



## FORM 4: NEW WORK ITEM PROPOSAL (NP)

<b>Circulation date</b> 2020-12-09	<b>Reference number:</b> Enter Number (to be given by ISO Central Secretariat)
<b>Closing date for voting</b> 2021-03-03	<b>ISO/TC</b> Enter Number <b>/SC</b> Enter Number
<b>Proposer</b> <input type="checkbox"/> ISO member body: Click here to enter text. <input checked="" type="checkbox"/> Committee, liaison or other <sup>1</sup> : ISO/COPOLCO	<input checked="" type="checkbox"/> Proposal for a new PC  <b>N Note:</b> see page 7, "how the proposed work may relate to or impact on existing work"
<b>Secretariat</b> BSI	

A proposal for a new work item within the scope of an existing committee shall be submitted to the secretariat of that committee.

<sup>1</sup> The proposer of a new work item may be a member body of ISO, the secretariat itself, another technical committee or subcommittee, an organization in liaison, the Technical Management Board or one of the advisory groups, or the Secretary-General. See ISO/IEC Directives Part 1, [Clause 2.3.2](#).

The proposer(s) of the new work item proposal shall:

- make every effort to provide a first working draft for discussion, or at least an outline of a working draft;
- nominate a project leader;
- discuss the proposal with the committee leadership prior to submitting the appropriate form, to decide on an appropriate development track (based on market needs) and draft a project plan including key milestones and the proposed date of the first meeting.

The proposal will be circulated to the P-members of the technical committee or subcommittee for voting, and to the O-members for information.

### IMPORTANT NOTE

**Proposals without adequate justification risk rejection or referral to originator.**

Guidelines for proposing and justifying a new work item are contained [in Annex C of the ISO/IEC Directives, Part 1](#).

- The proposer has considered the guidance given in the Annex C during the preparation of the NP.

Resource availability:

- There are resources available to allow the development of the project to start immediately after project approval\* (i.e. project leader, related WG or committee work programme).

\* if not, it is recommended that the project be first registered as a preliminary work item (a Form 4 is not required for this) and, when the development can start, Form 4 should be completed to initiate the NP ballot.

**Proposal** (to be completed by the proposer, following discussion with the committee leadership)

**Title of the proposed deliverable**

**English title**

Guidelines for organizations to increase consumer understanding of online terms and conditions

**French title (if available)**

[Click here to enter text.](#)

*(In the case of an amendment, revision or a new part of an existing document, include the reference number and current title)*

**Scope of the proposed deliverable**

Specification of guidance to the providers of goods, services and digital content on the clear design and presentation of online terms and conditions to maximise consumer understanding and reduce detriment.

## **Purpose and justification of the proposal**

### **Consumer Protection**

To provide a standard which can be used by any organization, to help them create clear, accessible, fair and easy to understand terms and conditions (contractual terms and privacy policies) , which will ensure that consumers can make fully informed decisions prior to purchase or use of goods, services and digital content, thus reducing the risk of detriment arising from confusing, complicated and unfair contractual terms.

### **Incorporating the consumer perspective**

It is vital that the consumer voice is heard in the development of a standard about online terms and conditions (T&Cs) as there is currently an imbalance of power, with many T&Cs drafted by organizations unduly biased towards their own interests and to the detriment of consumers.

Contracts are essentially driving B2C e-commerce. All online retailers apply a set of T&Cs to govern the sale. These contracts are known as 'adhesion contracts' because, unlike traditional contracts, they are not negotiated between the two parties. As the business drafts the terms and conditions, and can set their own terms, these contracts can exacerbate the weaker position the consumer holds in the relationship, making it more likely that detriment will occur.

