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KFTC'S RECENT ENFORCEMENT AGAINST UNFAIR TERMS IN STANDARDIZED CONTRACTS

Since an adhesion contract is prepared by a business operator in advance to apply to multiple transaction partners, there is possibility that terms and conditions in an adhesion contract are unfairly disadvantageous to the transaction partners. The Korea Fair Trade Commission (the "KFTC") continues to actively protect the rights and interests of transaction partners in adhesion contracts—including consumers and sellers doing business in a platform—by correcting unfair terms under the Act on the Regulation of Terms and Conditions (the "**T&C Act**"). Below is an overview of unfair terms that the KFTC has corrected since the second half of 2025, organized by type of unfairness.

I. KEY TYPES OF UNFAIR CLAUSES

A. Clauses Entirely Refusing Refunds on the Grounds of Lapse of Time or Use of Benefits

Issues arose with businesses operating prepaid-, subscription-, or membership-based services that restricted refunds based on partial lapse of time or use of benefits. Specifically, the following unfair clauses were corrected:

1. clauses providing that refunds are unavailable "after more than 7 days have passed from the date of membership registration" or "if any portion fan club benefit has been received" [fan club subscription services (June 2026)];
2. clauses providing that refund of the subscription fee is available only "within a separately designated period (within 5 days of payment)" [concert subscription services (May 2026)];
3. clauses providing that "refunds are unavailable after 2 months from the date of entering contract" [prepaid medical services (July 2026)]
4. clauses refusing refunds for memberships acquired through events/promotions or by transfer [fitness center chains (October 2025)], and
5. clauses restricting refunds on the grounds of withdrawal or disqualification of membership [gift certificates (September 2025)].

The KFTC found that such clauses effectively impose the entire subscription fee as a penalty upon withdrawal. It concluded that these clauses violate the T&C Act as provisions that: impose excessive liability for damages on customers; restrict customers' statutory rights of rescission or termination and impose excessive restitution obligations; and place customers at an unfair disadvantage.

B. Clauses Imposing Excessive Penalties or Deductions from Refund Amounts

1. Issues also arose where refunds were permitted but subject to excessive deductions. Specifically, the following unfair clauses were corrected:

2. clauses imposing penalties amounting to 20%–30% of the entire payment upon early termination [prepaid medical services (July 2026)];

3. clauses deeming even a single day of use as one full month of use, or deducting credit card processing fees in addition to penalties upon refund [fitness center chains (October 2025)]; and

4. clauses double-deducting both the amount from refund corresponding to the subscription period elapsed until the termination and the amount corresponding to benefits used until the termination [concert subscription services (May 2026)].

The KFTC determined that when a contract is terminated early, the business operator may only claim damages sufficient to compensate for its actual losses. Penalties exceeding such amounts constitute clauses that unfairly impose excessive liability for damages on customers, in violation of the T&C Act.

C. Clauses Uniformly Exempting the Business Operator from Liability or Shifting Liability to Customers

Issues arose with clauses through which business operators exempt themselves from liability regardless of source of fault or shift such liability to customers. Specifically, the following unfair clauses were corrected:

1. clauses exempting or shifting liability for personal data breaches regardless of source of fault [7 online marketplace platforms (April 2026), 3 freelance service platforms (October 2025)];

2. clauses uniformly exempting platforms from liability on the grounds that the platform merely provides intermediary services [online marketplace platforms (April 2026), freelance service platforms (October 2025)];

3. clauses exempting the business operator from all liability merely because the user also bears partial fault, even where the business operator is also at fault [online marketplace platforms (April 2026), concert subscription services (May 2026), fan club subscription services (June 2026)];

4. clauses providing, in the context of agreeing to a refund, that "the customer shall not pursue any civil or criminal legal liability against the clinic" [prepaid medical services (July 2026)]; and

5. clauses defining conditions for exemption in vague terms such as "appropriate care," enabling the business operator to arbitrarily lower its standard of duty [financial investment services (December 2025)].

The KFTC found that these clauses violate the T&C Act as provisions that exclude the business operator's legal liability arising from willful misconduct or negligence, or that limit the scope of damages. With respect to clauses that exempt or shift liability for personal data protection regardless of source of fault, the KFTC found such clauses inconsistent with the purpose of the Personal Information Protection Act as well.

