

CANCELLING A CONTRACT: WHEN & HOW

AT-A-GLANCE GUIDE



You may want to include terms in your contract that allow both you and your customer **legitimate reasons** for bringing a contract to an end.



However, if you cancel a contract you could leave your customer with **significant problems** and potentially facing costs. If this is the case, then a term which allows you to cancel the contract whenever you like is likely to be considered unfair, even if you provide refunds of any advance payments.

Your terms should not give your business excessive rights to cancel a contract, and your customer should not be unduly restricted should they wish to do the same.

What is said in this guide assumes that there are no special statutory provisions which give consumers cancellation rights, for example, those which arise in 'distance' or 'off premises' contracts.

TIPS FOR WRITING **FAIR** TERMS

For example, your terms are more likely to be fair if:

- They explain any right for you to cancel, so cancellation will not come out of the blue.
- Where you cancel and your customer is not at fault, they give your customer a refund of any advance payments they have made.
- Where using your right to cancel could cause the customer significant problems, it applies only where circumstances genuinely beyond your control make it impossible to carry out the contract as agreed.
- You agree to give reasonable notice before cancelling, except where there are 'serious grounds' for immediate cancellation which are clearly set out.
- There is nothing to stop your customer cancelling if you break the contract.



TERMS THAT MAY BE UNFAIR INCLUDE:



Allowing you to cancel the contract whenever you want and without offering your customer any refunds of prepayments.

EXAMPLE

|| We reserve the right to cancel this contract at our discretion and without refunds. ||



Stopping your customer from cancelling the contract in any circumstances.

EXAMPLE

|| You cannot cancel this contract at any time. ||



Terms giving you excessive rights to cancel.

EXAMPLE

|| This contract shall remain in force for a minimum period of 12 months, unless we cancel it sooner, which we may do at any time. ||



HAVING CLEAR AND FAIR TERMS IN YOUR CONTRACT WILL

- SAVE YOU TIME
- HELP PREVENT DISPUTES AND REPUTATIONAL DAMAGE
- PROTECT YOUR BUSINESS IF SOMETHING GOES WRONG

WANT TO KNOW MORE

[Introductory guide](#) – click here for an overview of some of the key things you need to know about unfair terms.

[Individual guides](#) – see our other guides on contract terms that may be unfair.