

A hand holding a credit card over a laptop keyboard. The background features a dark grey laptop with a keyboard. A hand is holding a credit card with the number 5678 9012 3 and the date 07/20. A white hexagonal grid pattern is overlaid on the image, with some hexagons filled with blue. The text 'BRANDS' is visible on the laptop screen.

Best practice guide

Improving consumer
understanding of contractual
terms and privacy policies:
evidence-based actions
for businesses

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THE
BEHAVIOURAL
INSIGHTS
TEAM

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Foreword

I am really pleased to present this guide to businesses, which we committed to provide as part of the work announced in the Modernising Consumer Markets green paper. I think this is an important contribution to the efforts to help business communicate more clearly with their customers.

Evidence shows that a very small proportion of consumers properly read or understand terms and conditions (T & Cs) when buying online. This can make it difficult for them to make informed choices and result in a range of negative outcomes. Informed individual choice is important because it helps drive innovation and competition, which boosts productivity and supports well-functioning markets.

Government is committed to doing all it can to improve consumer comprehension of T&Cs. Businesses of course also have a key role to play in facilitating consumer understanding of the T&Cs they are signing up to. To support businesses in achieving this important objective, Government commissioned the Behavioural Insights Team to produce a concise, good practice guide for business on presenting terms and conditions and privacy notices online.

T&C's are typically lengthy and complex, so it is not surprising that most consumers are not inclined to read the entire fine print. However, research has shown that the way T&Cs are presented can make a real difference to consumer engagement and comprehension and this guide highlights some of the most effective techniques in achieving that. The guide offers businesses a useful tool, setting out a number of practical approaches, based on test findings, that businesses can use to encourage consumers to open terms and conditions and increase their understanding of the policies set out within them. The approaches highlighted in this report facilitate low effort awareness of T&Cs without requiring the consumer to always read T&Cs in full, reflecting real world behaviour.

For best results, we think this work needs to start right at the beginning and be built into marketing at the product development stage with businesses asking themselves "How can we best explain to our customers the key information about our products so that they understand and value them"?

I recognise that many responsible businesses have already taken steps to make the detail of their terms simpler to understand by using some of the proven techniques highlighted in the guide such as key fact summaries and FAQs. I applaud them and encourage all other businesses to do so, using the guide to support them in introducing positive changes to improve consumer comprehension.

The guide focuses on "How" to better present information to the consumer and not on "What" this information should be. Businesses remain obliged to comply with all relevant legislation in determining the content and presentation of their T&Cs. It is not a guide, for example, on how to ensure T&Cs comply with the law on unfair terms – the Competition and Markets Authority produces guidance on that aspect. But if used properly, the guide will help businesses facilitate one of the intended objectives of T&Cs - adequately informed consumers.

I hope as businesses you find the guide helpful and will include it as part of your product development toolkit.

Kelly Tolhurst

Parliamentary Under Secretary of State at the Department for Business, Energy and Industrial Strategy

1. Introduction

This guide is for businesses who want to help their customers understand their contractual terms and privacy policies. Making policies clear and easy to understand is an important element of customer journey design; it helps build customer trust and protects brand reputation.

The Department of Business, Energy and Industrial Strategy (BEIS) commissioned the Behavioural Insights Team (BIT) to create this guide. The guide draws on new research conducted by BIT as well as a review of the existing academic literature. Working in collaboration with regulators and academics, we designed and tested a number of ways to improve consumer understanding of contractual terms and privacy policies. We tested 18 techniques to increase engagement and understanding. We focused on methods that offer low-cost, practical and scalable solutions and that seek to avoid introducing new frictions to customer journeys. Full results and methodology of this new research are available in our technical report, available online. Our literature review of other relevant research is also available online.

In this guide we set out a number of approaches that businesses can use to increase customer understanding and engagement. We measure understanding by customers' ability to answer questions about the policy they read. We define engagement as opening contractual terms or privacy policies.

In section 3 we summarise techniques that have been shown to increase customers' understanding of terms and privacy policies. Section 4 gives details of techniques that have been shown to increase the rate at which customers open these policies. In section 5, we examine techniques with mixed evidence. Finally, in section 6, we discuss techniques that have little or no supportive evidence.

While we aim to provide high-level guidance and principles, each industry and business will have individual requirements. We have included ideas on how these approaches can be implemented and evidence for why these techniques are effective. This document does not provide guidance on compliance with existing law on unfair terms, transparency or data protection.

Information on unfair contract terms can be obtained from the CMA.¹
 Information on data protection and transparency when processing personal data can be obtained from the ICO.²

In the next section, we describe how we use randomised controlled trials to test different approaches. When businesses are making decisions about how to present contractual terms and privacy policies, we urge them to test how well their customers' understand their policies. Customers who better understand your terms and policies are less likely to complain or raise disputes about them later, thereby protecting your businesses' reputation.

	Effective techniques	Techniques with mixed evidence	Techniques with little or no supportive evidence
Understanding	<p>3.1 Display key terms as frequently asked questions</p> <p>3.2 Use icons to illustrate key terms</p> <p>3.3 Show customers your terms within a scrollable text box instead of requiring a click to view them</p> <p>3.4 Provide information in short chunks at the right time</p> <p>3.5 Use illustrations and comics</p>	<p>5.1 Present key points in a summary table</p> <p>5.2 Add examples and icons to your full terms</p> <p>5.3 Shorten your full terms</p> <p>5.4 Use simpler language</p> <p>5.5 Use a visual slider to explain fees</p>	<p>6.1 Make summaries expandable, allowing customers to click each summary point for more information</p> <p>6.2 Add emoji symbols to your terms</p> <p>6.3 Allow customers to make choices related to your policies while reading them</p>
Opening	<p>4.1 Tell customers how long it will take to read your policy</p> <p>4.2 Tell customers when it is their last chance to read information before they make a decision</p>		

2. How we found out what works

We used desk-based research and online lab testing to find out what techniques increase customer engagement with, and understanding of, contractual terms and privacy policies.

Literature review

We started by reviewing existing evidence on what works to improve customer understanding of businesses' contractual terms and privacy policies.

We consolidated research from peer-reviewed sources, market research, working papers and government reports. We used the findings from this evidence review to help design the ideas we tested.

