Contract review checklist

A working checklist for reviewing a contract someone has asked you to sign — what to look for, in the order it matters, with the red flags called out.

Use this when someone sends you a contract to sign. Work down the list. Anything you cannot answer from the document itself is a question for the other side — and the answer belongs in the document, not in an email.

1. First pass — five minutes

- [ ] Parties correctly named, with company numbers. A trading name is not a legal entity, and suing the wrong one wastes a year.
- [ ] Clear which party is buying and which is supplying. Standard terms are written from one side and often left unedited.
- [ ] Start date, end date, term and renewal all stated.
- [ ] Price stated, with VAT treatment, marked fixed or variable.
- [ ] Every schedule, annex and policy referred to has actually been sent to you. Anything incorporated by reference binds you as if printed in full.
- [ ] The signatory has authority. For a company, check against Companies House or ask for board authority.
- [ ] If you sent your terms and they accepted on theirs, work out whose won — the battle of the forms usually turns on whose document was sent last and then acted on.

2. Money

- [ ] Payment period: how many days, from invoice date or from delivery?
- [ ] Interest on late payment. Between businesses the Late Payment of Commercial Debts (Interest) Act 1998 implies statutory interest at 8% above Bank of England base rate plus a fixed sum per invoice, unless the contract provides a substantial contractual remedy [1].
- [ ] Price increases: can they raise prices mid-term, on what notice, and can you exit if so?
- [ ] Expenses and 'reasonable costs' — capped or open-ended?
- [ ] Set-off: are you prevented from withholding payment while a dispute is live?
- [ ] Deposits and advance payments: refundable in what circumstances?
- [ ] Currency, exchange-rate risk, and who bears bank charges.

3. What is actually being delivered

- [ ] Deliverables described so a stranger could tell whether they had been delivered. Vague scope is the single most common source of dispute.
- [ ] Exclusions stated — what is expressly not included.
- [ ] Dates: binding obligations or 'estimates'? Is time of the essence for any of them?
- [ ] Acceptance: who decides the work is complete, against what test, within what period, and what happens if they say nothing at all.

- [ ] Service levels with a defined measurement window and a real consequence for failure.
- [ ] Your own obligations. Read every clause beginning 'the Customer shall' as closely as the rest — failing them usually excuses the supplier and may trigger extra charges.

4. Risk

- [ ] Liability cap: what number, per claim or in aggregate, over what period?
- [ ] Excluded losses. 'Consequential loss' is narrower than most people assume — if loss of profit, revenue or data is meant to be excluded, it should be named.
- [ ] Liability for death or personal injury caused by negligence cannot be excluded at all; in a business contract on written standard terms, other exclusions must satisfy the reasonableness test in the Unfair Contract Terms Act 1977 [2].
- [ ] Indemnities sit outside the liability cap unless the drafting says otherwise. Find them by name and check who controls the defence.
- [ ] Insurance: cover types, limits, duration, evidence on request.
- [ ] Force majeure: which events, what notice, who bears the cost, and how long before either side can walk away.
- [ ] Warranties you are giving, and how long they run.

5. Ending it

- [ ] Termination for convenience: mutual or one-sided, on what notice, with what break fee?
- [ ] Termination for breach: limited to 'material' breach, and is there a cure period?
- [ ] Termination on insolvency or on change of control.
- [ ] What happens on termination — data and property returned, final invoices, transition assistance, and who pays for it.
- [ ] Automatic renewal and the notice deadline. Diarise it the day you sign; a missed notice period is the most expensive administrative error in commercial contracting.
- [ ] Which clauses survive termination.

6. Everything else that bites later

- [ ] Confidentiality: mutual or one-way, and for how long after the end?
- [ ] Intellectual property: who owns what is created, and what licence do you get if not?
- [ ] Data protection: does the contract correctly identify controller and processor, and contain what UK GDPR Article 28 requires? If personal data leaves the UK, is there a transfer mechanism — the IDTA or the UK Addendum — and a transfer risk assessment? [3][4]
- [ ] Assignment and subcontracting: can they hand the work to someone else without asking?
- [ ] Exclusivity, non-compete or non-solicit restrictions on you.
- [ ] Third party rights: excluded, or granted deliberately under the Contracts (Rights of Third Parties) Act 1999? [5]

- [ ] Governing law and jurisdiction — England and Wales, or somewhere expensive?
- [ ] Entire agreement clause: the emails and the sales pitch then count for nothing. If a promise mattered, get it into the document.
- [ ] Notices: address, method, and when notice is deemed received. Does email count?
- [ ] Execution: a simple contract or a deed? A deed needs a witness and carries a twelve-year limitation period rather than six [6].

7. Red flags worth a phone call

What you see	Why it matters
Uncapped indemnity	Sits outside the liability cap and can exceed the contract value many times over.
Cap set at one month's fees	On a serious failure that is close to no remedy at all.
'Estimates' for every date	You have no contractual right to timely performance.
Automatic renewal on 90 days' notice	Miss the window and you are locked in for another full term.
Their terms may change on notice	You are agreeing to terms that do not yet exist.
Exclusive jurisdiction abroad	A £20,000 dispute becomes uneconomic to pursue.
No data-processing terms where personal data is handled	Both sides are exposed under UK GDPR, and the customer usually carries it.
Payment on 90 days with no interest clause	Your working capital funds their business; statutory interest may be your only lever.

> Three questions before signing anything
>
> What is the worst realistic outcome, and does this contract leave me carrying it? If they simply stop performing, what can I actually do on Monday morning? If I want out in a year, how do I get out and what does it cost?

Where this comes from

Every statement above traces to one of these. Primary legislation is on legislation.gov.uk; regulator guidance on gov.uk. Check the current version before relying on any of it — consumer law has changed twice since 2024.

1 Late Payment of Commercial Debts (Interest) Act 1998
Statutory interest and fixed compensation on late business-to-business payment, and when a contractual remedy displaces it.
legislation.gov.uk/ukpga/1998/20/contents

2 Unfair Contract Terms Act 1977
Limits on excluding liability in business contracts, the reasonableness test for written standard terms, and the prohibition on excluding liability for death or personal injury caused by negligence.
legislation.gov.uk/ukpga/1977/50/contents

3 UK GDPR, Article 28
What a controller-to-processor contract must contain.
ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/

4 ICO — international data transfers
The International Data Transfer Agreement, the UK Addendum to the EU standard contractual clauses, and when a transfer risk assessment is needed.
ico.org.uk/for-organisations/data-protection-and-the-eu/international-data-transfers/

5 Contracts (Rights of Third Parties) Act 1999
When a non-party can enforce a term, and how to exclude that.
legislation.gov.uk/ukpga/1999/31/contents

6 Limitation Act 1980, ss 5 and 8
Six years for a simple contract; twelve years for a contract executed as a deed.
legislation.gov.uk/ukpga/1980/58/contents

Important

This sheet is general information about the law of England and Wales, current at August 2026. It is not legal advice and no solicitor-client relationship arises from downloading it. Law and procedure change, and the right course depends on your facts. Take advice before acting on anything here.