

# Office technology contract clauses you must avoid



Welcome to our white paper on 'exposing the hoodwinking', which uncovers unbelievable practises from unscrupulous suppliers of office equipment like photocopiers, printing technology & telephones.

This guide brings to your attention clauses (usually hidden deep) within service agreement terms & conditions, which could cause much pain and extra unforeseen charges in the future.

## 1. Pricing clauses.

If you are about to sign (or have already signed) a service agreement to cover printing technology, a photocopier or a telephone system, check the charges or pricing clause within the agreements terms & conditions

And if you find a clause that says something like: **'Pricing will be reviewed throughout the term of this agreement & may be subject to an increase' or 'we will notify you of any changes to prices by giving you no less than 30 days written notice'**. Beware...

Clauses like these allow the supplier to increase their prices whenever they feel like it, and there is absolutely nothing you can do about it.

We've had instances of customers paying nearly twice the amount they originally agreed, by the time they got to the end of their original agreement. Increasing their costs by up to **100%**.

Our advice is to thoroughly check your T&C's before you sign. And if you spot a pricing clause that worries you, ask your supplier to replace it with a fixed priced guarantee.

## 2. Termination clause part 1.

3. Here we'll start to cover the dreaded termination clause. Some suppliers make this a very complex area, mainly to baffle the life out of you.

And it can be so complex we're going to split it into parts.

Before you sign a service agreement to cover **printing** technology, a **photocopier** or a **telephone** system, check the termination clause within the agreements T&C's.

And if you find a clause that says something like: **'Should you terminate this agreement you must pay any outstanding sums owed (including the balance that would have been payable) if this agreement had not been terminated early'**. Beware...

This clause allows the supplier to charge you for the remaining years left on the service agreement. Even if you cancel due to poor service.

The supplier takes your average monthly printing spend & multiplies it by the remaining months you had left on the agreement, before you cancelled it.

So, on average. If your monthly printing spend is **£200** & you had 2 years (or 24 months) left on your service agreement, when you cancelled it. The supplier will invoice you for **£4,800**. And there is absolutely nothing you can do about it.

We've had instances of customers being forced to pay over **£10,000** just to get out of their service agreement, because they cancelled. Even though it was due to the suppliers very poor service.

As always. Our advice is to thoroughly check your T&C's before you sign. And if you spot a termination clause that worries you, ask your supplier to remove it & replace it with a clause that allows you to leave without high charges if their service is poor.

#### 4. Termination charge part 2.

In part 1 we discussed how some unscrupulous suppliers can make you pay the whole remaining balance of the service agreement, if you want to cancel due to their poor service. Which can lead to many **£1,000's** in immediate charges.

Here we'll cover average billing levels & what can happen if you drop below them.

Somewhere in your agreement could be a clause that says something like. **'The service agreement will be considered to have been terminated by you, if the equipment is used at monthly levels below 50% of your average monthly usage over the previous 12 months'**.

This clause means. If your usage halves. Your supplier has the right to terminate the agreement & charge you the full remaining months left on your agreement, which they will calculate using your previous higher usage volumes & not your current reduced amounts.

As an example...

If there is 3 years remaining on your agreement & your average monthly spend for the previous 12 months was **£200**, but your current needs have reduced it to **£100** a month or less. Your supplier has the right to terminate the agreement & charge you immediately for the remaining 3 years, at the previous higher rate of **£200** a month. Which in this instance, is a mind boggling **£7,200**.

As always. Our advice is to thoroughly check your T&C's before you sign. And if you spot a termination clause that worries you, ask your supplier to remove or change it.

## 5. Automatic contract extensions

Next, we're going to cover automatic contract extensions, what they are & the impact they can have.

Somewhere in your agreement could be a clause that says something like. **'This agreement shall run for the minimum term of 60 months and will automatically continue for a further 24 months, unless not less than 6 months written notice is given by you, such notice to expire not earlier than the expiration of the minimum term'**.

This clause means....

If you fail to terminate your service contract in writing, exactly six months before the end of the original contract start date. The supplier has the right to automatically extend your contract for a further 24 months.