D. Clauses Allowing the Business Operator to Unilaterally Determine or Alter the Substance of Services, or to Suspend Services

Issues arose with clauses allowing business operators to alter or suspend services on abstract grounds, or to unilaterally determine the substance of their obligations. Specifically, the following unfair clauses were corrected:

1. clauses providing that the business "may suspend membership services for managerial reasons" or allowing service changes or suspension by mere "notice" regardless of whether the change is favorable or unfavorable to the consumer [fan club subscription services (June 2026)];
2. clauses allowing suspension of service "where deemed necessary for other reasons" [banks (October 2025)] and clauses setting grounds for suspension such as "operational necessity" or "managerial reasons" [financial investment services (December 2025)];
3. clauses allowing suspension or restriction of supplementary service for use of credit card solely due to issues arising on the part of partner service providers or stores [specialized credit finance companies (November 2025)];
4. clauses unilaterally changing payment methods without the user's consent [online marketplace platforms (April 2026)]; and
5. clauses allowing the business operator to designate a substitute physician upon the designated physician's resignation or leave while making refunds unavailable even if the consumer is dissatisfied [prepaid medical services (July 2026)].

The KFTC found that these clauses grant business operators the authority to unilaterally determine or alter the substance of their obligations without justifiable cause and place customers at an unfair disadvantage, in violation of the T&C Act.

E. Clauses Defining Grounds for Termination or Service Restriction in Abstract or Overly Broad Terms

Issues arose with clauses that define grounds for termination in language that customers cannot reasonably anticipate. Specifically, the following unfair clauses were corrected:

1. clauses designating "conduct inconsistent with what the company has prescribed" as grounds for termination [online investment-linked finance (December 2025)];

2. clauses allowing termination "where the company reasonably determines that it is necessary to refuse provision of the service" without any procedure for prior notice [fan club subscription services (June 2026)]; and

3. clauses defining grounds for termination in abstract or overly broad terms [banks (October 2025), specialized credit finance (November 2025), financial investment (December 2025), talent marketplace platforms (October 2025)].

The KFTC found that these clauses grant business operators rights of rescission or termination not provided for by law, creating a risk of unfair disadvantage to customers, in violation of the T&C Act. In particular, the KFTC noted that the absence of procedures for prior notice deprives consumers of the opportunity to remedy the grounds for termination.

F. Clauses Allowing Unilateral Deletion of Online Posts Without Prior Notice or Opportunity to Be Heard

Issues arose with clauses allowing business operators to delete user content on broad grounds and without prior notice. Specifically, the following unfair clauses were corrected:

1. clauses allowing deletion of posts without prior notice where it is "deemed for the posts to violate the company's guidelines" [fan club subscription services (June 2026)];

2. clauses allowing unilateral deletion of members' posts without prior notice and opportunity to be heard [concert subscription services (May 2026), freelance service platforms (October 2025)]; and

3. clauses allowing the online platform to delete reviews posted by sellers doing business in the platform without prior notice [food delivery platforms (October 2025)].

The KFTC found that unless a post clearly violates the law or poses a risk of serious harm if left unaddressed, business operators should provide prior individual notice to afford users the opportunity to correct and/or object. Accordingly, the KFTC concluded that these clauses grant business operators excessive discretion to delete content, and fail to ensure customers' procedural rights, in violation of the T&C Act.

G. Clauses Substituting Individual Notice with Public Announcement, or Deeming Consent

Issues arose with clauses that fail to individually notify customers of important matters, or that deem consent. Specifically, the following unfair clauses were corrected:

1. clauses allowing omission of individual notice procedures even for matters that materially affect customers' rights and obligations [banks (October 2025)];

2. clauses making it difficult for customers to learn of material changes to terms (e.g., notification via app push or in-app alerts) [financial investment services (December 2025)]; and

3. Clauses deeming consent in the event of amendment of terms [online marketplace platforms (April 2026), concert subscription services (May 2026), fan club subscription services (June 2026)].

The KFTC found that these clauses are unfair because they cause unintended legal consequences to arise without the customer's knowledge. However, the KFTC noted that deemed consent is not prohibited *per se*; rather, in case of amendment of *any* terms and conditions, it must be clearly communicated within a reasonable period that failure to object will be treated as consent. For amendments that materially affect customers' rights and obligations, individual notice—not merely public announcement—must be provided.

