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Legal

## Unfair Contract Terms Regime – Key Questions

In what we regard as fairly onerous and punitive reforms, the new unfair contract terms law (UCT) coming into effect on 9 November this year will affect thousands of businesses' standard form contracts.

Now is the time to review your terms and conditions of trade and any other standard form contracts on which you trade (e.g. purchase order conditions, consignment agreements, etc).

# Unfair Contract Terms Regime – Key Questions

## What is the new unfair contract terms law?

The *Treasury Laws Amendment (More Competition, Better Prices) Act 2022* (Cth) was enacted into law on 9 November 2022 and enters into force on 9 November 2023.

## What does this mean?

The changes grant the Australian Competition and Consumer Commission (ACCC) significant new powers to enforce the UCT Laws, including the ability for the ACCC to levy fines for breaches of the expanded UCT Laws of up to:

\$50,000,000 for corporate businesses

\$2,500,000 in the case of an individual

The expanded UCT Laws will apply to **standard form, small business contracts** and **consumer contracts** entered into or varied on and from 9 November 2023.

**Standard form contracts** are contracts that have been prepared by one party to the contract (the business offering the product or service) without negotiation between the parties. In other words, it is offered on a 'take it or leave it' basis.

**Small business contract** - the contract is for the supply of goods or services, or a sale or grant of an interest in land or for the supply of financial products or financial services; and at least one party to the contract is a small business, which is a business that employs fewer than 100 people and/or has an annual turnover of less than \$10 million. If the ASIC Act applies (if the contract relates to the supply of financial products or services), the contract must also have an upfront price no greater than \$5 million.

**Consumer contract** - At least one party to the contract must be a consumer – that is, an individual who is acquiring goods or services, or financial product or services under the contract wholly or predominantly for personal, domestic or household use or consumption. Consumers commonly enter into standard form contracts for financial products and services such as personal or home loans, bank accounts, credit cards, insurance cover or financial advice.

## How do I get my business ready for the changes?

Your business should be reviewing its standard form contracts and terms and conditions now to ensure they are compliant with the expanded UCT Laws, once they enter into force on **9 November 2023**.

## How can Results Legal help my business prepare?


Results Legal is a market leading specialist in trade credit contracts for businesses. We have a comprehensive practice in trade credit with a specialisation in trade credit contracts. We have developed comprehensive credit documentation which is compliant with the expanded UCT Laws. We can also tailor this to meet the needs of your business.


### No cost review of your credit documentation


We are offering a no cost review of your credit documentation. To take advantage of this offer, upload your credit documentation via our Unfair Contract Terms form.

[www.resultslegal.com.au/unfair-contracts](http://www.resultslegal.com.au/unfair-contracts)



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