And what's worse. If you're not happy about it & stop paying them. They will terminate the contract and request immediate payment in full for the extended 24 months period. Based on your average monthly billing amount over the previous 12 months.

As an example...

If you fall foul of this clause & you're so unhappy, you decide to stop paying the supplier (and your average monthly spend for the previous 12 months was **£400**). The supplier will just terminate your contract & request immediate payment of **£9,600** to cover the extra 24-month period.

This extension clause can vary in length too. We've seen 6-month periods right up to a 3-year periods, and anything in between. It simply comes down to what the individual supplier decides.

As always. Our advice is to thoroughly check your T&C's before you sign. And if you spot an extension clause that worries you, ask your supplier to remove or change it.

## 6. Replacement parts

Replacement parts should be supplied & replaced free for the full term of a service agreement. But some unscrupulous suppliers just don't see it this way.

Somewhere in your agreement could be a clause that says something like. **'Parts will be replaced under warranty for a period of 12 (or 24) months from the installation date of the equipment, thereafter parts will be charged at our standard rates.'**

This clause means....

Even though you may have signed 5-year service agreement. Any parts which fail after 12 (or 24) months will be chargeable and is in addition to your normal monthly service charges.

And, if you're not happy about it & decide not to pay the supplier for the replacement parts. They may terminate the agreement for breach of their terms & conditions. And request immediate payment in full for the remaining agreement period. Based on your average monthly billing.

As an example...

Replacement parts can be very expensive. A fuser or transfer belt can be **£200 – £300** each. But if you decide to withhold payment (and have an average monthly billing of **£200**) with 2 years left on your agreement. You could be hit with an even bigger bill for **£4,800** when they terminate the agreement.

As always. Our advice is to thoroughly check your service agreement T&C's before you sign. And if you spot a clause that says you need to pay for replacement parts. Ask your supplier to remove it.

## 7. Network peripheral charge

Next, it's the turn of the **fictitious** 'network peripheral charge'...

Somewhere in your agreement could be a clause that says something like. **'Where the equipment is connected to a computer or network, we will invoice a quarterly network peripheral charge of £75 after the first 12 months of the agreement'**.

This clause means....

Once the first 12 months has passed on your service agreement you will be charged an additional **£75** in extra charges every quarter for the remaining agreement term.

This means. If you signed a 5-year service agreement. You will be charged an additional **£1,200** extra. As these days every printer, photocopier or internet phone system is attached to a PC or network.

We couldn't believe it when we first saw this clause. As it's money for absolutely nothing in return. And it's real & they charge it too. We know of at least 2 organisations who are currently suffering financially because of this fictitious charge.

And, if you're not happy about it & decide not to pay the supplier. They have the right to terminate the agreement for breach of their terms & conditions. And request immediate payment in full for the remaining agreement period. Based on your average monthly billing. Which could be **£1,000's**.

As always. Our advice is to thoroughly check your service agreement T&C's before you sign. And if you spot a clause that relates to a network peripheral charge (if you still want to do business with them) ask the supplier to remove it.

## 8. Firmware upgrade charging

Now we come on to suppliers who **charge extra** for 'firmware upgrades'...

Somewhere in your agreement could be a clause that says something like. '**Software of firmware enhancements or upgrades are not provided under this Agreement. But, may be purchased separately subject to our usual charges**'.

Now. Before I go into what this clause means. I want to make it clear what is 'firmware software'.

Firmware software is the operating system for a photocopier or printer. Like windows is for a PC or IOS is for Apple. And occasionally the manufacturer releases a firmware update to fix a problem or to release a new feature. Just like Apple & Microsoft do. And these are made available for free.

And if firmware in a photocopier or printer is not updated after a new release. Its highly likely the equipment will not function as it should or will simply stop working. Yes. It's critical.

Back to the clause. What does it mean?

In its simplest term. The supplier will charge you for carrying out a firmware upgrade. Even though the software is free & the equipment is covered by their service agreement.

And I'm not talking about a few pounds either...

