliance by a distance supplier or an intermediary with an obligation under any enactment or rule implementing the Distance Marketing Directive.
- (7) In subsection (6)—
  - “the Distance Marketing Directive” means Directive [2002/65/EC](#) of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive [90/619/EEC](#) and Directives [97/7/EC](#) and [98/27/EC](#);
  - “distance supplier” means—
    - (a) a supplier under a distance contract within the meaning of the Financial Services (Distance Marketing) Regulations 2004 ([SI 2004/2095](#)), or
    - (b) a supplier of unsolicited financial services within the meaning of regulation 15 of those regulations;
  - “enactment” includes an enactment contained in subordinate legislation within the meaning of the Interpretation Act 1978;
  - “intermediary” has the same meaning as in the Financial Services (Distance Marketing) Regulations 2004;
  - “rule” means a rule made by the Financial Conduct Authority or the Prudential Regulation Authority under the Financial Services and Markets Act 2000 or by a designated professional body within the meaning of section 326(2) of that Act.

### **64 Exclusion from assessment of fairness**

- (1) A term of a consumer contract may not be assessed for fairness under section 62 to the extent that—

- (a) it specifies the main subject matter of the contract, or
  - (b) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it.
- (2) Subsection (1) excludes a term from an assessment under section 62 only if it is transparent and prominent.
- (3) A term is transparent for the purposes of this Part if it is expressed in plain and intelligible language and (in the case of a written term) is legible.
- (4) A term is prominent for the purposes of this section if it is brought to the consumer's attention in such a way that an average consumer would be aware of the term.
- (5) In subsection (4) “average consumer” means a consumer who is reasonably well-informed, observant and circumspect.
- (6) This section does not apply to a term of a contract listed in Part 1 of Schedule 2.

## **65 Bar on exclusion or restriction of negligence liability**

- (1) A trader cannot by a term of a consumer contract or by a consumer notice exclude or restrict liability for death or personal injury resulting from negligence.
- (2) Where a term of a consumer contract, or a consumer notice, purports to exclude or restrict a trader's liability for negligence, a person is not to be taken to have voluntarily accepted any risk merely because the person agreed to or knew about the term or notice.
- (3) In this section “personal injury” includes any disease and any impairment of physical or mental condition.
- (4) In this section “negligence” means the breach of—
- (a) any obligation to take reasonable care or exercise reasonable skill in the performance of a contract where the obligation arises from an express or implied term of the contract,
  - (b) a common law duty to take reasonable care or exercise reasonable skill,
  - (c) the common duty of care imposed by the Occupiers' Liability Act 1957 or the Occupiers' Liability Act (Northern Ireland) 1957, or
  - (d) the duty of reasonable care imposed by section 2(1) of the Occupiers' Liability (Scotland) Act 1960.
- (5) It is immaterial for the purposes of subsection (4)—
- (a) whether a breach of duty or obligation was inadvertent or intentional, or
  - (b) whether liability for it arises directly or vicariously.
- (6) This section is subject to section 66 (which makes provision about the scope of this section).

## **66 Scope of section 65**

- (1) Section 65 does not apply to—
- (a) any contract so far as it is a contract of insurance, including a contract to pay an annuity on human life, or
  - (b) any contract so far as it relates to the creation or transfer of an interest in land.

- (2) Section 65 does not affect the validity of any discharge or indemnity given by a person in consideration of the receipt by that person of compensation in settlement of any claim the person has.
- (3) Section 65 does not—
  - (a) apply to liability which is excluded or discharged as mentioned in section 4(2) (a) (exception to liability to pay damages to relatives) of the Damages (Scotland) Act 2011, or
  - (b) affect the operation of section 5 (discharge of liability to pay damages: exception for mesothelioma) of that Act.
- (4) Section 65 does not apply to the liability of an occupier of premises to a person who obtains access to the premises for recreational purposes if—
  - (a) the person suffers loss or damage because of the dangerous state of the premises, and
  - (b) allowing the person access for those purposes is not within the purposes of the occupier’s trade, business, craft or profession.

#### **67 Effect of an unfair term on the rest of a contract**

Where a term of a consumer contract is not binding on the consumer as a result of this Part, the contract continues, so far as practicable, to have effect in every other respect.

#### **68 Requirement for transparency**

- (1) A trader must ensure that a written term of a consumer contract, or a consumer notice in writing, is transparent.
- (2) A consumer notice is transparent for the purposes of subsection (1) if it is expressed in plain and intelligible language and it is legible.

#### **69 Contract terms that may have different meanings**

- (1) If a term in a consumer contract, or a consumer notice, could have different meanings, the meaning that is most favourable to the consumer is to prevail.
- (2) Subsection (1) does not apply to the construction of a term or a notice in proceedings on an application for an injunction or interdict under paragraph 3 of Schedule 3.