### **Justification**

As described above, the clarity of T&Cs is a matter of increasing relevance and importance to consumers as global markets and e-commerce flourish. The UN Guidelines for Consumer Protection (revised 2015) state in Guideline 14d) that national policies should encourage: 'clear concise and easy to understand contract terms that are not unfair'. Some countries or regions have laws that prohibit unfair contract terms, but legal requirements and tests for unfairness vary globally. In many cases, especially cross-border, a consumer's legal protection relies solely on the T&Cs provided by the seller. An international standard to provide guidance could help to improve positive outcomes for global consumers and increase confidence in businesses.

Online T&Cs can be onerously complicated and long, creating confusion and deterring consumers from reading them. It would take a little over three hours to read, let alone understand, the terms of service and privacy notices of the five most popular social media and messaging apps.

The Swedish Consumers' Organisation found that, when printed out, Airbnb's T&Cs are 39 metres long. Consumers International estimates that it would take the average person 76 working days to read all the T&Cs that they encounter online in one year. It claims that: 'it is now well understood that hardly anyone reads the small print before they click agree'<sup>1</sup>

When consumers do try to engage with T&Cs, the documents often seem impenetrable. A recent paper on online harm and manipulation highlighted that privacy policies frequently require college-level reading ability, yet the average reading ability is much lower than this. The result is that many consumers often absentmindedly tick a box to 'agree' and that less than 1% click to view the full text of contractual documents online.

A 2016 study by the European Commission showed similar findings<sup>2</sup> , saying that 'T&Cs are often long and written in complex legal jargon. In some cases, they are as long as Shakespeare's plays. Moreover, if they want to complete the purchase, consumers have no

other choice than accepting T&Cs. However, blindly accepting T&Cs may be costly, because consumers may end up with a contract they would not have signed if they had been aware of the content.'

It is strongly suspected that obscure language and excessive length of T&Cs has been used deliberately by some organizations to confuse or overwhelm consumers.

The 2017 revised UN Consumer Protection Manual states: *“As the World Bank has suggested, complexity may be a cover for unfairness and sometimes ‘even direct fraud’. Research by the European Commission using expert advisers has shown that even people familiar with the financial products may not be able to fully understand the terms. The Manual goes on to conclude: ‘The problem goes beyond consumer comprehension; certain products may simply be incomprehensible, even to regulators and sales staff... transparency and disclosure are not just matters of consumer information, they are a vital part of the regulatory process’.*

In summary, it is unrealistic to expect consumers to read the T&Cs of every online retailer they do business with, let alone understand them. However, this means that they often enter contracts without being fully aware of the conditions they have agreed to be legally bound by.

A lack of understanding of T&Cs leads to less informed consumer decisions and increases the likelihood of consumers experiencing detriment. For example, being unaware of: additional charges; early termination fees; lack of cancellation rights; or how personal data will be shared. Consumers in vulnerable situations may be at a greater risk of harm.

**Consider the following:**

*Is there a verified market need for the proposal?*

*What problem does this document solve?*

*What value will the document bring to end-users?*

See [Annex C](#) of the ISO/IEC Directives, Part 1 for more information.

See the following guidance on justification statements in the brochure ‘Guidance on New work’: <https://www.iso.org/publication/PUB100438.html>

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<sup>1</sup> Consumers International, ‘Building a digital world consumers can trust’ March 2017

<sup>2</sup> [http://ec.europa.eu/consumers/consumer\\_evidence/behavioural\\_research/docs/termsconditions\\_factsheet\\_web\\_en.pdf](http://ec.europa.eu/consumers/consumer_evidence/behavioural_research/docs/termsconditions_factsheet_web_en.pdf)

Please select any UN Sustainable Development Goals (SDGs) that this document will support. For more information on SDGs, please visit our website at [www.iso.org/SDGs](http://www.iso.org/SDGs)."