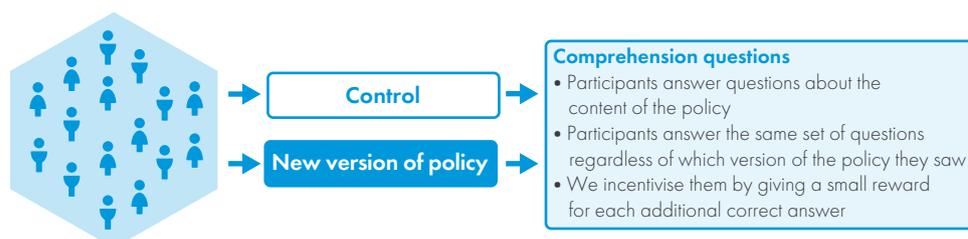
Online lab testing

We used online lab testing to test whether a design change improved customer understanding.

First, we took a sample of survey participants and randomly allocated them into groups. We checked that the groups were similar on demographics such as location, gender, education, income, and age. We used about 300-600 people per group to make sure we could detect differences in outcomes between the groups.

We showed each group a different version of the design and then asked everybody the same questions. The questions were designed to measure how well people had understood the terms and conditions.

Finally, we compared the average number of correct answers for each group.³



Testing is important because intuitions can be wrong. For example, one might assume that shortening sentences and words to achieve a lower 'reading age'²⁴ for your terms or policies would improve customer understanding. However, in our testing we did not find this. Our conclusion was that businesses should not judge whether a policy is easy to understand by measuring its 'reading age'. Instead businesses should test how well real consumers understand it by asking them questions about what they have read.

3. Techniques to improve customer understanding of terms and conditions and/or privacy policies

The approaches in this section have good evidence to show they help people understand terms and conditions and/or privacy policies.



3.1 Display key terms as frequently asked questions

Use a question-and-answer format to present what you consider to be key terms. Our tests results showed that this improved understanding by 36 per cent.

How to do this

Choose the most important or unusual points from your terms or policy; write them as questions with simple answers. For example, if your returns policy causes confusion, rewrite the key points as questions.



PROVEN EFFECTIVE

We found that this technique increased customer understanding.

Example 3.1 Display key terms as frequently asked questions

✓ SHIPPING
2 PAYMENT
3 CONFIRMATION

Payment method

Pay by card

Name

Card number

Expiry date CVC i

▼

▼

↶ **How can I return items?** You can return an item by sending it back by post or by bringing it into a store.

£ **Do I have to pay the return postage?** Yes.

🕒 **How long do I have to return the item?** 90 days from delivery.

i **Anything else?** Items bought via a digital wallet cannot be refunded back to your digital wallet account in store. Instead, you will be issued store credit or offered an exchange.

I agree with M clothing's terms and conditions

Your items

GREY T-SHIRT LARGE	x 1
Price	£6.00
<hr/>	
Subtotal	£6.00
Delivery charge	£2.99
<hr/>	
Total to pay	£8.99

BILLING ADDRESS

Same as shipping address

Mr A Smith
10 Ship lane
Applebury
Lancaster
LA1 1EG

Evidence

We compared two webpages: one with no summary, and one containing a summary of key terms written as questions and answers. Adding a summary of key terms in a question-and-answer format to a webpage increased customers' understanding of the terms by 36%.

Evidence 3.1 Display key terms as frequently asked questions

COMPREHENSION LEVELS UP 36%



3.2 Use icons to illustrate key terms

Summarise key terms and illustrate them with explanatory icons, to reduce the amount of information given in one go. Our test results showed that using this approach increased understanding by 34 per cent.

How to do this

Provide information that is most relevant, important, or unusual to customers as part of the customer journey, instead of keeping all terms and policies in separate links or documents. Choose the most important points that you want customers to understand and illustrate these with simple icons. Using icons with summary text helps customers understand these key points, but icons may not increase understanding when used to illustrate long blocks of text.



PROVEN EFFECTIVE

We found that this technique increased customer understanding.

Example 3.2 Using icons to illustrate key terms

1 SHIPPING

2 PAYMENT

3 CONFIRMATION

Payment method

Pay by card

Name

As appears on card

Card number

••••••••••••••••

Expiry date

Month



Year



CVC



Items can be returned in store or via post



Return postage not included

90 DAYS



Must return purchase within 90 days for a refund



Items bought via Paypal cannot be refunded in store - instead you will be issued store credit or offered an exchange.

I agree with M clothing's terms and conditions

Your items

GREY T-SHIRT LARGE x 1
Price £6.00

Subtotal £6.00
Delivery charge £2.99

Total to pay £8.99

BILLING ADDRESS

Same as shipping address

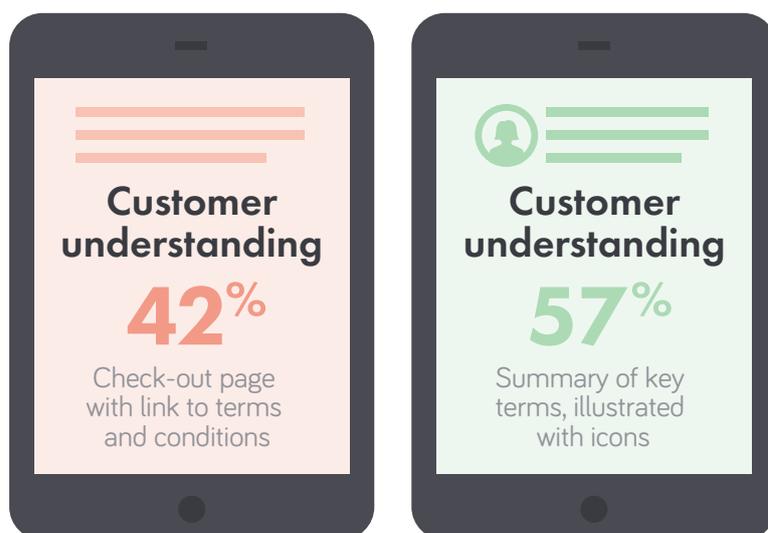
Mr A Smith
10 Ship lane
Applebury
Lancaster
LA1 1EG

Evidence

We added a summary of key terms, illustrated with icons, to a check-out page on a clothing website. The check-out page had a link to the full terms and conditions, but very few customers clicked it. Adding a summary of key terms with icons to a webpage increased customers' understanding of the terms by 34%.

