



## Before You Sign any Contract: 10 Things You Need to Know

You've decided to get that cell phone, credit card, or gym membership – but do you know exactly what you are getting into? Before you sign any contract, here are 10 things you need to know.

### #1: Shop around

Understand exactly what each company is offering. The more you know, the more you can negotiate. Compare price, guarantee or warranty, duration of contract and any other terms or conditions that are important to you.

### #2: Know who you're dealing with

Reputation is important, so ask friends or family for references. If you are not sure about a company's reputation, check with the Better Business Bureau or investigate a company online at [www.bbb.org/Canada](http://www.bbb.org/Canada)

### #3: Negotiate

Most contracts can be negotiated. Use the information you gathered while shopping around to get the best service and price. If the company or individual wants your business, they will listen to your arguments. **Don't feel pressured to sign immediately – this is your decision to make!**

### #4: Read the contract and pay attention to the details

Don't rely on verbal promises; make sure any agreements or claims made by the salesperson are written into the contract. Strike out elements you do not agree with, and have these changes initialled by you and the salesperson before you sign. Fill all blank spaces so that details cannot be added later by the salesperson.

**#5:  
Understand  
everything in the  
contract**

Ask the salesperson questions and get advice from someone knowledgeable if there are elements you don't understand. And don't forget the fine print; it is part of the contract too! If you feel you need to, have a lawyer review the contract.

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**#6:  
Know who to  
call for help**

Ask the salesperson for a customer service phone number and the steps to take if you need to make a complaint.

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**#7:  
Remember: you  
are responsible**

A signed contract is a legal document, so you will have to live with what you agree to. Generally, a contract cannot be changed or broken unless you and the other party both agree.

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**#8:  
Know how to get  
out of it**

Usually, a short period of time is allowed to cancel a contract without penalty; it's called the "cooling off period" and it should be described in the contract. Even if it isn't, you could still have a cooling off period, so check the *Consumer Protection Act* of your province or territory. Otherwise, to cancel a contract before it is over, both parties have to agree and most of the time, it will cost you!

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**#9:  
Sleep on it**

Is this what you really need and want? It's OK to change your mind before signing or agreeing to a contract.

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**#10:  
Once it's signed,  
get a copy and  
keep it**

You may need it later for reference, or to launch a complaint if you have a problem.

**For more  
information**

For more information on contracts, visit the FCAC website, [fcac.gc.ca](http://fcac.gc.ca).

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**Other FCAC  
information of  
interest**

**Tip Sheets**

- Shopping Around for a Credit Card
- Shopping Around for a Line of Credit
- Shopping Around for a Mortgage
- How to Make a Complaint
- Understanding the Cost of a Payday Loan

# Notes

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## About Financial Consumer Agency of Canada (FCAC)

With educational materials and interactive tools, the Financial Consumer Agency of Canada (FCAC) provides objective information about financial products and services to help Canadians increase their financial knowledge and confidence in managing their personal finances. FCAC informs consumers about their rights and responsibilities when dealing with banks and federally regulated trust, loan and insurance companies. FCAC also makes sure that federally regulated financial institutions, payment card network operators and external complaints bodies comply with legislation and industry commitments intended to protect consumers.

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