H. Waiver Clauses and/or Unfair Forum Selection Clauses

Issues arose with waiver clauses and unfair forum selection clauses. Specifically, the following unfair clauses were corrected:

1. waiver clauses in the context of agreeing to a refund, such as requiring customers to sign statements declaring they "will not post defamatory content on any mass media regarding matters arising from refusal of pre- and post-procedure photography" and "will not raise any additional legal issues against [the clinic] regarding the medical procedures related to today's refund" [prepaid medical services (July 2026)]; and

2. forum selection clauses unfairly disadvantageous to customers [specialized credit finance companies (November 2025), online investment-linked finance (December 2025), online marketplace platforms (April 2026), concert subscription services (May 2026), freelance service platforms (October 2025), fitness center chains (October 2025)].

The KFTC found that for cosmetic/aesthetic medical procedures, given the inherent risk of side effects due to medical practitioners' negligence or carelessness, waiver clauses that prevent consumers from seeking legal redress even when they experience side effects are null and void as provisions unfairly disadvantageous to customers. With respect to forum selection clauses, the KFTC noted that in the financial sector, Article 66-2 of the Financial Consumer Protection Act (amended July 11, 2023) designates the district court having jurisdiction over the financial consumer's address or residence at the time of filing as the exclusive venue for claims related to non-face-to-face financial product contracts; failure to reflect this provision was noted as a deficiency.

I. Clauses Restricting Assignment of Usage Rights (Claims)

Issues arose with clauses restricting assignment of usage rights. Specifically, the following unfair clauses were corrected:

1. clauses entirely prohibiting assignment of prepaid medical service rights, or restricting transferees to "one person designated by the customer, limited to family members" [prepaid medical services (July 2026)]; and
2. clauses uniformly prohibiting assignment of gift certificates without justifiable cause [gift certificates (September 2025)].

The KFTC found that under the Civil Act, claims are in principle freely assignable unless their nature precludes assignment or the law prohibits it, and that prepaid medical service rights constitute claims for future medical services. Clauses that entirely prohibit such assignment therefore violate the T&C Act as provisions that unfairly restrict customers' rights to contract with third parties.

J. Clauses Imposing Unfair Conditions on Sellers, Including Unjustified Withholding of Settlement Payments

Issues also arose with standardized contracts directed at sellers, not only consumers. Specifically, the following unfair clauses were corrected:

1. clauses allowing the platform to arbitrarily withhold settlement of sellers' sales proceeds on broad grounds such as unauthorized credit card use or disputes [online marketplace platforms (April 2026)];
2. clauses withholding or carrying over settlement payments, or altering settlement cycles or dates [food delivery platforms (October 2025)]; and
3. clauses imposing obligations to comply with company policies not included in the terms [food delivery platforms (October 2025)].

The KFTC determined that given the significant impact of settlement payments on sellers' cash flow, grounds for withholding settlement must be specified concretely and predictably, limited to unavoidable circumstances. Defining such grounds in vague and overly broad terms constitutes clauses that unfairly disadvantage customers, in violation of the T&C Act. Clauses imposing obligations to comply with sub-policies unilaterally drafted by the business operator were similarly found unfair on the grounds that they prevent customers from reasonably foreseeing the content of their obligations.

II. Implications

As may be seen from the above cases over the past year, the KFTC has been scrutinizing standardized contracts across industries ranging from finance to online platforms, medical services, and daily-life services. The scope of review has also expanded beyond consumer-facing terms to include terms directed at sellers, and corrections of individual business operators' terms have been accompanied by the enactment or amendment of standard form contracts for the industries.

The KFTC publishes outcomes of corrective measures through press releases. Accordingly, business operators subject to review may face reputational burdens in addition to the operational burden of revising their terms.

Any clause that violates the T&C Act becomes null and void, and the KFTC takes actions to have companies revise or delete such clauses. The types of clauses found problematic in the above cases are not unique to any particular business operator or industry but are repeatedly found across industries with similar contractual structures. Accordingly, business operators are advised to proactively review whether their standardized contracts contain unfair clauses similar to those found to be in violation of the T&C Act in the above cases.

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