Evidence 3.2 Using icons to illustrate key terms

COMPREHENSION LEVELS UP 34%



A second experiment we ran compared a summary of a privacy policy without icons to one with icons. Again, the illustrated summary achieved higher customer understanding of the policies.

Using icons with long blocks of text does not work very well. We compared a long privacy policy with no icons to an identical policy that was illustrated with over 20 icons. The icons did not help customers understand the policy better in this case. This result shows the importance of combining icons with short, easy to understand information.

PREVIOUS FINDING

Using icons to illustrate key terms

The Danish Competition and Consumer Authority

Other researchers have also found icon summaries increase customer understanding. The Danish Competition and Consumer Authority designed a summary box for retail websites using icons. Participants who saw the original design, with no summary, correctly answered an average of 3.4 out of 5 questions. Participants who viewed the redesigned terms with icon summaries correctly answered an average of 4.7 of the 5 questions, a 38.2 per cent increase on the old design.⁵

3.3 Show customers your terms in a scrollable text box instead of requiring a click to view them

Showing the terms as a scrollable block of text in the customer's journey on your website or app means they can easily read the terms and conditions (if they want to). Our test results showed that using this approach increased understanding by 26 per cent.

How to do this

Show all customers the full policy as a scrollable block of text. The text does not need to interrupt the customer's process or task. Customers who wish to learn more can do so without needing access a separate document.



PROVEN EFFECTIVE

We found that this technique increased customer understanding.

Example 3.3 Show customers your terms within a scrollable text box

✓ SHIPPING
2 PAYMENT
3 CONFIRMATION

Payment method

Pay by card

Name

Card number

Expiry date CVC ⓘ

M Clothing Terms and Conditions

Getting in touch with us
If you have any questions about these terms, please get in touch. We will try to respond within 24 hours. All our emails are conducted in English.

Your rights
Nothing in these terms impact your statutory rights. Your rights under this returns policy are in addition to your cancellation rights under the Consumer Contracts (Information, Cancellation and Additional

I agree with M clothing's terms and conditions

Your items

GREY T-SHIRT LARGE	x 1
Price	£6.00
Subtotal	
	£6.00
Delivery charge	
	£2.99
Total to pay	
	£8.99

BILLING ADDRESS

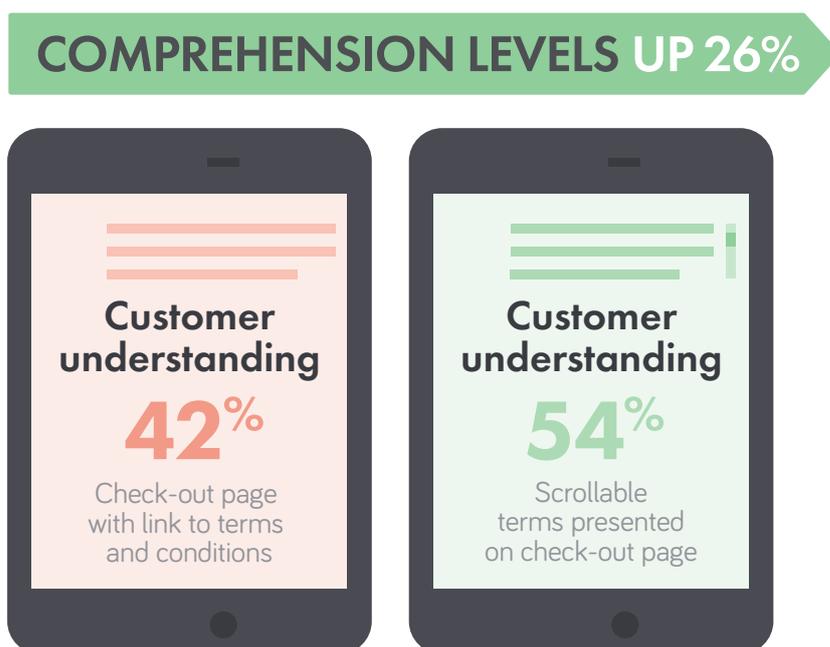
Same as shipping address

Mr A Smith
10 Ship lane
Applebury
Lancaster
LA1 1EG

Evidence

To test this, we added the full text of the terms and conditions to a check-out screen. This meant that customers did not have to click a hyperlink to see the terms and conditions. Only a small portion of the terms fit on the screen, but customers could scroll through them. This technique increased customers' understanding of the terms by 26%. This approach was not as effective as icon summaries or summaries in a question-and-answer format (see sections 2.2 and 2.3). impact as icon summaries or FAQ-style summaries (see sections 2.2 and 2.3).

Evidence 3.3 **Show customers your terms within a scrollable text box**



PREVIOUS FINDING

Show customers your terms within a scrollable text box

Other researchers have found that showing the terms 'by default' in customers' journeys leads to at least some increased customer engagement with these terms. In one study, 9.4 per cent of website visitors opened the terms and conditions of mock websites when they were given a choice. When scrolling through the terms and conditions was the default option, 77.9 per cent report they at least scanned the terms.⁶

3.4 Provide information in short chunks at the right time

Give people information about terms and conditions when it is most relevant. For example, provide information about terms and conditions as customers fill in their personal details. Our test results showed that using this approach increased understanding by 9 per cent.

How to do this

Use pop-up notifications or comments to the side of forms. These notifications do not need to interrupt a customer journey or task, but they provide key information when customers are giving personal data, making purchases, or filling in forms. Given at the right moments, these 'just in time' explanations improve customers' understanding of how the terms or privacy policy affect them.



PROVEN EFFECTIVE

We found that this technique increased customer understanding.

Example 3.4 **Provide information in short chunks at the right time**

Your pet	Your home	Your details
2. Your details		
FIRST NAME		
<input type="text"/>		
LAST NAME		
<input type="text"/>		
ADDRESS		
<input type="text"/>		
EMAIL		
<input type="text"/>		

We use your email address as part of allowing you access to your account, and in order to contact you with important information about any changes to your account. Please follow this link for further information.

