



Consumer Hotline 188
Mascot
"Iyayan"

Unfair contracts are void!


– The booklet of Consumer Contract Act –

- ★ There is a disparity in the quality and quantity of information and negotiating power between **consumers** and **business operators**.
- ★ The **Consumer Contract Act** came into effect in 2001 to protect the interests of consumers.
- ★ Its revision in 2016 and 2018 expanded the scope of contract rescission and nullity.

Your problem may be solved. Let's look into the contents of the Consumer Contract Act.



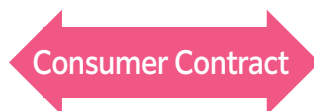
Definitions of "consumer" and "business operator" in the Consumer Contract Act



Consumer

Individual

Except in cases where an individual becomes a party to a contract as a business operator or for the purposes of a business operator



Business operator

- Corporation or association
- Individual business operator

In cases where an individual becomes a party to a contract as a business operator or for the purposes of a business operator



The Act targets all kinds of contracts concluded between a **consumer** and a **business operator** (= **Consumer Contracts**).

Rescission

Contracts concluded because of unjust solicitation can be **rescinded** later.

Lying (Misrepresentation)

The business operator made a misrepresentation regarding an important matter to the consumer.

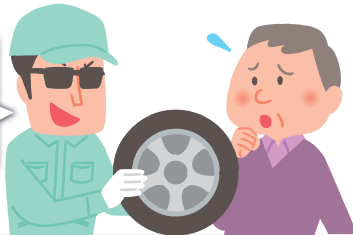
Example

The business operator solicited the consumer saying that the device could reduce electricity bills and sold a device that did not have any such effect.

Example

The business operator told the consumer that the current tires were worn out and dangerous and they needed to be replaced, which was not true, and sold new tires.

Your tires are worn out and dangerous!
You need to replace them (not true...)



Not telling what is disadvantageous (Omission of disadvantageous facts)

The business operator represented only the advantages of an important matter and intentionally omitted disadvantageous facts.

Example

The business operator sold a condominium saying that it had a good view and sunlight, knowing that a building would be built next to it, which would eventually block the view and sunlight.

Good view and sunlight!
(A high-rise building will be built next to it, though...)



Scope expanded in the 2018 revision

In addition to cases where disadvantageous facts are omitted intentionally, cases where they are omitted **due to gross negligence** are subject to rescission.

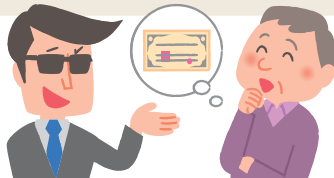
Promising higher future prices (Provision of conclusive assessment)

The business operator provided conclusive assessments for uncertain items subject to future changes.

Example

The business operator sold a financial product whose value was not certain to increase in future, saying that it would increase in value for sure.

It will increase in value for sure!



Soliciting to purchase an excessive amount of goods (Excessive contract)

The business operator solicited the consumer to enter into a consumer contract knowing that the object of contract exceeded the normal amount, the number of times or the period required for the consumer.

Example

The business operator solicited and sold more than tens of kimonos to an elderly consumer, knowing that she lived alone and did not go out nor wear kimonos often.



Not leaving when requested (Failure to leave)

The business operator did not leave in defiance of the consumer's request for the business operator to leave.

Example

The business operator continued to solicit the consumer at the consumer's residence despite being asked to leave many times.

I'm busy now...



Please wait, what about this?

Preventing the consumer to leave (Prevention of leaving)

The business operator prevented the consumer from leaving in defiance of the consumer's request to leave.

Example

The business operator continued to solicit the consumer at the business operator's store despite the consumer asking to leave many times.

I want to go home.



Please wait, what about this?



I live alone, but a business operator solicited me to buy many bed mattresses. I do not use so many bed mattresses, and the business operator knew about it. Can I rescind this contract?

Find the answer on the last page

Rescission

Items added in the 2018 revision

Career seminar scam (Fear representation)

The business operator **incited concern** and told the consumer that a contract was necessary, knowing that the consumer had excessive concern towards the **realization of wishes**^{(*)1} due to lack of life experience^{(*)2}.

