

Evaluating the Consumer-Friendliness of Terms and Conditions of Private Educational Institutes - Identifying Interventions for Enhancing Consumer Protection

by

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Abstract

This report evaluates the consumer-friendliness of the Terms and Conditions (T&Cs) used by private educational institutions in Thimphu, with the goal of identifying gaps that negatively impact consumers and proposing actionable interventions to enhance protection. The review considers essential parameters including transparency, fairness, consumer rights, quality assurance, flexibility, financial transparency, dispute resolution mechanisms and data protection.

The analysis uncovers several inconsistencies and areas of concern. Many T&Cs are vague, impose restrictive refund and cancellation policies and lack adequate provisions to safeguard consumer rights, leaving students and their families exposed to financial risks.

To address these shortcomings, the report recommends the establishment of a minimum standard for T&Cs, greater transparency in fee structures and the development of a fair dispute resolution framework. Strengthening data protection practices and ensuring alignment with consumer protection laws are also emphasized as other priorities.

By addressing these gaps, private educational institutions can foster a more equitable, transparent and accountable environment for learners. The proposed interventions seek to balance institutional operational needs with the rights and expectations of consumers, ultimately promoting trust and ethical practices within the education sector.

Background

Consumer protection is a critical element of market regulation, aimed at ensuring that businesses operate fairly, transparently and in a manner that safeguards the rights of consumers. Terms and Conditions (T&Cs) are central to this protection, serving as binding agreements that outline the roles, responsibilities, and liabilities of both service providers and consumers. However, in many cases, these contractual terms tend to favor businesses at the expense of consumers, leading to potential exploitation.

Private educational institutions, as providers of essential services, have a significant impact on the lives and futures of students and their families. With concerns over unfair contract terms and limited consumer recourse, this report examines whether the T&Cs used by private educational institutions are consumer-friendly, transparent and do not unduly favor businesses at the expense of consumers. It evaluates the extent to which these agreements protect consumers and identifies gaps that may expose them to risk. The report also explores practical interventions that the government and regulatory bodies can implement to improve consumer protection in the education sector.

Methodology

The study randomly selected 10 out of the 62 private educational institutes in Thimphu for the evaluation. A comprehensive review of their T&Cs was conducted, along with an analysis of consumer complaints lodged with the Competition & Consumer Affairs Authority (CCAA). To ensure a thorough and unbiased

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assessment, predefined parameters and checklists were developed and evaluated by panel of three people. T&C that has clear unambiguous term were assigned 1 and those which were either unclear or were not included were assigned 0 to calculate the final percentage of institutes meeting or not meeting any given criteria (Annexure I).

Findings and Discussions

(i) Transparency and clarity

Approximately 90% of the institutions used clear and concise language and ensured easy access to these terms, either in print or online, prior to enrollment. While 70% clearly highlight key terms such as refund policies, withdrawal conditions and payment schedules, the remaining institutions present these details vaguely, making comparison and comprehension difficult.

Additionally, only 60% fully disclose tuition fees, with 40% omitting important cost details like uniforms, books and extracurricular activities, which can lead to unexpected financial burdens

(ii) Fairness

While 60% of educational institutions maintained a reasonable and transparent fee structure, the remaining impose additional charges for minor infractions. Refund policies are often unclear, with over half of the institutions lacking transparency and fairness, some impose hefty penalties or offer no refunds.

Payment flexibility varies, with some institutions offering installment options, while others demand full upfront payment and enforce strict late penalties, which in some cases increase progressively, placing added financial pressure on students. Although no explicit discriminatory clauses were identified, there is limited institutional support for disadvantaged students.

(iii) Consumer rights

Only 30% of the institutions allowed students to withdraw within a reasonable timeframe without excessive penalties, while 80% either deny this right or impose harsh withdrawal conditions. None of the institutions include liability clauses in their T&C, avoiding acknowledgment of responsibility for negligence or poor service.

Additionally, the majority do not notify students and parents in advance about changes to terms, though 40% do provide such notifications. Registration fees also vary significantly, with some institutions charging non-refundable amounts as high as Nu. 10,000, while others keep them to a decent Nu. 2,000.

(iv) Quality assurance

While 40% of institutions clearly specify offerings such as facilities and faculty qualifications, the majority fail to provide detailed information or ensure consistency in service delivery. Nearly all institutions comply with national standards regarding accreditation, though 10% do not mention their accreditation status in their T&C.

(v) Compliance with laws

Some refund policies and penalties may be exploitative and disproportionate. Additionally, student and parent data protection policies were missing in all institutions' Terms and Conditions.

(vi) Flexibility and accessibility

Only 30% of the institutions offered class schedule adjustments to accommodate student needs in cases of emergencies. There were limited provisions for online learning, particularly as an alternative during national emergencies.

Furthermore, only 1 out of 10 institutions offered remote learning option. No institution explicitly provided accommodations for students with disabilities or special needs.

(vii) Financial transparency and guarantees

Some institutions offered scholarships but fails to clearly define eligibility and consistency in application. There is no assurance that courses will not be arbitrarily discontinued. No institute mentions about the guarantee of services in their Terms and Conditions.

