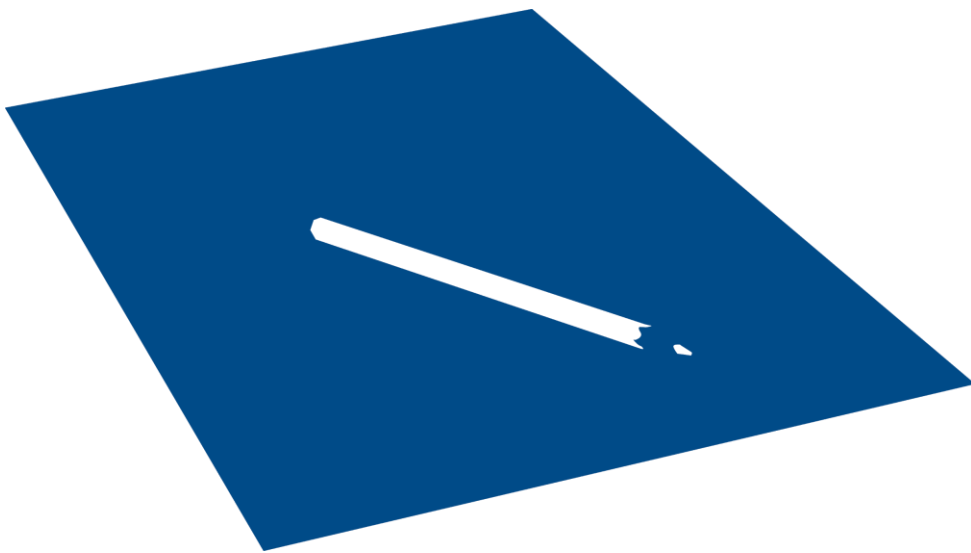


Contracts

Raising awareness of different consumer contracts and what you should know before signing up



**citizens
advice**

**Consumer Education trainers notes for
contracts (basic) pack**

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Introduction

The education resources have been produced to raise awareness of key consumer topics and the importance of people knowing they have consumer rights.

Activities are based on key consumer issues or problems people face when buying goods and services or resolving disputes.

The purpose of the basic pack is to introduce the topic to the participant, raise awareness of what a contract is and some of the key points they need to know. The resources aim to provide a discussion tool with which to engage your audience and to raise their awareness.

The activities have been developed as a resource to help to discuss consumer rights and agreeing to contracts with participants (for the purpose of the education resources, the term participants includes clients/ students/ service users) or at events.

Resources can be used as discussion tools, but try to encourage the participant to fill in the answers and take the resource away with them to reflect on.

Ensure participants have details of the Citizens Advice consumer service and **do not** advise on specific issues.

Resources are not designed as advice tools and where necessary participants should be directed to the appropriate advice organisation.

For the trainer references and links to further materials can be found in the reference section and the end of the pack.

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Session aims and objectives

The education pack is designed to assist the trainer (and also campaigns) by providing a number of activities that can be used to:

- generate discussions on the topic
- test understanding of what 'a contract' is
- empower participants to be more aware of how contracts work
- raise awareness of the consumer service and how to get advice

The aims of the resources are to:

- raise awareness of finding out important information about a contract
- understand a contract and decide whether or not it's affordable
- be aware of small print and how to get help to understand the detail of the contract

The objectives are that by the end of the session participants will be able to:

- understand what a contract is
- understand the importance of reading terms and conditions
- understand terminology within contracts
- understand the implications of signing a contract, including consumer responsibility and financial risks.
- know how to get advice or guidance to understand a contract or if there are problems with the contract.

If you are limited with time you may wish to focus on one or two activities to cover the objectives you feel most important.

Materials

- Client handout - to fill in or use for discussions.
- Examples of contract small print - no personal information!
- Access to the internet if possible
- Ensure participants have contact details for the consumer service

Session specific guidance

Introduction

Each time we decide to buy something or pay for a service, a 'contract' is created between us and the seller/provider. A contract is an agreement between two or more people (or groups) to do (or not to do) something.

Contracts can be complicated so it is essential that we know what we are signing up to. It is unreasonable to expect every consumer to understand every bit of a contract but we should help them develop the skills and confidence to ask if they're not sure.

It is important that people know:

- the total cost of the contract - how much you'll pay in total
- the length of the contract – how long you will be tied in for
- their rights might be different depending where they agreed to the contract

Consumer Rights Act 2015

The Consumer Rights Act (2015) is the piece of law that says:

- what should happen when there's a problem with goods or digital content are faulty
- terms in consumer contracts and notices must be fair
- there is a clear right to repair or replacement of faulty digital content such as online films and games, music downloads and e-books.
- what should happen if a service is not provided with reasonable care and skill or as agreed. For example, the business that provided the service must bring it into line with what was agreed with the consumer or, if this is not practical, must give some money back.

