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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations implement Council Directive [93/13/EEC](#) on unfair terms in consumer contracts (OJNo. L95, 21.4.93, p. 29).

The Regulations apply, with certain exceptions, to any term which has not been individually negotiated in contracts concluded between a consumer and a seller or supplier (regulation 3). Schedule 1 contains a list of contracts and particular terms which are excluded from the scope of the Regulations. In addition, those terms which define the main subject matter of the contract or concern the adequacy of the price or remuneration as against the goods or services supplied are not to be subject to assessment for fairness, provided that they are in plain, intelligible language (regulation 3(2)).

The Regulations provide that an unfair term is one which contrary to the requirement of good faith causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer (regulation 4(1)). Schedule 2 contains a list of some of the matters which shall be considered when making an assessment of good faith. Unfair terms are not binding on the consumer (regulation 5).

The Regulations provide that the Director General of Fair Trading shall consider any complaint made to him about the fairness of any contract term drawn up for general use. He may, if he considers it appropriate to do so, seek an injunction to prevent the continued use of that term or a term having like effect in contracts drawn up for general use by a party to the proceedings (regulation 8). In addition, the Director General is given the power to arrange for the dissemination of information and advice concerning the operation of the Regulations (regulation 8(7)).

A compliance cost assessment is available, copies of which have been placed in the libraries of both Houses of Parliament. Copies of the assessment are also available from the Consumer Affairs Division of the Department of Trade and Industry, Room 414, 10-18 Victoria Street, London SW1H 0NN.