In a 3rd party agreement we were given. The suppliers 'normal rates' are £150 an hour. Which means. Including travelling time. Your firmware upgrade will cost you at least £300. For something which should be provided free as part of a service agreement.

And, if you're not happy about it & decide not to pay. The supplier has the right to terminate the agreement for breach of their terms & conditions. And request immediate payment in full for the remaining agreement period. Based on your average monthly billing. Which could be **£1,000's**.

As always. Our advice is to thoroughly check your service agreement T&C's before you sign. And if you spot a clause that charges for '**firmware updates**' ask the supplier to change or remove it.

## 9. High charging rates for extra work

Some unscrupulous suppliers charge an extortionate amount of money for '**extra work**'...

Somewhere in your agreement could be a clause that says something like. **'The installation of print drivers, scan locations & scan to email settings are not covered by this agreement, and any work you ask us to carry out will be charged at £150 per hour.'**

So, what does this clause mean?

Well. If you have a new starter who needs to print & scan from your photocopier or MFD. Or an existing system has been replaced & needs to be set up for printing & scanning. Your supplier (based on an agreement passed to us) will charge you the vastly inflated price of **£150** an hour.

To put this into context. Including traveling time. To install 1 – 2 systems for printing & scanning will take around 2 hours. Costing you a very hefty **£300**.

In our experience. This is a sure-fire way for unscrupulous suppliers to overcharge you. Listen though. The work should be chargeable. But not at this hefty price. It's pure overcharging.

As an example. We charge a fair & modest **£40** an hour. Which is a whole 70% cheaper. And in our humble but educated opinion, a charge of up to **£50** an hour is fair & reasonable.

Be warned though. Some unscrupulous suppliers charge even more than **£150** an hour.

And. If you're not happy & decide not to pay. The supplier can terminate the agreement for breach of terms. And request immediate payment in full for the remaining period. Which can be **£1,000's**.

As always. Our advice is to thoroughly check your service agreement terms before you sign. And if you spot a clause that charges over **£50** an hour for **'extra work'** ask the supplier to reduce it.

## 10. Office moves

Lot's of organisations move location or redesign their existing space. So, it's important we cover possible **charging rates** for **'office moves'**...

Somewhere in your agreement could be a clause that says something like. **'Moving the equipment to a different location is not covered by this agreement, and any work you ask us to carry out will be charged at £150 per hour per person.'**

So, what does this clause mean?

If you need to move the equipment to a different location in your existing premise & require the help of your supplier. They will charge you (in our opinion) an excessive rate of £150 an hour per person.

But. If your moving to a new premises & it's a photocopier which needs moving. It's going to cost you £300 an hour for the physical move (as it takes 2 people) to transport it safely. And then a further £150 an hour for 1 person to re-install it onto your network & systems at the new premise.

To put this into context. If it takes 2 people 2 hours to transport the photocopier to your new premise. And then 1 person a further 2 hours to re-install it. It's going to cost a whopping £900.

Don't get me wrong. This work should be chargeable. But not at these hefty rates.

As you know from section 8. We charge a fair & reasonable **£40** an hour. And based on the same scenario above. Our charge would be **£240**. Which is a massive **73%** cheaper.

Be warned though. Some unscrupulous suppliers charge even more than £150 an hour per person.

And. If you're not happy & decide not to pay. The supplier can terminate the agreement for breach of terms. And request immediate payment in full for the remaining period. Which can be **£1,000's**.

As always. Our advice is to thoroughly check your service agreement terms before you sign. And if you spot a clause that charges an excessive amount for '**office moves**' ask the supplier to reduce it.

## 11. Delivery charges

You pay a service agreement to make sure you have certainty for all your costs. This should also include '**delivery charges**' for replacement cartridges & other associated consumables.

But somewhere in your agreement could be a clause that says something like. '**We will charge you a flat £10.00 charge for every delivery.**'

So, what does this clause mean?

Surprise. Surprise. It means your cost per page or fixed monthly fee agreement doesn't include all the associated costs for your photocopier or printing technology service. Like you thought.