Example

The business operator solicited job-seeking students to attend a career seminar saying that they would not succeed in life without attending it, knowing their concerns.

I'm worried if I can get a job.

You won't succeed unless you take this seminar!

*1 Wishes regarding career, work, marriage, livelihood, appearance, body, and so on.

*2 Not determined by the consumer's age; it can also apply to middle-aged or elderly consumers.

Romance scam (Manipulation of romantic feelings)

The business operator told the consumer to enter into a contract to keep the relationship, knowing that **the consumer had romantic feelings towards the solicitor and misunderstood that the latter had similar feelings**, due to lack of life experience^{(*)2}.

Example

I met a man on social media and fell in love with him after getting in touch several times. He invited me to a jewelry exhibition and told me that we could not maintain our relationship if I did not buy him jewelry; hence, I concluded a contract.

I don't want to break up...

It's for our future...

Inciting concern of elderly consumers (Manipulation of impaired judgment)

The business operator incited concern and told the consumer that a contract was necessary, knowing that the consumer had **excessive concern towards maintaining the current lifestyle** due to **significantly impaired judgment** caused by ageing or physical or mental impairment.

Example

The business operator solicited the consumer who had impaired judgment due to ageing, saying that the consumer would not be able to maintain the current lifestyle unless investing in a condominium building and getting a regular income.

Maybe he's right...

You will have a hard time if you don't buy a condominium building.

Fortune-telling scam (Notification using fortune-telling)

The business operator incited concern of the consumer by exhibiting **a special capacity such as fortune-telling** and saying that **a major disadvantage** would occur to the consumer if no action was taken.

Example

The business operator solicited the consumer, saying that the consumer was surrounded by evil spirits and had to purchase a rosary to ward them off and be healthy.

My health...

You'll get better if you buy this.

Forcibly demanding payment before concluding a contract (Performance of duties before concluding a contract and others)

The business operator **performed all or a part of their duties** before concluding a contract, making it difficult to recover the prior state.

Example

The business operator cut laundry poles to suit the consumer's house measurements before an order was placed, and demanded the payment.

Not easy to refuse...

I've already cut the poles, so please buy it.

The business operator **conducted business activities aimed at concluding a contract** before concluding a contract, and **demanding compensation for the loss** caused by such activities.

Example

The business operator in another town asked me to meet to solicit condominium investment and told me to pay his transportation fee because he came all the way for me.

I came for you. If you refuse, pay the transportation fee!



I am still a student, but the business operator solicited me to enter into a beauty treatment contract, saying that I needed beauty treatment because my skin would be damaged if I did not do anything. Can I rescind this contract?

Clauses that exempt business operators from responsibility

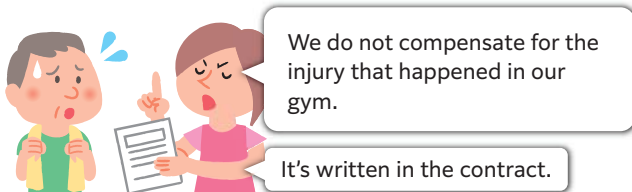
Clauses that totally exempt business operators from liability or partially exempt business operators from liability for damages intentionally or with gross negligence are void.

Example

Clauses such as "the company shall not be responsible for any damage caused by the breakdown or failure of our computer system or software."

Example

Clauses such as "the gym shall not be responsible for any personal or property damage, such as injury and theft that occur while using our facility."



Items added in the 2018 revision

Clauses in which business operators **decide** the presence or scope of responsibility **unilaterally** are **void**.

Example

Clauses such as "we shall be responsible for liability for damages **only in cases where we admit our fault**."

Clauses that prohibit consumers from cancellation for any reason

Clauses that make consumers waive their right to cancel are void.

Example

Clauses such as "the purchased product cannot be cancelled or returned for any reason after concluding the contract."



Items added in the 2018 revision

Clauses in which business operators **decide unilaterally** whether consumers have the right to cancel or not are **void**.

Example

Clauses such as "the customer cannot cancel the order **except in cases where the company admits its fault**."