Consumers will have rights when they buy goods or services from an official trader, these rights do not apply to buying from a private seller. The CRA covers rights when purchasing and also repairs, services and maintenance.

The CRA states that products must be,

- Of satisfactory quality (SQ)
- Fit for purpose (FfP)
- As described

It doesn't matter if the item is new or second hand the consumer will still have rights to redress if there is a problem. This includes a range of remedies, such as:-

- a 30-day time period to return faulty goods and replacement rights
- clear and honest information before they buy

- goods being fit for purpose, and services being performed with reasonable care and skill
- faults will be put right free of charge or a refund or replacement provided.
- There are clear rules for what should happen if a service is not provided with reasonable care and skill or as agreed.

Specific criteria applies to each one, it is not a list the consumer can choose from. Consumers should be referred to the consumer service or consumer pages for guidance.

When a problem does occur, the CRA also make disputes easier to settle. Alternative Dispute Resolution, for example through an Ombudsman or ADR scheme, can offer a quicker and cheaper way of resolving disputes than going through the Courts.

The Consumer Rights Act provides remedies however **information requirements** are provided for in the **Consumer Contracts (Information, Cancellation and Additional Charges) Regulations**

These requirements only apply where businesses are dealing with customers who are consumers, not other sellers.

Businesses must provide the consumer with information before they buy goods or services. Some contracts allow the chance to hand back the goods or not have the service within a short period of time after the consumer has bought the goods or agreed to have the service. How much businesses will have to follow these rules will depend on where or how the contract was made.

- In a shop, garage or business – this is called an ‘on-premises’ contract.
- In the home, on the street or away from the business address – this is called an ‘off-premises’ contract.
- Over the telephone, online or by mail order – this is called ‘at a distance’ contract.

Before the consumer buys goods or services they should be given clear and easy to understand information especially about their rights to cancel the contract, made at a distance, and not have the goods or services if they change their mind.

The regulations put more responsibility on the consumer’s part to return items in a good condition. There is an onus on the consumer to check the contract, ensure that goods are returned within the time frame, returned in suitable packaging and good condition. This applies to distance and contracts not all types of contracts.

The regulations clearly layout what is the consumers’ responsibilities and what are the traders’ responsibilities, so consumers should be encouraged to check what is involved before entering into contracts. Information can be found via

the Citizens Advice website, local Citizens Advice and the Citizens Advice consumer service.

Key notes for contracts

For a consumer contract to be made, there are certain things which must happen:

- someone must make an offer, for example to carry out work or buy an item
- another person must accept the offer
- each party must give something or promise to give something to the other, such as payment. This is known as consideration
- each party must be legally capable of making a contract. You might not be legally capable if, for example, you're under 18.
- both parties must intend to make a contract by which they are legally bound
- both parties must have a shared understanding of what is agreed. This is known as consensus
- the contract must be legal

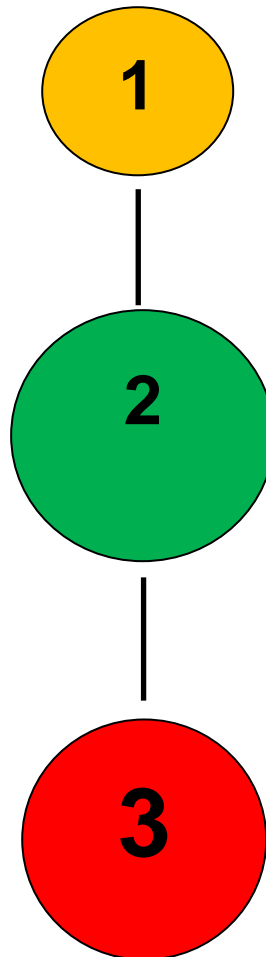
Session plan

The session plan has been designed to show trainers how they can use and manage the resources within the pack.

All activities can be delivered separately or as part of a longer session depending on the time resource available to the facilitator.

It is for the facilitator to determine which activities will be most relevant for their participants.

Activities will require some of the session specific guidance content.



Red activities – Are **essential** to any session on this topic

Amber activities – Are **highly recommended** but not essential

Green activities – Are **optional** activities, if time allows

Activity 1 - Different types of contracts

Ask participants to list some different types of goods, services or digital content. Also discuss what might be unfair terms in contracts. Identify participants' understanding and experience of entering into contracts. Participants should identify positive and negative aspects of entering into consumer contracts.