Taking an average of 4 deliveries a month for consumables your supplier will expect you to change yourself (toner cartridges, replacement drums & waste units). Some will be less others will be more.

Will add a further **£40** a month. Or **£480** a year. On top of your initial agreement figures. And over the term of a 5-year service agreement these extra charges will cost a whopping **£1,900 in extra fees**.

In our opinion. A managed print service agreement (whether it's for a desktop printer, photocopier or multi-function device) should include the delivery charges for the consumables you need to print.

But. Many suppliers charge extra for deliveries to allow them to show a lower cost per page figure or fixed monthly fee figure in their initial quotation. Making you think it's a great deal.

And. If you're not happy & decide not to pay. The supplier can terminate the agreement for breach of terms. And request immediate payment in full for the remaining period. Which can be **£1,000's**.

As always. Our advice is to thoroughly check your service agreement terms before you sign. And if you spot a clause that charges for **'deliveries'** ask the supplier to remove it.

## 12. Supplier ends the agreement

Did you know (in some instances) the supplier can end the agreement?

Somewhere in your agreement could be a clause that says something like. **'Should we end this agreement due to you not paying our invoices. Disputed or otherwise. You agree to pay the termination charges as detailed in these terms.'**

So, what does this clause mean?

Well. No matter how unhappy you are with any unexpected charges. If you fail to pay any of the invoices. Your supplier will invoke their termination clause.

The extra charges could be for things like price increases, automatic contract extensions, excessive installation & office move charges, replacement parts or consumable delivery charges.

Here's the termination charges in a real customer agreement that was passed to us:

The supplier takes your average monthly spend & multiplies it by the remaining months left on the agreement. If your average monthly spend is **£200** & you have 2 years remaining. The supplier will invoice you for **£4,800**. And there is absolutely nothing you can do about it.

As always. Our advice is to thoroughly check your terms before you sign. And if you spot a clause that allows the supplier to cancel & invoke high termination charges for non-payment of disputed invoices. Ask the supplier to remove it.

## 13. The scary clause

We came across **'one hell of a scary clause'** which we need to share with you too.

So here goes...

**'The term for the cost per copy contract will be continuous. This will be automatically invoiced periodically at our latest rate. You may terminate the contract by giving 12-months written notice. You can only leave immediately by paying the 12-month notice period upfront based on your previous 12 months charges.'**



Where do we start with this one?

- The contract has no end date & technically can run on forever, whether you're happy or not
- They can put the price up whenever they feel like by simple telling you it's the latest price
- If your unhappy & want to leave. It will take 12 months after you've given written notice
- The only way of leaving immediately is by paying 12 months charges (£1,000's) up front.

This isn't a clause for the faint hearted. We really feel for anyone who's been stung by it & couldn't believe our own eyes when we came across it. As a single clause it even surprised us. It's probably the worst we've seen.

## 14. Minimum monthly service charge

Some unscrupulous suppliers even invoke '**minimum monthly service charges**' on photocopiers or printers that you own & have bought yourself.

Somewhere in your terms & conditions may be a clause that says something like. '**A minimum monthly charge will be applied to all service agreements.**'

This charge is usually between **£25 & £50** a month. Although there's been occasions where no figure has been listed & potentially the supplier can charge what they want.

Let's be clear. This is not the same as renting a full service including the equipment. Where the supplier provides the technology within the service. Meaning no initial cash outlay for the customer.

We're talking about where you've bought the equipment (photocopier or large printer) yourself & all you want is a cost per page service contract (covering consumables & maintenance).

As an example: A new entry level photocopier costs up to **£3,000** & a supplier just can't afford to rent it to you. So, if you want the latest features & the cheapest print price. You will have to buy it yourself. Either through a financial lease arrangement or as a capital purchase out of your own **cash-flow**.

If the supplier is providing all the hardware for free. You can understand the need for either a fixed monthly fee or a minimum monthly charge. As the supplier needs a way to recoup their cash outlay.

But ask yourself this. If you buy the equipment yourself (either through a lease or out of cash flow). Why would the supplier need to charge you for something that you just haven't printed?

