TERMS AND CONDITIONS: WHAT YOU NEED TO KNOW

Often, the early days of a start-up are filled with endless tasks to complete, which can make it quite tricky to manage competing priorities. Whether you are scrambling to get products ready for the market or trying to set up shop properly, before you know it the business is moving along with clients or customers coming in. In these early, sometimes tumultuous stages, start-up founders often neglect the use of Terms and Conditions (“T&Cs”) because they have a misguided belief that they either do not need the T&Cs or there are more pressing issues to worry about.

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What are T&Cs?

T&Cs are contractual terms between a business and its customers that set out the rights and obligations of the parties. The T&Cs usually set out the terms upon which a business will provide certain goods, products or services to customers or clients. This means that if you do not have T&Cs in respect of your business, you run the risk of experiencing misunderstandings and disputes with clients, borne out of uncertainties.

Such misunderstandings can occur where, for instance, the customer thinks he/she may pay on delivery or at the completion of the service, but you expect that you will receive payment before delivery, or a deposit is to be made before the commencement of the service. T&Cs set out what the agreed terms are between parties and more importantly, what happens if things go wrong, one party wants to leave the arrangement, or a transaction becomes unviable for any reason.

What should be in your T&Cs?

The content of your T&Cs is largely dependent on the nature of your start-up or small business. You should however definitely consider including:

(a) a clear definition of the products or services to be provided;
(b) the term of the arrangement and what notice period is required to terminate it;
(c) the payment terms (e.g. when is payment due? When will interest on unsettled invoices begin to accrue?);
(d) the governing law;
(e) any guarantees, warranties or limitation of liabilities; and
(f) timelines for deliveries and any queries.
Where can you place T&Cs?

Extra tips for drafting your T&Cs

(a) Draw up a list of the key terms that you intend to offer your customers;
(b) Think of all scenarios in which things could possibly go wrong and then set out what you will do in each case;
(c) Think of the most difficult customer possible in preparing T&Cs for your business;
(d) Play the devil's advocate by putting yourself in your customers' shoes and ensure that the T&Cs are clear and easily understandable;
(e) Ensure that your terms are specifically written for your business – you should not assume that the T&Cs of another business will adequately cover your business; and
(f) Consult a lawyer for the purposes of drafting your T&Cs.

Ensure you refer your customers or clients to your T&Cs whenever a purchase is to be made or a service is to be paid for.

Conclusion

You never really know the kind of dispute, misunderstanding or legal difficult that could appear at your business doorstep. As such, T&Cs ensure that you are not only adequately protected but also that you and your customers are aware of your respective rights under the business arrangements. You should, therefore, not take your T&Cs for granted as everything, no matter how little, is important.

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