- GOAL 1:** No Poverty
- GOAL 2:** Zero Hunger
- GOAL 3:** Good Health and Well-being
- GOAL 4:** Quality Education
- GOAL 5:** Gender Equality
- GOAL 6:** Clean Water and Sanitation
- GOAL 7:** Affordable and Clean Energy
- GOAL 8:** Decent Work and Economic Growth
- GOAL 9:** Industry, Innovation and Infrastructure
- GOAL 10:** Reduced Inequality
- GOAL 11:** Sustainable Cities and Communities
- GOAL 12:** Responsible Consumption and Production
- GOAL 13:** Climate Action
- GOAL 14:** Life Below Water
- GOAL 15:** Life on Land
- GOAL 16:** Peace and Justice Strong Institutions
- N/A **GOAL 17:** Partnerships to achieve the Goal

**Preparatory work**

(An outline should be included with the proposal)

- A draft is attached
- An outline is attached
- An existing document will serve as the initial basis

The proposer or the proposer's organization is prepared to undertake the preparatory work required:  Yes  No

**If a draft is attached to this proposal**

Please select from one of the following options (note that if no option is selected, the default will be the first option):

- Draft document can be registered at Working Draft stage (WD – stage 20.00)
- Draft document can be registered at Committee Draft stage (CD – stage 30.00)
- Draft document can be registered at Draft International Standard stage (DIS – stage 40.00)
- If the attached document is copyrighted or includes copyrighted content, the proposer confirms that copyright permission has been granted for ISO to use this content in compliance with [clause 2.13](#) of the ISO/IEC Directives, Part 1 (see also the [Declaration on copyright](#)).

**Is this a Management Systems Standard (MSS)?**

- Yes  No

**NOTE:** if Yes, the NP along with the Justification study (see Annex SL of the Consolidated ISO Supplement) must be sent to the MSS Task Force secretariat ([tmb@iso.org](mailto:tmb@iso.org)) for approval before the NP ballot can be launched.

<p><b>Indication of the preferred type to be developed</b></p> <p><input checked="" type="checkbox"/> International Standard <input type="checkbox"/> Technical Specification <input type="checkbox"/> Publicly Available Specification</p>
<p><b>Proposed Standard Development Track (SDT)</b></p> <p>To be discussed between proposer and committee manager considering, for example, when the market (the users) needs the document to be available, the maturity of the subject etc.</p> <p><input type="checkbox"/> 18 months*   <input type="checkbox"/> 24 months   <input checked="" type="checkbox"/> 36 months   <input type="checkbox"/> 48 months**</p> <p>* Projects using SDT 18 are eligible for the 'Direct publication process' offered by ISO /CS which reduces publication processing time by approximately 1 month.</p> <p>** Only for JTC 1</p>
<p><b>Draft project plan (as discussed with committee leadership)</b></p> <p>Proposed date for first meeting: 2021-07-01</p> <p>Proposed dates for key milestones: Circulation of 1<sup>st</sup> Working Draft (if any) to experts: 2021-10-01 Committee Draft ballot (if any): 2022-03-01 DIS submission*: 2023-04-01 Publication*: 2024-04-01</p> <p>* Target Dates for DIS submission and Publication should preferably be set a few weeks ahead of the limit dates (automatically given by the selected SDT).</p> <p>For guidance and support on project management, descriptions of the key milestones and to help you define your project plan and select the appropriate development track, see: <a href="http://go.iso.org/projectmanagement">go.iso.org/projectmanagement</a></p> <p><b>NOTE:</b> The draft project plan is later used to create a detailed project plan, when the project is approved.</p>
<p><b>Known patented items (see ISO/IEC Directives, Part 1, <a href="#">clause 2.14</a> for important guidance)</b></p> <p><input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p> <p>If "Yes", provide full information as annex</p>
<p><b>Co-ordination of work</b></p> <p>To the best of your knowledge, has this or a similar proposal been submitted to another standards development organization?</p> <p><input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p> <p>If "Yes", please specify which one(s):</p> <p><a href="#">Click here to enter text.</a></p>

**A statement from the proposer as to how the proposed work may relate to or impact on existing work, especially existing ISO and IEC deliverables. The proposer should explain how the work differs from apparently similar work, or explain how duplication and conflict will be minimized**

The proposer believes that there is no other proposed or existing work involving ISO or IEC.

