

Dear Sir / Madam

With reference to the questions posed in the discussion document.

- Q1. Yes. Franchise agreements are heavily favouring the franchisor, leaving the franchisee with limited recourse and very little or no avenue for redress.
- Q2. The problems are well defined. The further problem is when a franchisee has a poor relationship with an oppressive franchisor, he/she has little or no scope for improving his/her position. We have entered into a franchise agreement where absolutely everything has been in favour of the franchisor. We have thus far had lawyers meetings, mediation and chaired meetings, all with the same lack of result: Our franchisor believes that he has the same rights as if he actually owned our business – in short – he’s a control freak. Furthermore, what systems exist are full of faults, and yet we are not entitled to help build the systems. If we decide that the situation is untenable, we have no redress and will almost certainly lose the large fees we’ve paid. We specifically had a good faith clause written into the agreement, at insistence of our legal representatives; yet, that good faith clause is not worth the paper it’s written on – the franchisor acts with impunity, and our legal representatives say there’s nothing we can do. Franchisees deserve some protection against this sort of thing. We are a prime example of a franchisee suffering (to use the words in your discussion document “Unreasonable, harsh or oppressive conduct”).
- Q3. I cannot say. I think it’s more a case of unscrupulous people in, probably, every industry.
- Q4. Option 3 – Franchise Specific Regulation. This type of thing, modelled on the Australian system, would be hugely beneficial to help prevent ‘bad’ franchisors harming their franchisees.
- Q5. I think an important consideration would be to have a ‘Cancel the agreement’ clause, because if a franchisee has been seriously misled by what’s on offer, no amount of redress, with the attendant enormous court costs, and time, would have the desired effect.
- Q6. Full financials. Full details of debtors and creditors. If an existing business, full details of cash-flow, finances etc, for at least the last three years, including monthly bank statements.
- Q7. Greater financial clarity.
- Q8. The costs, for the franchisor, should not be excessive as current accounting costs will already have been met.
- Q9. Minor, as noted – the financial requirements should not have a large cost, of that readily required for the operation of the business.
- Q10. I would not be able to say. I do not have a legal back-ground.

Yours faithfully,

[Details withheld]