



February 4, 2025

Senator Pamela Beidle, Chair
Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

Testimony to the Finance Committee
SB 0413: Consumer Protection - Consumer Contracts - Limitations Periods
Position: Favorable

Hon. Chair Beidle and Members of the Committee:

The National Association of Consumer Advocates is a national nonprofit organization of private and public sector attorneys, legal aid attorneys, law professors, and law students actively engaged in promoting a fair and open marketplace that forcefully protects the rights of all consumers, particularly those of modest means. NACA members across Maryland represent everyday consumers and working families victimized by fraudulent, abusive, and predatory business practices.

We strongly support and urge favorable passage of SB 0413 to ensure that Maryland residents are not restricted by contract terms that shorten the time period in which a consumer can file a claim when they are cheated, ripped off, or otherwise harmed by misconduct in the marketplace.

NACA has long been concerned about provisions in one-sided terms and conditions that restrict the rights and protections of consumers and working families who sign up for everyday products and services. These terms are ubiquitous, and consumers have no bargaining power over them.

In 2024, NACA released a report, *Fine Print Traps*,¹ identifying some of the most harmful terms in standard-form consumer contracts that weaken consumer protections and insulate corporate entities when they break the law.² For example, we have reviewed terms for products and services that would change a state's three-year statute of limitations period and reduce the time to file a claim to as little as six months. Practically, under these clauses, consumers have little time to discover their injuries, investigate the potential wrongdoing, and to obtain legal

¹ Christine Hines, *Fine Print Traps – Terms in Corporate Form Contracts That Cause the Most Harm to Consumer Rights and Protections*, March 2024, <https://www.consumeradvocates.org/news/the-worst-of-the-fine-print-traps-in-everyday-terms-and-conditions/>

² Andrea J. Boyack, *Abuse of Contract: Boilerplate Erasure of Consumer Counterparty Rights*, IOWA LAW REVIEW, Vol. 110:497, at <https://ilr.law.uiowa.edu/sites/ilr.law.uiowa.edu/files/2025-01/ILR-110-Boyack.pdf>; also available at <https://ssrn.com/abstract=4756735> (March 2024).

assistance. This makes them less likely to fully enforce and benefit from laws that were passed to protect them.³

Contract clauses that shorten statute of limitations periods also undermine the work of elected officials who pass laws to protect consumers. Maryland's Consumer Protection Act, for example, which protects residents from unfair, abusive, or deceptive trade practices involving the sales of products, services, real estate, and consumer credit, gives harmed consumers a three to five-year window to file suit following various violations in the marketplace. Yet, the fine print that accompanies products and services undercuts much of these statutory protections.

The Consumer Financial Protection Bureau has also observed that companies in the consumer finance sector have an undue economic advantage because they can write these take-it-or-leave-it terms to shield themselves from legal liability by restricting the personal autonomy and freedom of individual consumers.⁴ Standard-form terms and conditions help to make transactions more uniform and efficient, but they now go beyond the key terms of a deal, such as the price, repayment schedule, and interest rate, and include restrictive clauses, such as these limitations periods.

Maryland lawmakers and courts recognize that a key purpose of a statute of limitations is to provide adequate time for diligent consumers to file suit.⁵ Maryland law already prohibits contracts from shortening the statute of limitations in other contexts, such as in insurance and surety contracts. The law considers these clauses to be against the state's public policy, illegal, and void. Other states, including those that are traditionally conservative, have determined that terms and conditions that shorten their statutes of limitations breach their state's public policy.⁶

Maryland consumers would benefit from the commonsense safeguards in SB 0413, to nullify restrictive clauses in consumer contracts that shorten the state's statute of limitations. For the reasons above, we strongly urge favorable passage of this legislation.

Thank you for considering our views.

Christine Hines
Senior Policy Director

cc: Members, Finance Committee

³ Consumer Financial Protection Bureau, Proposed Rule, *Registry of Supervised Nonbanks That Use Form Contracts To Impose Terms and Conditions That Seek To Waive or Limit Consumer Legal Protections*, 88 Fed. Reg. 6906, 6932, Feb 1, 2023. "For example, if the consumer would have had more time under the statute of limitations law to enforce the applicable legal protection, then the term or condition would be taking away that additional time during which the consumer could have enforced the applicable legal protection. That loss of time to enforce rights may pose potential risks to consumers, raising the need for greater public oversight to protect those rights."

⁴ Consumer Financial Protection Bureau, Proposed Rule, *Prohibited Terms and Conditions in Agreements for Consumer Financial Products or Services (Regulation AA)*, 90 Fed. Reg. 3566, 3567, Jan. 14, 2025.

⁵ See, *Ceccone v. Carroll Home Services*, 165 A.3d 475 (Md. 2017).

⁶ See, e.g., *Delljack, Inc. v. U.S. Bank Nat'l Ass'n*, 2012 WL 4482049 at 6-7 (D. Idaho 2012). See, also, Idaho Code § 29-110(1).