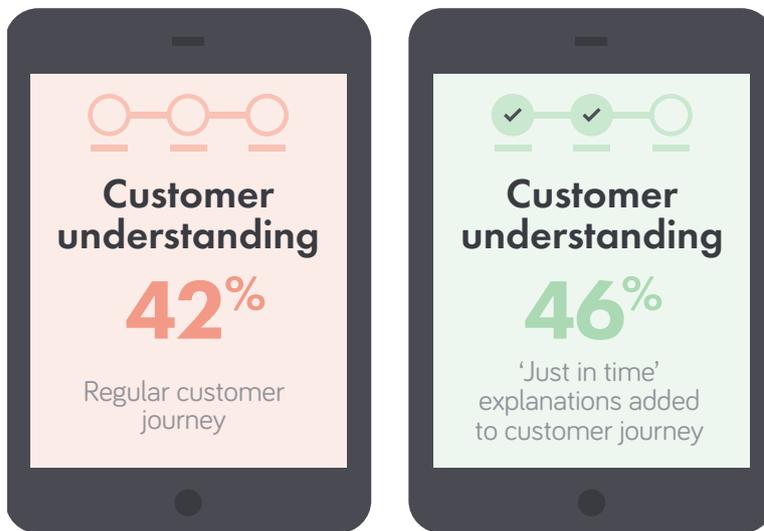
[find out more](#)

Evidence

To test timely explanations, we created a customer journey through a price comparison website. One of the new versions of the journey that we tested included 'just in time' explanations of how the website used customers' data. This change increased customers' understanding of the privacy policy by 9%.

Evidence 3.4 **Provide information in short chunks at the right time**

COMPREHENSION LEVELS UP 9%

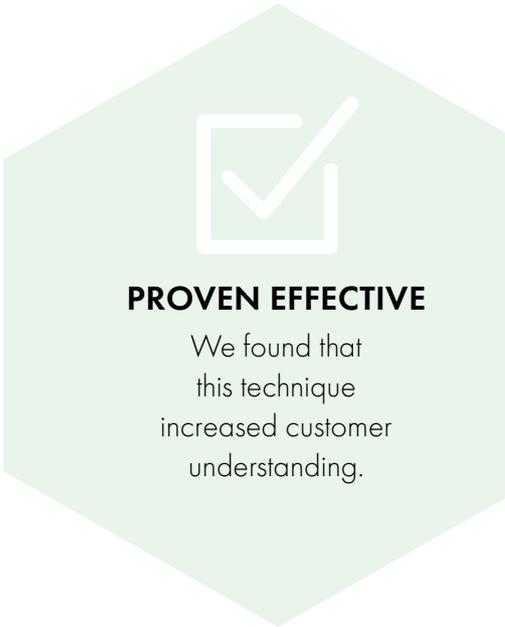


3.5 Use illustrations and comics

Use comics and illustrations to explain step-by-step actions and processes. Comics’ speech bubbles give customers information about facts, dates, and figures, and their illustrations give context and emotional cues. Other researchers have found that this approach increases understanding rates by 24 per cent.

How to do this

By using comics, you can explain your terms or privacy policy in the form of stories.



PROVEN EFFECTIVE

We found that this technique increased customer understanding.

PREVIOUS FINDING

Using illustrations and comics



The example here shows a comic that uses emotion and chronology with an explanation of key facts and figures to explain a credit agreement cancellation process.

Although designing full-colour comics is resource-intensive, businesses can use less expensive methods, such as by using black-and-white comics, stick-figure illustrations, and infographics.