What types of contracts are you familiar with?	What are the positive aspects of engaging in the contract?	What are the negative aspects of engaging in the contract?
<i>Examples</i>		
Rental agreement	Security and renter's rights CRA letting agents	Additional costs, need to find large deposits
Mobile phone	Lower tariffs than PAYG CRA	Locked in time period
TV and broadband	Better access to online CRA	Length of term, hidden costs etc...
Hire purchase goods	Can have goods quicker than saving for them	Cost is higher overall
Monthly energy bills	More tariffs to choose from than prepayment meters or keycards Use of smart meter	DD can change, only have monthly account of usage.
Car rental schemes	CRA	It can be expensive, availability may be an issue. Liability for damage
Gym memberships	Special offers, incentive to get fit, cheaper than pay per session	Can be expensive, difficult to get out of subscription/ contract.

Activity 2 - Small Print in a contract

Small print or terms and conditions of a contract must be available to the consumer and should not contain any unfair terms. These can often be difficult to spot.

For this activity you will need to provide different examples of small print in contracts. This can be done in a number of ways:

- ask participants to bring examples without their personal information,
- a simple internet search will bring up examples.
- use websites with participants

Participants should look at different examples and then list their thoughts/ findings on the following issues,

1. How easy is the small print/ terms and conditions to find?
2. How small is the small print? Is it easy to read?
3. Are there any statements that you think are unfair?
4. Would reading through the terms and conditions put you off agreeing to the contract?
5. If on a website, is there a time limit to agree to terms and conditions? If so how long is it? Does it give you enough time to read through?

Activity 3 - What you need to know!

It is important to know what you are signing up to before you enter the agreement. It is, arguably, unreasonable to expect everyone to know the legal jargon in a contract. Contracts also make it difficult for the consumer to be able to understand. Necessity can also sometimes put pressure on us to make speedy uninformed decisions.

Finding out some of the key pieces of information can make this process easier,

1. Who can help you look through a contract before you sign up?

Your local Citizens Advice can look over a contract for you, possibly there are other local charities that can help too. A family member or friend may be able to help. The seller should be able to explain it to you; if they can't perhaps you should be cautious.

2. Is there a time limit for the offer?

Sometimes there can be deadlines to apply for offers but don't let this rush you into making an uninformed decision that you may regret. Often special offers contain small print with price increases or specified terms and conditions in order to receive the offer.

If someone is pressuring you into taking up a contract or service contact Citizens Advice consumer service as this could be a misleading or aggressive practice which is illegal.

3. Who is the contract with?

It is worth checking who the contract is with and who the payment will be going to.

4. How often do you have to pay?

Find out how regular the payments are and how much these payments will be. Can you change them? Can you select a payment day that suits you? For example if you have to make a payment on 25th but don't get paid until 1st is this going to be suitable for you?

5. Are there any other fees such as admin, early exit fees, late payment fees?

Find out if there are any additional fees or costs to instalments you will be paying. Additional extras can add up and can also make it difficult for you to swap to different providers for services, for example early exit fees for a mobile phone could be unaffordable as you may have to pay the full contract amount.

6. What is the total cost of the contract?

Find out what the total cost of the contract will be for you including fees, any interest incurred etc... Don't be afraid to ask the seller to explain it all to you. Take time to consider if it is something you can afford.

7. How long is the full term of the contract?

Make sure you know how long the agreement is for, and again if you can exit the contract early and if there are any fees.

8. What can you do if you want to cancel the contract?

Legally if you buy goods or services at a distance (online, doorstep, phone etc...) you usually have a cooling off period of at least 14 days. If the seller doesn't tell you this or honour it they are in breach of Consumer Contract Regs. Contact the Citizens Advice consumer service to get advice

9. Are there any unfair terms in the contract?

Citizens Advice and local Trading Standards can help advise you if you have a contract that has unfair terms or conditions, however by going through the contract before you sign up will help to identify potential problems.

10. How can I pay for the contract? Is it a payment method that suits you?

Make sure the payment method is one that you are happy with. If you want to pay cash it is essential to get (and keep) proof of payment. Paying by credit card, debit card or direct debit can be safer as it offers proof of payment but you also have additional protection from that provider if there is a problem. Information about this can be found on the Citizens Advice website (see reference section.)

Summary

Summarise the importance of understanding a contract before agreeing to the terms and conditions. Ensure that the participant knows how to look for reputable traders who provide information required by law. Ask participants to create a short list of things they have learnt from the session.

Ensure that the participant can:

- offer at least three points of learning
- understand what information should be provided before they enter into a contract
- be confident to ask key questions relating to a contract
- know who to get advice from and have recorded the Citizens Advice consumer service number.