**NOTE:** Given the growing number of online transactions and issues with consumer harms occurring with online trade, especially cross-border, there is scope for placing this item in the work programme of ISO/TC 321.

**A listing of relevant existing documents at the international, regional and national levels**

See list in Annex A

**Please fill out the relevant parts of the table below to identify relevant affected stakeholder categories and how they will each benefit from or be impacted by the proposed deliverable**

	<b>Benefits/impacts</b>	<b>Examples of organizations/companies to be contacted</b>
<b>Industry and commerce – large industry</b>	<p>A clear set of requirements to assess the quality of their terms and conditions, and enable comparison with competitors, presenting the opportunity to promote a positive image of their brand.</p> <p>A clear understanding of the contractual relationship between the business and its customers can improve customer satisfaction and avoid costly complaints.</p> <p>Complaints can lead to reputational damage, particularly as more consumers resort to social media to air their grievances</p>	<p>All retailers with a retail ecommerce interface</p> <p>Law firms specializing in drafting e-commerce terms and conditions</p>

<p><b>Industry and commerce – SMEs</b></p>	<p>Access to guidance that will enable SME's to make their terms and conditions accessible and clear, for the benefit of their customers, without the need for expensive legal advice</p> <p>Clear terms and conditions will build trust and enable consumers to identify them as the better business</p> <p>A clear understanding of the contractual relationship between the business and its customers can improve customer satisfaction and avoid costly complaints</p>	<p>As above.</p> <p>SME's. in their role as consumers dealing with larger commercial organizations</p>
<p><b>Government</b></p>	<p>Avoids the cost of legislation, whilst giving confidence that consumers are being adequately protected.</p> <p>Supports good businesses and, as an international standard, improves access to global e-commerce markets</p> <p>Sectoral regulators, plus generic consumer protection agencies.</p> <p>Demonstrates to regulators the key elements of T&amp;Cs and assists monitoring of regulatory compliance.</p> <p>Provides a market sensitive and market-based solution to a current consumer issue</p>	<p>Sectoral regulators, plus generic consumer protection agencies</p>
<p><b>Consumers</b></p>	<p>Improves consumers' understanding of their contractual rights and responsibilities.</p> <p>Empowers consumers to identify the right business to deal with</p>	<p>Consumer representative organisations</p>

<b>Labour</b>	Response to concerns expressed by unions about the ethical dilemmas posed for staff by unfair or unclear contract terms. Many unions also act as brokers of services for their members	Unions in the relevant sectors  Unions acting as brokers
<b>Academic and research bodies</b>	Examples of considered attempts at design of good practice.  Examples of practices to be avoided	Mainly consumer law departments
<b>Standards application businesses</b>	Provides requirements of good practice for assessing contract terms	Relevant standards application businesses
<b>Non-governmental organizations</b>	Access to standards to improve consumers' understanding of their contractual rights and responsibilities	Consumer representative organizations  Other NGOs advising consumers
<b>Other (please specify)</b>	Click here to enter text.	Click here to enter text.
<p><b>Liaisons</b></p> <p>A listing of relevant external international organizations or internal parties (other ISO and/or IEC committees) to be engaged as liaisons in the development of the deliverable.</p> <p>ISO TC 324, <i>Sharing economy</i>  ISO TC 176/SC3, <i>Quality management and quality assurance, supporting technologies</i>  ISO PC 311, <i>Vulnerable consumers</i>  ISO TC 37/WG 11, <i>Language and terminology, Plain language</i></p>	<p><b>Joint/parallel work</b></p> <p><b>Possible joint/parallel work with</b></p> <p><input type="checkbox"/> IEC (please specify committee ID)  Click here to enter text.</p> <p><input type="checkbox"/> CEN (please specify committee ID)  Click here to enter text.</p> <p><input type="checkbox"/> Other (please specify)  Click here to enter text.</p>	
<p><b>A listing of relevant countries which are not already P-members of the committee</b></p> <p>Click here to enter text.</p> <p><b>NOTE:</b> The committee manager shall distribute this NP to the ISO members of the countries listed above to ask if they wish to participate in this work</p>		
<p><b>Proposed Project Leader</b>  (name and e-mail address)</p> <p>Sadie Dainton  Sadie.dainton@bsigroup.com, BSI</p>	<p><b>Name of the Proposer</b>  (include contact information)</p> <p>COPOLCO</p>	

