

Examples of contracts

Contracts range from very simple transactions to complex agreements:

- Purchasing a bus ticket
- Buying a television
- Entering into a loan agreement
- Dropping off dry-cleaning
- Signing an employment contract
- Clicking an “I agree” button on a web page

A contract can be in writing or it can be verbal. A verbal contract is able to be enforced but some contracts must be in writing, such as an agreement to buy a house.

How do I know if I've entered into a contract?

A contract always has three parts:

1. AGREEMENT – one party makes an offer, and the other party accepts.
2. CONSIDERATION – this is the value of the promise (usually payment of money) given in return for the goods or service.
3. The parties INTEND the agreement to be LEGALLY BINDING.

Have a think about your circumstances...if you can tick off all three parts, you may have entered into a contract!

IMPORTANT

DO NOT sign a contract if you do not fully understand what you are agreeing to, ask questions!

Consumer Affairs: 1800 019 319

Can I get out of a contract early if I want to?

Once a contract has been signed, neither party can change their mind – you are locked in unless both parties agree to the change.

If either party wishes to get out of the contract early, they may end up having to pay a penalty, or the other party may take them to court to recover any losses they suffer as a result.

What if I haven't signed anything?

You may still have entered into a contract.

For example, if a store agrees to order a product for you, and you pay a deposit and agree to pay the balance later, you have probably entered into a contract.

If another party to your contract has not done what they agreed to do, you should seek legal advice immediately, as you may be able to take action which forces the other party to either carry out their agreement or pay an amount of money to cover your losses.

"...A contract is a legally binding agreement between two or more people. One party will agree something in exchange for the other party agreeing to something else..."

IMPORTANT

Check whether your contract has a 'get out early' clause. If it does, make sure you are happy with any penalties that you have to pay should you want to get out of the contract.

Tips for signing a contract

- Don't allow anyone to rush you.
- Read every word, including the small print, and ensure you understand the entire document.
- If there is anything you don't understand, take the contract away and get some independent advice before you sign.
- Never sign a contract that contains blank spaces
- Understand exactly what you are paying for, and how any interest or charges will be calculated.
- To avoid disputes, make sure any verbal changes are noted in writing before you sign.
- Keep a copy of the signed contract in a safe place.
- Any contract, even if it is 'standard', can be changed if all parties agree.
- Don't be pressured into signing a contract before you are ready.



For further advice on any consumer issue visit the web site
www.consumeraffairs.nt.gov.au
Or telephone Consumer Affairs on 1800 019 319

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