

# News Release

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**Hon Gail Gago**

Minister for State/Local Government

Relations

Minister for the Status of Women

Minister for Consumer Affairs

Minister Government Enterprises

Minister Ast Minister for Transport, Infrastructure & Energy

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## **EMPOWERING CONSUMERS AGAINST UNFAIR CONTRACTS**

South Australia's Consumer Affairs Minister Gail Gago has been instrumental in reaching a national agreement to press ahead with a proposal to introduce uniform laws aimed at protecting consumers from unfair contract terms.

Ms Gago is in Hobart today at the Ministerial Council on Consumer Affairs.

"I am pleased the MCCA has endorsed a plan to include unfair contract terms as part of the far reaching overhaul of Australia's consumer laws," Ms Gago said.

Under the proposed national consumer law, unfair terms in standard contracts could be challenged.

"That means that a consumer would have the right to complain to OCBA and other regulators," Ms Gago said.

"If the consumer watchdog decided that the term in question caused a significant imbalance in the parties' rights and obligations, the regulator would be able to assist the consumer in seeking a remedy – for example that a particular unfair term of the contract could be struck out."

An unfair contract term is one that lessens consumers' rights. It may also not be spelt out clearly or obvious to the consumer who is signing on the dotted line.

Fair trading agencies such as the Office of Consumer and Business Affairs (OCBA) in SA regularly receive complaints about unfair contract terms involving goods and services ranging from mobile phones and air travel to financial services.

"In recent years a trend has emerged where many large companies have a 'take it or leave it' approach to consumer contracts, leaving consumers without a choice," Ms Gago said.

"With new technologies, products and markets emerging all the time, consumer contracts have been getting more complex and consumers have been struggling to understand their rights and obligations.

"Consumers are regularly pressured into signing up for a product or service without really being given the chance to read the terms and conditions involved.

“Even those who’ve read the fine print can be left feeling bamboozled by complicated, ambiguous wording in the contract.”

Examples of where a contract has been considered unfair include:

100 per cent cancellation fees (ie if the consumer cancels early they pay the full price)

Mobile phone contracts that allow the supplier to suspend the service but require the consumer to continue paying.

“These reforms will ultimately empower consumers and help markets in the future become fairer, more competitive and more efficient,” Ms Gago said.

“They are about ending the bias that has crept into consumer contracts and overcoming some of the imbalance in the bargaining power between consumers and traders when it comes to buying goods and services.”