**This proposal will be developed by**

- An existing Working Group (please specify which one: [Click here to enter text.](#))
- A new Working Group (title: Designing better understanding of Terms and Conditions)  
(Note: establishment of a new WG must be approved by committee resolution)
- The TC/SC directly
- To be determined

**Supplementary information relating to the proposal**

- This proposal relates to a new ISO document;
- This proposal relates to the adoption as an active project of an item currently registered as a Preliminary Work Item;
- This proposal relates to the re-establishment of a cancelled project as an active project.
  
- Other:  
[Click here to enter text.](#)

**Maintenance agencies (MA) and registration authorities (RA)**

- This proposal requires the service of a **maintenance agency**.  
If yes, please identify the potential candidate:  
[Click here to enter text.](#)
  
- This proposal requires the service of a **registration authority**.  
If yes, please identify the potential candidate:  
[Click here to enter text.](#)

**NOTE:** Selection and appointment of the MA or RA is subject to the procedure outlined in the [ISO/IEC Directives](#), Annex G and Annex H, and the RA policy in the ISO Supplement, Annex SN.

Annex(es) are included with this proposal (provide details)

Annex A

ISO/TC 324, *Sharing economy*

ISO/CD 10008, *Quality management - Customer satisfaction – Guidelines for business-to-consumer electronic commerce transactions* (under revision)

ISO/WD 24495-1, *Plain language – Part 1: Governing principles and guidelines*

ISO 26000, *Guidance on social responsibility*

ISO/CD 22548, *Inclusive service – Identifying and responding to consumers in vulnerable situations* (under development)

Department for Industry, Energy & Industry Strategy- Best practice guide Improving consumer understanding of contractual terms and privacy policies: evidence-based actions for businesses

<https://www.gov.uk/government/publications/contractual-terms-and-privacypolicies-how-to-improve-consumer-understanding>

## Effective Techniques

### Understanding

- Display key terms as frequently asked questions
- Use icons to illustrate key terms
- Use icons to illustrate key terms
- Show customers terms within a scrollable text box instead of requiring a click to view them
- Provide information in short chunks at the right time
- Use illustrations and comics

### Opening

- Tell customers how long it will take to read your policy
- Tell customers when it is their last chance to read information before they make a decision

### Techniques to improve customer understanding of terms and conditions and/or privacy policies

- Display key terms as frequently asked questions
- Use icons to illustrate key terms
- Showing the terms as a scrollable block of text in the customer's journey on your website or app means they can easily read the terms and conditions (if they want to)
- Give people information about terms and conditions when it is most relevant. For example, provide information about terms and conditions as customers fill in their personal details
- Use comics and illustrations to explain step-by-step actions and processes. Comics' speech bubbles give customers information about facts, dates, and figures, and their illustrations give context and emotional cues.

### Techniques to encourage more customers to open terms and conditions and/ or privacy policies

- Tell customers how long it will take to read the policy
- Tell customers when it is their last chance to read information before they make a decision

**Techniques with mixed evidence**

- Present key points in a summary table
- Add examples and icons to full terms
- Shorten full terms
- Use simpler language
- Use a visual slider to explain fees

**Additional information/questions**

This specification of guidance to the providers of goods and services on the clear design and presentation of online terms and conditions to maximise consumer understanding and reduce detriment is proposed as a contribution to protecting consumers. The clear intent of the content of Terms and Conditions is assumed not to deliberately put consumers at risk of harm and should be intended to be understood by all consumers to whom they are presented.