

Your First Contracts



We enter into contracts on a daily basis . . . probably even more often than we realize! For example, buying a snack at the dep , riding the bus, and using your cellphone all involve contracts. Without contracts, you can't receive services or make purchases! It's easy when everything is going smoothly. But if there's a problem, you must refer back to the original agreement, that is, the contract.

What is a contract?

A contract is a promise between two or more people. In a contract, each person promises to do something for the other.

For example, when you buy a bag of chips at the dep, you promise to pay for it. In return, the seller promises to let you take the bag of chips. Buying the chips is a contract.

Generally, you can't cancel a contract once you've made your promise. It's very difficult to back out, except in certain cases.

Contracts can be written, like :

- an apartment lease,
- a cellphone package, or
- a gym membership.

Contracts can also be verbal, for example:

- Your friend lends you money, and you promise to pay them back.
- You ask your hair stylist to cut your hair, and they cut it for you.

A contract's term can be short (the time it takes to get a haircut) or several months long (a gym membership or an apartment lease).



At what age can you start entering into contracts?

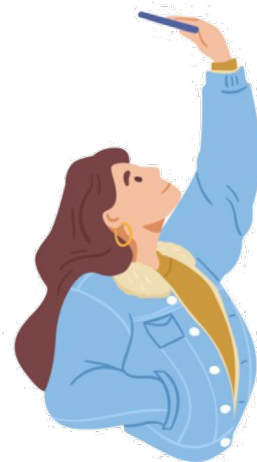
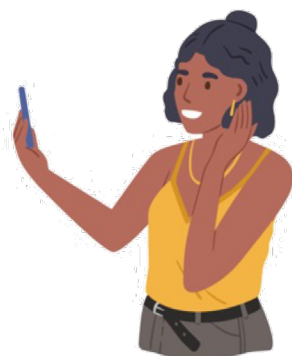
Before the age of 18, you can only enter into contracts by yourself to meet your basic needs. These needs depend on your age, maturity level, and personal situation.

For example, if you need a scooter to get to work, buying one can be considered necessary to meet your basic needs.

Your parents must give you permission to enter into contracts for anything that's not a basic need.

Example of a contract: Cellphone contract

If you have a cellphone, then you've already seen a written contract. It's important to take the time you need to understand what's in your cellphone contract. These contracts are often long and complicated. They usually explain how you can cancel your contract in certain cases.



Cancelling your cellphone contract

When you sign any kind of long-term contract (for example, a contract for a gym membership), you might have to pay fees if you want to cancel it. Also, special rules apply if you want to cancel a cellphone contract.

If the cellphone contract doesn't have an end date, there usually aren't any cancellation fees. However, you must pay the amount left to buy your cellphone.

If the cellphone contract has an end date, cancellation fees usually apply. The amount of the fees depends on

- the discount when you bought your phone, and
- the number of months left under your contract.

For more information on how cancellation fees for a cellphone contract are calculated, you can visit the websites of the Canadian Radio-television and Telecommunications Commission (CRTC) or the Office de la protection du consommateur (Quebec's consumer protection bureau).





Example of a contract: Co-signing

Co-signing is when someone agrees to be responsible for someone else's debts. For example, a seller can ask an adult to promise to pay in your place if you're not able to.

Examples of situations where someone might have to co-sign for you include

- buying a cellphone,
- applying for a credit card,
- buying an item that you will be paying for over a long period of time, like a new TV,
- renting an apartment, or
- buying or renting a car.

Co-signing for a friend?

You're allowed to co-sign for someone else once you turn 18. But be careful! This means you are equally responsible for paying for their purchase. In other words, if your friend stops paying, the seller can ask you to pay whatever your friend owes.

You might be helping out a friend, but you're also promising to pay for what they bought! It's difficult to get out of this type of contract.



Entering into a contract when you're under 18: You're protected by law

Even though you have the right to enter into certain contracts, the law gives you special protections when you're under 18. For example, you can cancel contracts in certain situations.

You can cancel a contract that puts you at a serious disadvantage considering your income. For example, if you sign a contract for a very expensive cellphone package but you don't have any income, you might be able to cancel the contract and get a refund. Your parents can also ask for the contract to be cancelled.

You can also cancel a contract if there's a big imbalance between you and the other person. For example, a judge cancelled a contract for the sale of a scooter to a teenager. The judge decided that the contract was unfair to the teen because he paid a lot more for the scooter than what it was worth.

To cancel a contract, you or your parents can talk to the other person. If the other person doesn't agree, you can ask a judge to cancel it or lower the price.