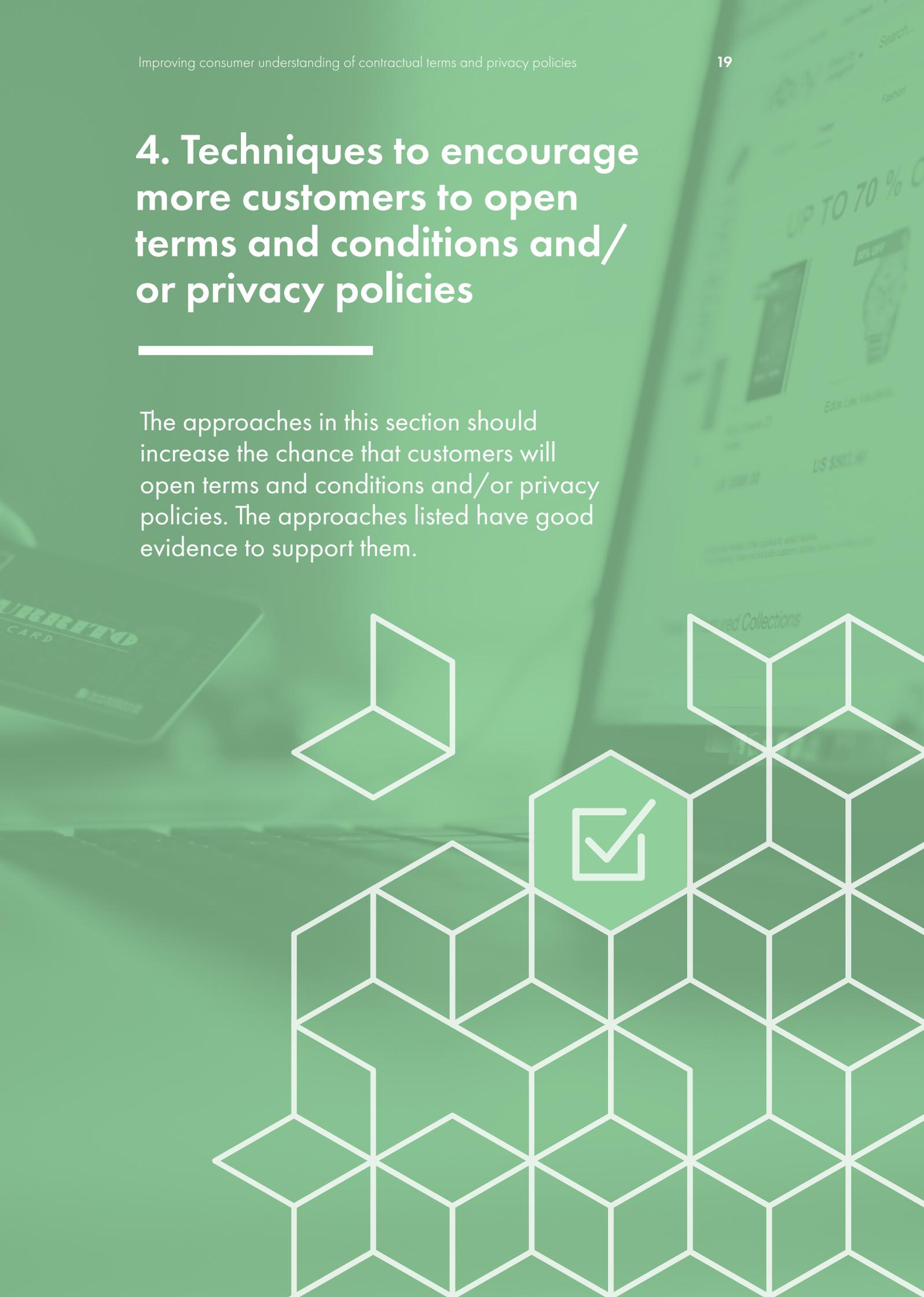
Evidence

We did not test comics in our research, but other research shows they can improve customer understanding. People who had not seen the comic strip shown here correctly answered only 78 per cent of comprehension questions. After seeing the comic, they correctly answered 97 per cent of the comprehension questions.⁷



4. Techniques to encourage more customers to open terms and conditions and/or privacy policies

The approaches in this section should increase the chance that customers will open terms and conditions and/or privacy policies. The approaches listed have good evidence to support them.



4.1 Tell customers how long it will take to read your policy

Tell customers how long a policy normally takes to read. Our test results showed that using this approach increased the number of people opening a policy by 105 per cent.

How to do this

Show the number of minutes it takes to read a policy. To calculate how long text takes to read, count the number of words and divide by the average reading speed of your audience. We recommend using 265 words per minute as an average reading speed. This approach increases transparency by letting customers know how long they would need to learn about your policies and terms.



PROVEN EFFECTIVE

We found this technique increased the rate at which customers opened full terms and policies.

Example 4.1 Tell customers how long it will take to read your policy

Hi Lizzy. Here's the last step in setting up your Shopping World account.

Get early access to sales.



Find out more

See which brands we stock.



Find out more



Our [privacy policy](#) takes less than five minutes to read.

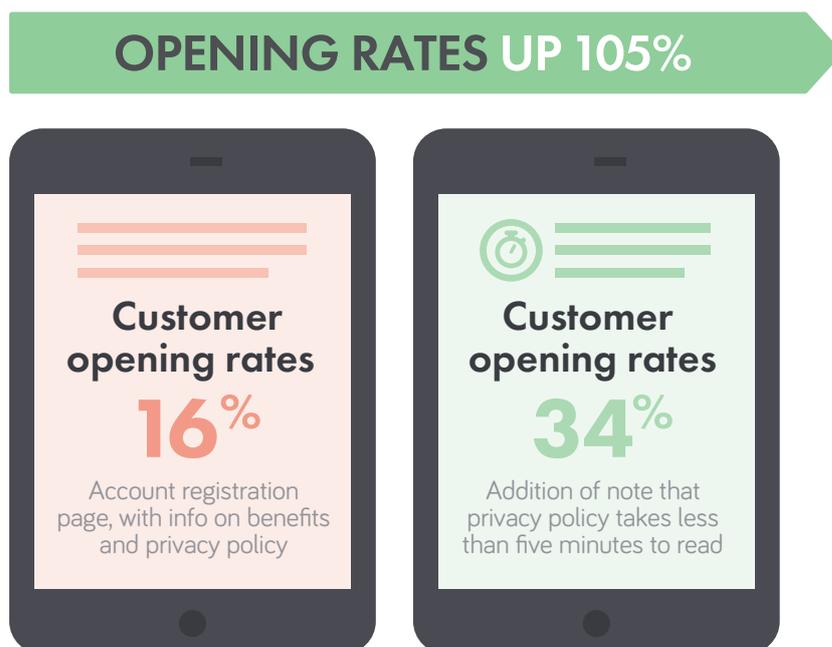
In the policy, you can find detailed information on how we use your personal data, including how we personalise our communications to you.

I have read and understood Shopping World's privacy policy

Evidence

We designed a page describing the benefits of registering for an account with a shopping website. Next to the link to see the privacy policy, we added a note that the privacy policy took less than five minutes to read. This note was highly effective and more than doubled the number of people opening those terms.

Evidence 4.1 **Tell customers how long it will take to read your policy**



PREVIOUS FINDING

Tell customers how long it will take to read your policy

Other research has also found that telling people how long it will take to read something increases opening rates of terms and conditions. In one online experiment, displaying the message that 'reading the terms and conditions takes less than five minutes' increased opening rates from 9.4 per cent to 19.8 per cent.⁸

4.2 Tell customers when it is their last chance to read information before they make a decision

When a customer is about to buy something or set up an account, let them know that it is their last chance to read any relevant policies before they do so. Our test results showed that using this approach increased opening rates by 41 per cent.

How to do this

Notify customers when it is their last chance to look at a policy before they make a decision or complete a transaction. For example, agreeing to terms or acknowledging personal data use when making a purchase or signing up to a new service.



PROVEN EFFECTIVE

We found this technique increased the rate at which customers opened full terms and policies.

Example 4.2 Tell customers when it is their last chance to read information

Hi Lizzy. Here's the last step in setting up your Shopping World account.

Get early access to sales.



Find out more

See which brands we stock.



Find out more

This is your last chance to read our [privacy policy](#) before signing up - in the privacy policy, we explain how we use your personal data, including how we personalise our communications to you.