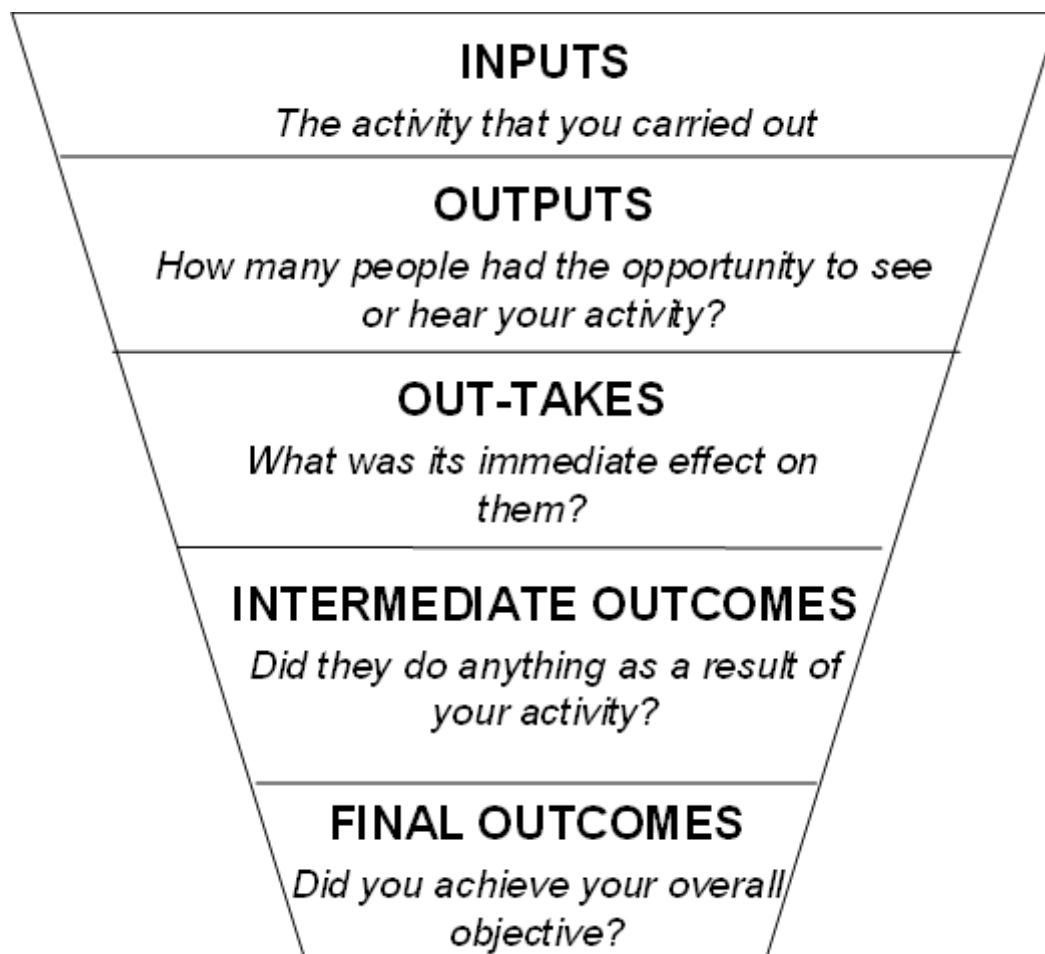
A list of topics that the participant is interested in should have evolved naturally out of the themes covered in the activities. The participant can choose from the list to decide what they would like to discuss next time. This not only provides very useful information for Citizens Advice, it also increases the likelihood that the participant will return.

If you have concerns about a participant entering into a potentially risky contract, strongly encourage them to visit their local Citizens Advice or contact the Citizens Advice consumer service.

As with many consumer issues it may be useful to signpost the participant to the Citizens Advice **financial capability offer**, to get more information topics such as budgets, payment options, debt.

Evaluation

The framework offers the facilitator questions that will enable a more in-depth analysis of the session. This can be done as a post-session analysis by the trainer or can be discussed with the participants. This will be dependent on the timescale available and also the engagement of the participants.



The facilitator should feedback their experience of the resources with specific comments about:

- o the ease of use of the materials
- o the effectiveness of the activities
- o any recommended top tips
- o any other recommendations for the resource
- o any interest from participants for other resource topic

Reference section

BSL Sign Language Consumer Rights Buying at a distance

<https://www.citizensadvice.org.uk/resources-and-tools/advice-in-bsl/consumer-advice-in-bsl/>

Consumer Contract Regulations

<https://www.which.co.uk/consumer-rights/regulation/consumer-contracts-regulations>

Consumer contracts - different ways of buying

www.citizensadvice.org.uk/consumer/different-ways-of-buying/buying-by-internet-mail-order-or-phone/how-a-distance-sale-contract-is-made/

Consumer Rights Act

<https://www.which.co.uk/consumer-rights/regulation/consumer-rights-act>

Misleading and Aggressive practices

<https://www.citizensadvice.org.uk/wales/consumer/changed-your-mind/if-you-were-misled-or-pressured-into-buying-something-you-didnt-want/>