Clauses that cancel the contract if consumers use the adult guardianship system

Added in the 2018 revision

Clauses that give business operators **the right to cancel when consumers receive a ruling for the start of guardianship as its only reason** are void.

Example

Clauses in apartment rental contracts stipulating that the lessor (business operator) can cancel the contract immediately in case the lessee (consumer) **receives a ruling for the start of guardianship**.



Clauses that stipulate cancellation penalties that exceed the normal amount of damages

The part of cancellation penalties that exceeds the normal amount of damages caused by the cancellation, and the part of delayed damages that exceeds an annual interest of 14.6% are void.

Example

Clause of a wedding hall contract that stipulates 80% of the contract amount as the cancellation penalty for cancellation more than a year before the date of use.

Example

Clauses such as "the monthly rent shall be paid on the 20th of each month; in case the payment is not made by that date, the delayed damage shall be paid at the annual rate of 30% for the monthly rent."

Example

Clauses such as "successful candidates must complete the admission procedure before the designated date, or they will lose their admission qualification. The paid school fees (admission and tuitions fees) will not be returned in any case."



*In addition to clauses that stipulate the payment of cancellation penalties in case of cancellation, clauses that exempt business operators from paying back the money at the time of cancellation are covered.

Clauses that impair the interests of consumers unilaterally

Clauses that restrict the rights or expands the duties of the consumers more than the application of the default rules and unilaterally impair the interests of the consumers in violation of the principle of good faith are void.

Example

The consumer bought a vacuum cleaner, and a health food which was not included in the order came together. The contract stipulated that the consumer had to purchase the health food continuously unless they made a call to say that they did not want any such food.



Efforts of business operators and consumers

Efforts of business operators

Business operators shall endeavor to

- (1) Make the contract clauses clear and plain as **not to cause doubt about their interpretation**
- (2) Provide necessary information when soliciting consumers, **based on the characteristics of the subject of the contract and in consideration of each consumer's knowledge and experience.**



Efforts of consumers

Consumers shall endeavor to actively use the information provided by the business operators and to understand their rights and duties and other matters set forth in consumer contracts.



I concluded a contract to use a sports gym, but the contract included a clause that stipulates a very expensive cancellation penalty. Is this clause void?

If you have doubts about your contract, call

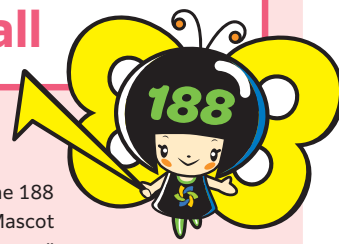
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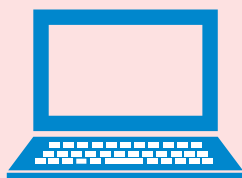
Press these three digits.
You will be directed to a
Consumer Affairs Center
near you.

The phone number is available in Japanese only.

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**For more information, visit the Consumer Affairs
Agency website**



<https://www.caa.go.jp/>

What is Consumer Organization Collective Litigation System (injunction)?

- ★ **Similar consumer damages** often happen to **a large number of consumers**.
- ★ The Consumer Organization Collective Litigation System (injunction) exists to prevent such consumer damage from happening and spreading.
- ★ **The Consumer Organization Collective Litigation System (injunction)** is a system that allows Qualified Consumer Organizations to request an injunction against improper conduct of business operators.
- ★ **There are about 20 Qualified Consumer Organizations across Japan**. You can provide information on unjust solicitation and contract clauses to these organizations.
- ★ **NPO organization Consumer Smile Fund** was established to support such consumer organizations.

Quiz answers

- Q1: It can be rescinded, because the business operator solicited the consumer to enter into a consumer contract knowing that the amount was excessive for the consumer.
- Q2: It can be rescinded, because the business operator incited concern of the consumer and told the contract was necessary, knowing that the consumer had excessive concern towards the realization of wishes due to lack of life experience.
- Q3: It is void, because such clause also seeks to cancel the contract when the consumer uses the adult guardianship system.
- Q4: When a clause stipulates a cancellation penalty that exceeds the normal amount of damages, that excess part becomes void. Such clause is not limited to cases of school fees and wedding hall fees.

[Contact regarding this booklet]

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