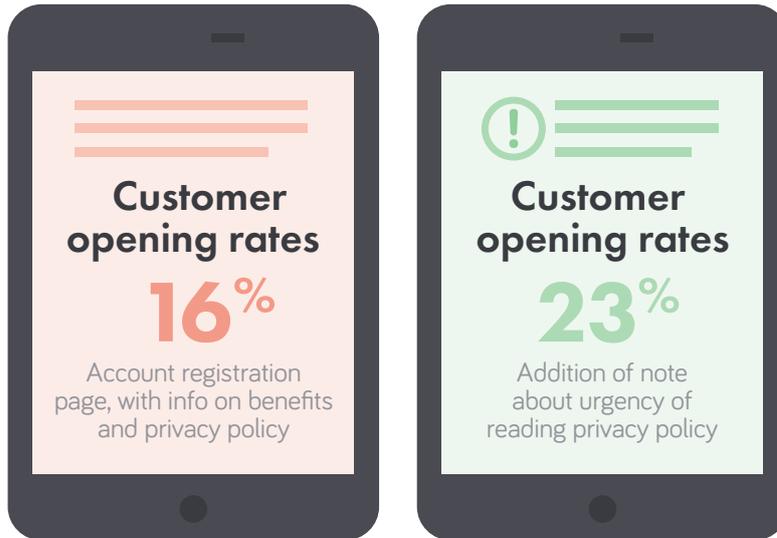
I have read and understood Shopping World's privacy policy

Evidence

Simply telling people when it was the last chance to read the privacy policy before signing up to a membership scheme increased the proportion of people opening the policy by 41 per cent.

Evidence 4.2 **Tell customers when it is their last chance to read information**

OPENING RATES UP 41%



5. Techniques with mixed evidence

The ideas in this section have all been tested, but there is mixed evidence about whether they increase customers' understanding of contractual terms and privacy policies. Because of the mixed evidence, we do not make a general recommendation that these are good ways to increase customer understanding of policies. They may work in some situations but not others. You may decide to use them, but we strongly recommend that you test them using a robust methodology such as an A/B test, where you compare the new design's effect on customer understanding against the performance of the old design.



5.1 Present key points in a summary table

At the top of full terms, use a short summary table. Our test results showed this approach increased understanding of the points detailed in the summary table, but reduced understanding of terms not in the table.

How to do this

Choose the most important or unusual terms to illustrate in a summary table. Give each term a simple title, and then explain how your policy relates to each point. Note that this design choice may mean that customers pay more attention to the terms in the table, but pay less attention to the other terms.



SIDE EFFECTS

While summary tables help explain policies' most important points, they may also decrease customers' engagement with the rest of the terms.

Example 5.1 Present key points in a summary table

Contract length	24 months, after which you can terminate your contract with 30 days' notice and will not incur an early termination fee.
Cooling off period	14 days, during which you can cancel without incurring an early termination fee. It starts the day after you agree to go ahead with the service.
Notice period	You must give 30 days' notice if you wish to end the contract at any point after the cooling off period.
Early termination policy	If you leave during your minimum contract period you will need to pay an early termination fee. The fee will be 80% of your remaining monthly payments. Some exceptions to this are set out below.
Price increases	In April of each year, your monthly price will increase by the government-measured rate of inflation announced in March.
Stopping the contract if prices change	You can leave without paying an early termination fee, if we increase your monthly price by more than the inflation increase in March and/or we make a change outside of that which disadvantages you.
Price after minimum contract period	Your monthly cost will stay the same, unless and until the Agreement is terminated by you or Chataphone.

1. Cooling off period
2. Minimum Period
3. Charges
4. Lost or stolen handset
5. Changes to the Charges, Services and this Agreement
6. Credit reference and fraud prevention agencies
7. Contacting us and the regulator

Evidence

We added a summary table to the top of the terms and conditions for a pay-monthly mobile phone contract. Customers who saw the summary table understood more of the terms discussed in the summary table, but they had lower understanding of the terms that the summary table had not raised.

Evidence 5.1 Present key points in a summary table



PREVIOUS FINDING

Present key points in a summary table

Nutrition label for privacy

Privacy researchers have looked at using a 'nutrition label for privacy'. The idea is to standardise how companies explain their privacy policies. Just as a nutrition label has fields for calories, sugar, and salt, a standardised privacy policy summary table would define categories for how businesses use customers' information, whether they share it, and with whom they share it. In two studies, researchers found that customers understood a privacy policy better when they viewed a privacy policy summary table.^{9, 10}

5.2 Add examples and icons to your full terms

Use explanatory text boxes to illustrate a policy's most important, unusual, or abstract points.

How to do this

Give examples showing how the policy works in practice. Carefully consider which points should be paired with explanatory text boxes.



SIDE EFFECTS

While illustrated examples help illustrate a policy's most important points, they may also decrease customers' engagement with the rest of the terms.

Example 5.2 Add examples and icons to your full terms

Problems during your stay

The full amount you have paid is refundable if the host materially disadvantages you during your stay, and these situations will be dealt with in the following ways:

- If you have a complaint about the host, please let us know at customer.relations@CompareEveryRoom.com within 24 hours of check-in or, if the event that triggered the complaint happened after check-in, please let us know within 24 hours of when the event happened.
- Please email us with pictures if the complaint is about accommodation that is substandard or has been misrepresented by the host on CompareEveryRoom.
- CompareEveryRoom has the final say in disagreements between you and the host.



What does this mean for you?

If you booked a 3-bedroom apartment but arrive and it's a single room, email us with pictures within 24 hours of check-in and we will refund what you have paid and help to put the situation right.

CompareEveryRoom's liability

CompareEveryRoom does not have liability for damage to personal property while staying at a host's accommodation, so we encourage you to purchase travel insurance from another travel insurance provider to protect your property while you are on your trip.



What does this mean for you?

If the host's plumbing has a fault and water damages your clothing, CompareEveryRoom will not cover the damage.

Evidence

We added textboxes explaining how specific parts of a room booking website's terms affected customers. The examples explained how four specific policies would work in practice. Overall customer understanding of the full policy did not go up with the introduction of example.

When customers saw the examples, their understanding of the four policies that were illustrated by examples was higher. However, their understanding of the other policies not illustrated with examples was lower.

Evidence 5.1 **Present key points in a summary table**

COMPREHENSION LEVELS UP 10%
for terms explained by examples

COMPREHENSION DOWN 7%
for terms **not** explained by examples



OLD DESIGN



NEW DESIGN

5.3 Shorten your full terms

Shorten terms to make them easier for customers to read.

