

# Contracts

## Factsheet

### What is a contract?

A **contract** is a legal agreement. An agreement is an understanding between two or more people.

You can agree to a contract by signing, by saying you will do so in words (orally) or by ticking that you agree on an online form on a website.

### Signing a contract

You agree to a written contract by signing it. This is when you write your name on the contract (signature).

### Oral contract

You agree to an oral contract when you use words that say you want to buy something or do something. This includes words like 'yes' or 'I agree'. You usually have an oral contract when you are talking to someone about getting services like electricity or a mobile phone. This can be in person or on the phone.

### What is an agreement?

An agreement is an understanding between two or more people. It is not a contract. For example, if you promise to give a friend a lift in your car, this is an agreement. It is not the law.

### Do not agree to a contract unless you understand it

You must understand everything before you enter into a contract. There are many important contracts you may need to sign. For example for renting a house, opening a bank account and getting money from Centrelink. Know where to get help from a trusted person quickly.

### Remember

- ▶ A contract is a legal agreement.
- ▶ Do not sign any contract you do not understand.
- ▶ You cannot cancel some contracts because you change your mind.



### It is important to understand before you agree to something

Hayat answers a knock at her door and a salesman starts talking to her very quickly about buying a vacuum cleaner. Hayat lets the salesman in the house.

The salesman shows her how the vacuum cleaner works and then hands her a contract. The salesman tells Hayat she needs to sign the contract to buy the vacuum cleaner.

Hayat is uncomfortable asking questions because the salesman speaks fast and English is still new to her. She says she needs to get help to understand the contract before she signs it.

Hayat asks the salesperson to leave the contract after saying she needs time to understand what is in it.

Hayat asks her friend Miranda for help. Miranda takes Hayat to a free community legal centre to see one of the workers.

The worker explains to Hayat that the vacuum cleaner will cost a lot of money and it is good that Miranda did not sign the contract without some help. The worker explains it is important to always ask someone you trust for help.





## Where to get help and more information

For more information about credit contracts, visit ASIC's MoneySmart website [moneysmart.gov.au](http://moneysmart.gov.au) or call 1300 300 630.

If you have a problem with your gas, electricity or phone contract, call your service provider.

### Offices of fair trading

If you have a problem with your door-to-door sale, car, mobile phone or rental contract, call your state or territory Office of Fair Trading to help you.

To find your state or territory Office of Fair Trading, visit [consumerlaw.gov.au](http://consumerlaw.gov.au)

### Community legal centres

If you are having legal problems with a contract, contact a free community legal centre. Community legal centres are independent, community organisations that provide free legal services to the public. The National Association of Community Legal Centres, [naclc.org.au](http://naclc.org.au), is the association of state and territory community legal centre organisations in Australia. For information on your closest free community legal centre, visit [naclc.org.au/directory](http://naclc.org.au/directory).

### Telecommunication and Industry Ombudsman

If you have problems with your phone or Internet contract or service provider you can visit the Telecommunications Industry Ombudsman's website, [tio.com.au](http://tio.com.au), or call 1800 062 058 – free from an Australian landline.