(viii) Dispute resolution

More than half of the institutions have clear and formal dispute resolution methods. However, 30% of the institutions do not provide any information about complaint handling or dispute resolution.

(ix) Privacy and data protection

No institutions mention about data collection policies and consent for sharing student data with third parties. No clear policies exist regarding how long personal data is retained or disposed of.

Recommendations

Given the wide variation in Terms and Conditions—often skewed in favor of institutions—the government should introduce a standardized template outlining the minimum required information to protect consumer interests. While businesses retain the flexibility to define specific details such as fee structures, penalties, and timelines, the standard template would protect consumers by providing them all the required information before signing on the dotted line. In particular, it should cover the following key aspects:

(i) Strengthen refund and withdrawal policies

All T&C must define clear refund eligibility criteria (e.g., full refund if withdrawal occurs before classes start, partial refunds within a specific period) and set a minimum refund deadline (e.g., 30 days after withdrawal) to ensure students have ample time to claim refunds. Institutions should provide pro-rata refunds for students who withdraw after attending part of the course.

(ii) Regulate late payment penalties

Some institutions impose unreasonably high late payment penalties, creating financial strain on consumers. To ensure fair and transparent fee structures, institutions should look at capping late payment fees to prevent excessive financial burdens on students and refrain from charging undisclosed additional fees.

(iii) Protect students against unilateral changes in programs or schedules

Lack of clear guidelines on program or course changes can create uncertainty for students. Therefore, institutions should provide advance notice of significant changes and offer full or proportional refunds to

students who withdraw as a result. Clear policies on compensation or alternative options should be in place when a program is discontinued or substantially modified, to protect students from being unfairly impacted.

(iv) Establishing a fair and transparent dispute resolution mechanism

Students and parents often struggle to resolve disputes with institutions due to the lack of a formal and accessible resolution process. Therefore, all institutions should implement a structured dispute resolution process, including mediation and arbitration options, to ensure fair and impartial handling of grievances.

(v) Data protection measures

None of the institutions clearly outline comprehensive data security protocols, highlighting a critical need for transparency in data protection. Therefore, institutions must specify data usage purposes, obtain consent for third-party sharing, define data retention periods, and ensure continuous access to academic records.

Conclusion

The study highlights the need to improve the consumer-friendliness of Terms and Conditions in Bhutan's private educational institutions. Significant gaps remain in areas such as refund policies, data protection, dispute resolution, and support for students with special needs, putting consumers at risk. Therefore, to ensure clarity, fairness, and accountability, the government should take measures to introduce a common template that should be used by all.

Annexure I: Parameters and Checklist for Evaluating Terms and Conditions of Private Educational Institutions²

1. Transparency and Clarity

- **Plain Language:** Are the terms easy to understand without excessive legal jargon?
- **Full Disclosure:** Are all fees, including tuition, registration, examination, and additional costs clearly disclosed?
- **Key Term Highlights:** Are critical clauses, such as refund policies, withdrawal terms, and payment schedules clearly summarized?
- **Access to Information:** Are the terms and conditions readily accessible before enrollment (e.g., on the institution's website or in printed form)?

2. Fairness

- **Fee Structure:** Are fees and charges reasonable and justifiable, without hidden costs?
- **Refund Policies:** Are refund policies for withdrawal or cancellation fair and clear?

3. Consumer Rights

- **Right to Withdrawal:** Are students allowed a reasonable period to withdraw from the institution without excessive penalties?
- **Liability Clauses:** Do the terms avoid unfair liability waivers for the institution's poor service delivery or negligence?
- **Changes to Terms:** Are students and parents notified in advance of any changes to terms, and are these changes reasonable?

4. Quality Assurance

- **Promises and Delivery:** Do the terms ensure that advertised facilities, faculty qualifications match what is provided?
- **Accreditation:** Does the institution guarantee compliance with local education authority accreditation and quality standards?

5. Compliance with Laws

- **Legal Alignment:** Are the terms fully compliant with national education and consumer protection laws?
- **Unfair Practices:** Are there any misleading or deceptive clauses?
- **Data Protection:** Are policies regarding the collection and use of personal data clearly stated?

6. Flexibility and Accessibility

- **Class Schedule Adjustments:** Are there provisions for flexibility in class schedules to accommodate student needs, especially in cases of emergencies or special circumstances?
- **Remote Learning Options:** Are online learning terms clear and accessible if applicable?
- **Special Needs Provisions:** Are accommodations for students with disabilities or special needs included?

7. Financial Transparency and Guarantees

- **Scholarships and Discounts:** Are terms related to scholarships, discounts, or financial aid clearly explained and consistently applied?
- **Guarantee of Services:** Are the assurances that courses won't be discontinued arbitrarily, with alternative arrangements provided?

8. Dispute Resolution

- **Complaint Resolution:** Are formal channels for resolving disputes, such as mediation or arbitration available?

² Parameters developed by CCAA for evaluating private educational institutes' T&C's friendliness to consumers