How to do this

Remove sections of text that are repeated elsewhere in your policy. Summarise unnecessarily long sections.

Evidence

Although some previous research has found that shortening dense text improves understanding, our research showed no impact of shortening. We ran an experiment shortening a company's contractual terms from 1,400 words to 700 words. The shortened terms did not improve customer understanding. When terms and policies are complicated, using fewer words to describe them may not help customers better understand them, although doing so may still have the benefit of saving customers time. In order to have a significant impact on comprehension, it is possible that this approach must be used in combination with others.



MIXED EVIDENCE

While shortening sometimes improves comprehension, we did not find that it improved comprehension of a full policy. Also, care must be taken to ensure that shortening does not lead to the use of jargon or unclear wording.

5.4 Use simpler language

Simplify terms by shortening long sentences, using simpler words, and removing jargon.

How to do this

You can reduce the estimated reading age of your policies by shortening sentences and words. Online tools can help you identify long or complex sentences¹¹ and generate a 'reading age' for text.¹² We suggest you focus on writing clearly, rather than having a target reading age for a policy. Policies with a low reading age are sometimes harder to understand than policies with higher measured reading age. A text's reading age comes from the length of its sentences and words, but these indicators don't always reflect how easy or difficult it is to understand.

Evidence

We ran an experiment in which we shortened long sentences and used simpler words. This reduced the policy's estimated reading age from a university graduate's reading level to a 14-year-old's reading level. Customer understanding did not improve in our tests.

It is important to note that our research showed that reducing a policy's reading age level helped people with lower levels of qualifications understand it better. Among this group, decreasing the policy's reading age level increased understanding by 16.9 per cent.

Other research has also found mixed evidence on the effect of simplification. One study found almost no impact on comprehension from simplifying terms.¹³ Other researchers rewrote documents related to social services. They tried rewriting documents to achieve lower estimated reading ages, mostly by replacing complex words with simpler words and by shortening long sentences. They found no positive impact on understanding from this type of 'simplification'. However, when they asked professional writers to rewrite the documents to make them as clear as possible, participants' comprehension improved.¹⁴

Using simpler language is good. However, it is not necessarily helpful to judge whether a policy is 'readable' just by measuring its reading age. Instead, test how well real customers understand it.



MIXED EVIDENCE

While simplifying sometimes improves comprehension, the evidence is mixed. We recommend testing comprehension, rather than assuming that simplifying a piece of writing will make it easier to understand.

5.5 Use a visual slider to explain fees

Interactive sliders can help customers understand the choices they can make. Sliders are especially helpful when there are a range of financial consequences as a result of customers' choices.

How to do this

Use sliders to show the effects of decisions. Examples include:

- cancellation charges that change depending on when customers cancel¹⁵
- debt repayment schedules that change based on payment choices
- insurance premiums that vary based on the excess chosen by customers



MIXED EVIDENCE

Although sliders improve comprehension in some contexts, the evidence is mixed.

Example 5.5 Use a visual slider to explain fees

Use the slider below to work out how much you will pay if you cancel:



Days until check-in

15 days

Three to two weeks before check-in:

100% refund on all fees*

*If you have made reservations at more than one room during the same time period, we will not refund the service fee if you cancel one of the rooms - this is to discourage the practice of booking multiple rooms and then cancelling all but one of them.

Use the slider below to work out how much you will pay if you cancel:



Days until check-in

6 days

Three to two weeks before check-in:

100% refund on cleaning fees, no refund on accommodation fees or service fees

Evidence

The evidence for whether the use of visual sliders can increase understanding is mixed. We added a slider to explain a booking website's complicated cancellation policy. It did not help customers better understand the policy.

In a previous study by the Behavioural Insights Team, we found that sliders can help customers make better financial decisions. In this study, we added a slider in a credit card debt repayment exercise. In this environment, customers who pay only the minimum repayment end up paying much more in the long run. Including the slider reduced the proportion of people choosing the minimum payment from 45 per cent to seven per cent.

We think that when a customer has direct control over a decision, such as how much to pay off their credit card, sliders help them make better decisions. But there is little evidence that sliders help customers better understand information in general.



6. Techniques with little or no supportive evidence

This section includes information about other ways of presenting information which are commonly used. As far as we are aware there is no evidence that these approaches increase customers' understanding of contractual terms and privacy policies. In fact, in some instances they may decrease understanding. However, they may have other benefits for customers. For example, giving customers the chance to control data sharing settings while reading your privacy policy may not make it easier to understand the policy, but it could still make it easier for customers to choose their preferred settings. It is also important to point out that the lack of evidence of these techniques' effectiveness does not mean that they do not increase understanding in any circumstances. Context matters and it might be that the approaches do not work in the contexts they have been tested in so far.



6.1 Make summaries expandable, allowing customers to click each summary point for more information

Many companies design terms and privacy policies in 'layers'. Customers see short summaries of each section or term; when they click the summary, the section expands, allowing them to learn more.

How to do this

Summarise each section or point. Use these summaries as hyperlinks that expand and show the full section or point when customers click on them.



LACK OF EVIDENCE

We found that this technique decreased customer understanding.

Example 6.1 Make summaries expandable

Your pet
Your home
Your details

1. Tell us about your pet

PET'S NAME

PET TYPE

Dog
 Cat
 Rabbit
 Horse

IS YOUR PET MALE OR FEMALE?

Male
 Female

HOW OLD IS YOUR PET?

Privacy Policy (click below for more information)

- [Information we collect about you](#)
- [Information we collect about how you use Compareeverything.com](#)

We also collect your IP address, your computer's make and model, and how you use our website, such as which links you click on. Learn more in our privacy policy.

- [Giving yours](#)
- [Sharing information with other companies in our group](#)
- [Credit checks to obtain quotes](#)
- [Newsletters](#)
- [Our commission model](#)

Evidence

We tested a specific form of layering and found that it reduced customer understanding of the terms. In our experiment, we turned a summary of terms into a set of seven points. Customers could click each point to learn more. These customers correctly answered 40 per cent of the comprehension questions we asked them, which was four per cent lower than customers who had seen the summary with no layering.



