

# Terms and conditions for small businesses: An essential guide

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The business landscape, especially for small businesses, can often seem like a minefield. The key to successfully navigating this lies in establishing comprehensive standard terms and conditions (T&Cs). These T&Cs act as a compass, guiding the business relationship between you and your customers. This article delves into the importance of T&Cs, their components, and how to craft and update them effectively.

## What are terms and conditions?

T&Cs, also known as business terms, terms of sale, or terms of service, are the legal contract between you and your customer for your supply of goods or services. They are the conditions on which you agree to do business with someone else, often on a non-negotiable take-it-or-leave-it basis. In the UK, businesses must have T&Cs in place to protect themselves and their customers.

## The importance of terms and conditions

T&Cs are vital in setting out what you have agreed with a client or presenting the inflexible terms under which you will accept business. They define the contract, act as a record of it, set out your business procedures, protect your business and your rights and limit your liability. Even if you are selling a low-value product or service, a disagreement with a client can take up significant time and possibly lead to reputational damage. Hence, having a comprehensive set of T&Cs is good business practice and a trust-building measure with customers.

## Components of terms and conditions

A well-constructed T&Cs document should include the following provisions:

### *Definition of the contract's basis or subject matter*

Your T&Cs should clearly state what you are selling. The products and/or services could be described in detail or referred to in another document, such as a sales brochure or your website.

### *Price*

You should include all variations, circumstances, and provisions for price increases.

### *Payment terms*

This section should set out how and when you want to be paid. Your contract should also include non-payment and late payment provisions.

### *Definition of the services procedures*

The amount of detail you should provide depends on your business. Avoid cluttering your T&Cs with half-promises and sales talk.

### *Provisions relating to carriage, delivery, risk and insurance*

Every business selling goods has its T&Cs to cover this area of activity.

### *What happens while the contract runs?*

If a contract for services is to take place over a period of time, you might want to explain who will be responsible for which aspects of the services while the contract runs. There can be any number of contract clauses depending on the nature of the service to be delivered.

## *Termination provisions*

You need to consider the length of your contract, the trigger for termination, and the consequences of early termination.

## *Limitation of liability*

These terms limit the damages you must pay your customer if your goods or services fail.

## *Protecting your business*

This area is usually covered in several separate provisions. Some such provisions might include force majeure (circumstances beyond yours and the customer's control), confidentiality, non-disclosure of information or restriction of the extent of any claim.

## *Intellectual property rights protection*

Your intellectual property may be very valuable. The use and ownership of intellectual property are particularly important in the context of an Internet business.

## The role of privacy policies

Privacy policies that outline how businesses collect, store, and use customer data are a crucial part of T&Cs. Businesses must comply with UK data protection laws, including the General Data Protection Regulation (GDPR) as present in UK law.

## Compliance with UK consumer protection laws

Businesses must adhere to UK consumer protection laws, including the [Consumer Rights Act](#), which outlines consumers' rights when purchasing goods or services. Terms and conditions should be written in clear and concise language, and businesses should ensure that customers fully understand what they are agreeing to when making a purchase.

## Crafting your terms and conditions

Creating your terms and conditions can be done in several ways. Instructing a lawyer to draft them is often recommended, as using templates and examples can result in key business activities not being protected by agreement to the terms and conditions. Regardless of the method used, businesses should ensure that their terms and conditions are tailored to their specific industry and customer base and written in clear and concise language.

## Updating your terms and conditions

Once your terms and conditions are in place, it is essential to regularly review and update them to ensure that they remain relevant and effective. Businesses should review their terms and conditions at least once a year or whenever there are changes to laws or regulations that may impact them. It is also important to notify customers of any changes to the terms and conditions, including providing them with a copy of the updated document.

## Legally binding nature of terms and conditions

T&Cs are legally binding and form part of the contract between you and your customer. To ensure they're enforceable, they should be visible on your website and part of your onboarding process when you take on a new client. It's best practice to direct all new customers to your T&Cs and have them sign the document to say they have read them or create an online click agreement.

## Where to place your terms and conditions

Position your T&Cs prominently on your website and ensure they're easily accessible through hyperlinks. If you require a sign-up form from new customers, acceptance of your website terms should be mandatory, and definitive acceptance of them is sought, for example, "click this button to accept our Terms and Conditions."

## Changing your business's terms and conditions

Most T&Cs include a provision that allows the business to change the Terms and Conditions at any time. If you have regular clients or customers, it's best to inform them in writing that your standard T&Cs have changed and what this means for them. To avoid any misunderstandings that may lead to disputes, have the client or customer sign the new T&Cs to acknowledge receipt.

## Conclusion

Having effective terms and conditions in place is essential for any UK business. They provide a clear understanding of the terms of sale or service, protect the business and customers, and ensure compliance with UK laws and regulations. By following the key considerations outlined in this guide, businesses can create terms and conditions tailored to their specific needs and customer base that provide a positive customer experience. If you need help drafting or updating your terms and conditions, consider seeking legal advice. By ensuring that your terms and

conditions are effective and up to date, you can protect your business and provide your customers with a positive experience.

Speak to our head of corporate, [Victoria holland](#) today to discuss updating your terms and conditions today.

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Note: This article is not legal advice; it provides information of general interest about current legal issues.