Think about it. The supplier is being paid for the pages you print. This covers the supply of consumables & maintenance with a fair profit margin. It's usually worked out using a set formula.

So why would the supplier need to secure a certain amount of cash? They didn't buy the equipment you did. They only need to supply consumables & maintenance relative to how much you print.

We've had people highlight this issue. They've been on holiday or not used the equipment they bought that much & been hit with a minimum charge ranging anywhere from **£25 to £50** a month.

We understand there needs to be a fixed or minimum charge where the supplier provides the equipment in a rental model. As it takes lots of cash to operate this kind of model.

But surely not where the customer buys the equipment themselves. In this case & in our opinion. If a supplier wants to charge you for something that you just haven't printed. Their hoodwinking you.

As always. Our advice is to thoroughly check your T&C's before you sign. And if you spot a minimum charge clause covering your own equipment, ask your supplier to remove or change it.

## 15. Extra toner cartridge charging

'Charging for extra toner cartridges' is a very strange one for us. The service agreement price should cover everything you need, as part of a full managed service. But still some unscrupulous suppliers will have a formula written in their terms & charge you extra if you go above it.

Somewhere in your agreement could be a clause that says something like. **'The toner cartridges included in the cost per page is enough to produce the number of standard pages specified by the manufacturer. Additional toner cartridges used will be charged at our normal selling price.'**

This clause is specific to laser printers, photocopiers or large multi-functional devices on cost per page printed agreements. But what does it really mean?

I bet you thought the **4, 5 or 6p** a colour page price you agreed in writing is all you ever had to pay? Sorry. When dealing with some suppliers this is simply not the case.

Manufacturers measure the printed page numbers each toner cartridge will produce on an industry standard average coverage of **5%**. Worked out by a robust & long-standing formula.

Suppliers (like ourselves) use the same formula to help set a fair price for our cost per page printing services. Adding other costs like drums, support, spares & labour into the equation too.

The key word here is **average**. Some months you might only print **2%** coverage & other months you might print **10%** coverage. But overall the manufacturers worked out **5%** is the average.

Let's say 1 month you print **10%** coverage. Which is double the average. A supplier with this clause will charge you for the extra toner cartridges used & it can be **£100's** at their normal selling price.

On the flip side. Let's say you print **2%** coverage in a given month. The betting is. The supplier won't give you a refund for using less than the average toner cartridges. Will they?

To be fair. There is an exception. A small selection of customers may use their equipment only for printing leaflets & posters. Leading to lots of toner coverage & required extra cartridges.

In these instances (in our opinion) the supplier should discuss this with the customer & agree a fixed cost per page that satisfies both parties. Not hit the customer with high extra cartridge charges.

As always. Our advice is to thoroughly check your service agreement terms before you sign. And if you spot a clause that charges for 'extra toner cartridges' ask the supplier to remove it.

## 16. The re-cap

We're going to end on a 'Games of Thrones' style cliff hanger or even a 'Line of Duty' dramatic feature length finale. But we're not.

Instead. We're simply going to recap the dodgy contract clauses you need to avoid. Here goes:

1. Automatic pricing reviews
2. Termination charges
3. Average billing levels
4. Automatic contract extensions
5. Replacement parts charging
6. Fictitious network peripheral charges
7. Firmware upgrade charging
8. Excessive charging for extra work
9. Inflated office-move charges
10. Delivery charges
11. Supplier ending the contract charges
12. The never-ending contract clause
13. Own equipment minimum monthly service charges
14. Charges for using extra toner

As always. Our advice is to thoroughly check your service agreement terms before you sign. And if you spot a clause that worries you. Ask the supplier to change or remove it.

If they won't. **Don't sign it...**

Instead. Find a trusted supplier who provide **Simple Honest Service** with price guarantees & no hidden extra charges.

The full hoodwinking series is also available for you to view at [mytotalofficesolutions.co.uk/hoodwinking-exposed](https://mytotalofficesolutions.co.uk/hoodwinking-exposed)