6.2 Add emoji symbols to your terms

Emojis are an inexpensive way to add visual context to terms and make them more attractive to read.

How to do this

Add emojis that are relevant to the points you are explaining in your terms or privacy policy. They can be part of a heading or part of the text itself.



LACK OF EVIDENCE

We found that emojis did not increase customer understanding.

Example 6.1 Make summaries expandable

1. Cooling off period 🕒

After agreeing to the terms in this Agreement, you have a 14-day cooling off period in which you can cancel the Agreement. If you do cancel the Agreement within the cooling off period, you will still pay for your usage during this time but will not pay any Early Termination Fee.

2. Minimum Period 🗓️

The Minimum Period for this contract is 24 months. It starts when Chataphone connects your SIM Card, and you can end the contract by giving Chataphone 30 days' written notice. Once the 24 months is up, you can keep using the Services at the same monthly minimum charge, unless and until the Agreement is terminated by you or Chataphone, giving 30 days' notice. If you end the contract before the end of the Minimum Period, you will need to pay an Early Termination Fee equal to 80% of your remaining monthly payments. This applies when this Agreement comes to an end, except:

- If Chataphone ends this Agreement by giving you 30 days' written notice or because Chataphone is permanently unable to provide the Services to you; or
- If you end the Agreement due to a specific issue that Chataphone has caused that disadvantages you. 😞

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3. Charges 📞

You will pay all Charges due under this Agreement (whether you use the handset and SIM Card or not). The minimum price for the Services provided under this Agreement is the cost of all the Plan Charges for the Minimum Period.

- 💳 Most customers pay by direct debit. If you choose to pay your bill by credit or debit card you will not be charged any additional fees.
- 📺 In addition to the minimum price, some Charges are for the Out of Plan Services. These Charges for Out of Plan Services are subject to change, so check our website to find out what they are.

Evidence

We added emojis to a pay monthly sim card terms and conditions. It made no difference to customer understanding of the terms.

6.3 Allow customers to make choices related to your policies while reading them

Make your terms and policies interactive by allowing customers to make choices related to the policies while reading them. For example, if people can choose whether their demographic information is shared with advertisers or whether their contact details are shared with other companies, you can allow them to set these controls from the same page as your privacy policy.

How to do this

If customers can choose privacy settings, make it possible for them to make these choices while reading your privacy policies. For example, if you have an account settings dashboard, include it in your privacy policy.



LACK OF EVIDENCE

We found that this technique did not increase customer understanding.

Example 6.3 Allow customers to make choices related to your policies while reading them

What data we collect and how we use it

Account Information:

We ask you for your username, password, age, and email address (“account information”). We use this information to personalise Photoblogr.

We also allow users to look for their friends by email address. However, they will only find you if you opt in to email lookup through your account settings.

Your posts, blogs, pages, and username are all visible to the public by default. However, you can keep yourself anonymous on Photoblogr by changing your account settings.

Want to opt in to email lookup?

If you want others to look up your Photoblogr account based on your email, click this button to opt in.

Turn on Email lookup

Evidence

We tested adding opt-in and opt-out choices to a privacy policy, but this design change had no impact on customer understanding. There may be other benefits to this design, though. It can make it easier for customers reading a policy to tailor settings, and it may give customers a greater sense of control.

7. Test what works in practice

Human (and customer) behaviour is complicated and context-dependent. Trying to change customer behaviour requires care and consideration. When you are designing your product or service you may want customers to read and understand terms and policies. It is important to test how well customers understand them. For example, do people understand your returns policy? One of the best ways to test your ideas is by running an online randomised control trial, where some customers see the old design and others see the new one. This idea - also known as A/B testing or split testing - may already be familiar to you.

If you are testing your policies make sure the outcome you measure is related to customers' understanding rather than if they like particular approaches. You can ask customers just one or two questions, and vary the questions over the hundreds or thousands of customers who read your policies.

Testing in this way will give you rich insights, based on rigorous evidence, of just how well your customers understand your policies. Better informing your customers can prevent complaints, disputes, and risks to your businesses' reputation.

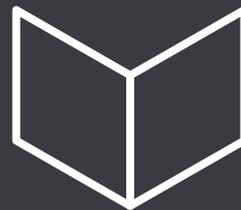
Endnotes

- 1 Competition and Market Authority. (2015). Unfair contract terms: CMA37. Available at: <https://www.gov.uk/government/publications/unfair-contract-terms-cma37>.
- 2 ICO. (2018). Guide to the General Data Protection Regulation (GDPR). Available at: <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/>
- 3 This guide does not assess whether any particular understanding level is acceptable. Instead, it assesses which techniques improve understanding, regardless of baseline understanding levels. The same is true for rates at which customers open policies.
- 4 There are various formulas to calculate a text's reading age level. They use a text's average sentence length (number of words per sentence) and average word length (number of letters or syllables per word). See section 5.4 for more about using simple language.
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- 6 Elshout, M., Elsen, M., Leenheer, J., Loos, M., & Luzak, J. (2016). Study on Consumers' Attitudes Towards Terms Conditions (T&Cs) Final Report. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2847546.
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- 9 Kelley, P. G., Bresee, J., Cranor, L. F., & Reeder, R. W. (2009, July). A nutrition label for privacy. In Proceedings of the 5th Symposium on Usable Privacy and Security (p. 4). ACM.
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- 11 Many of these tools are free. For example, <http://www.hemingwayapp.com> highlights lengthy, complex sentences and unnecessarily difficult words.
- 12 There are various formulas to calculate a text's reading age level. Most are driven by the text's average sentence length (number of words per sentence) and average word length (number of letters or syllables per word).
- 13 Elshout, M., Elsen, M., Leenheer, J., Loos, M., & Luzak, J. (2016). Study on Consumers' Attitudes Towards Terms Conditions (T&Cs) Final Report. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2847546
- 14 Walmsley, S. A., Scott, K. M., & Lehrer, R. (1981). Effects of document simplification on the reading comprehension of the elderly. *Journal of reading behavior*, 13(3), 237-248.
- 15 Providing these are compliant with the relevant rules on unfair terms.

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