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SOLUTIONS

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Client service agreements in South Africa: what to include

A client service agreement is the contract between a business and the client it provides services to. It records what you'll deliver, by when, what the client pays and when, what happens if either side wants out, who owns the work, and how far your liability goes. South African law doesn't require service agreements to be in writing, but without one, disputes about scope and payment come down to memories and emails. If your client is a consumer, the Consumer Protection Act (CPA) also sets rules on quality, cancellation and unfair terms.

REVIEWED BY THE ELS TEAM

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AT A GLANCE

- Not legally required in writing, but a written agreement is your **proof**.
- Define **scope** and a **change process** to stop unpaid extra work.
- Link **IP transfer to payment**.
- Consumer clients have extra **CPA rights** on quality and cancellation.

Why put it in writing?

A verbal agreement can be binding. The problem is proving what was agreed. A written agreement:

- Defines the scope, so extra work is recognised and paid for.
- Sets payment terms you can enforce, including deposits and late-payment interest.
- Deals with cancellation before it happens.
- Limits your liability to an agreed level.
- Makes it clear who owns the work.

What to include

CLAUSE	WHAT IT SHOULD SAY
Parties	Full legal names, registration numbers and addresses
Services and scope	What's included and excluded, deliverables and standards
Timelines	Milestones, deadlines, and what happens if the client causes delay
Fees and payment	Rates or fixed fees, deposits, invoicing, due dates, VAT, late-payment interest
Changes	How scope changes are requested, priced and approved
Client duties	Information, access and approvals you need
Intellectual property	Who owns deliverables, when ownership passes, what you keep
Confidentiality	How both sides treat confidential information
Personal information	POPIA duties if you process personal information for the client
Liability	A cap, and exclusion of indirect losses
Term and termination	Duration, notice, termination for breach, payment for work done

CLAUSE	WHAT IT SHOULD SAY
Disputes	Negotiation, mediation, then arbitration or court

Rules when your client is a consumer

The CPA protects individuals, and companies, close corporations and trusts with asset value and annual turnover below R2 million. If your client qualifies:

- **Quality of service (section 54).** Services must be performed on time, with notice of unavoidable delays, and to the quality people are generally entitled to expect.
- **Fixed-term agreements (section 14).** Consumer fixed-term agreements generally can't exceed 24 months, and the consumer can cancel on 20 business days' notice, subject to a reasonable cancellation charge.
- **Plain language and fair terms.** Terms must be clear and not unfair, unreasonable or unjust.
- **Notice of risky terms (section 49).** Liability limits and indemnities must be drawn to the client's attention before they agree.
- **Cooling-off.** If you sell online, consumers may have a seven-day cooling-off right. See website terms and the ECT Act.

Getting the payment terms right

- **Take a deposit** for new clients or large projects.
- **Use milestones** for long projects.
- **State the due date** and the interest rate on late payment. For consumer clients, interest on overdue invoices can make the agreement an incidental credit agreement under the National Credit Act, which limits the rate, so keep it modest.
- **Link IP transfer to payment.**
- **Allow you to pause work** if invoices are overdue.

Ending the agreement

Good cancellation clauses cover how much notice each side must give, payment for work done and costs incurred, what happens to work in progress and confidential information, and immediate termination for serious breach such as non-payment after notice. For consumer clients, cancellation charges must be reasonable.

Five common mistakes

I **Vague scope.** "Website design" invites endless revisions.

2 **No change process.** Extra work gets done but never billed.

3 **Handing over IP before payment.**

4 **No liability cap.** Your exposure isn't linked to your fee.

5 **A one-sided template.** Against consumers, unfair terms may not be enforced.

Frequently asked questions

Does a service agreement have to be signed?

A signed agreement is the best evidence. Electronic acceptance can also work, as long as you can prove the client agreed.

Can I charge interest on late payments?

Yes, if the agreement provides for it. If it doesn't, the legal (prescribed) rate of interest may apply from when payment was due.

What's the difference between a service agreement and a quote?

A quote sets out price and scope. A service agreement sets the full terms. Many businesses attach the quote as a schedule.

Do I need a new agreement for every client?

Use one master agreement with a schedule for each project's scope and fees.

Turn a handshake into something enforceable

The ELS Client Services Agreement sets out what you're delivering, when you get paid, and what happens if a client cancels or a project runs over. The Client-Ready Pack adds a Confidentiality Agreement (NDA). Not sure what you need? Take the free Legal Health Check.

SEE THE CLIENT SERVICES AGREEMENT

SEE THE CLIENT-READY PACK

INFORMATION, NOT ADVICE

ELS provides legal information, not legal advice. Nothing in this guide creates an attorney-client relationship. For advice on your specific situation, consult a qualified attorney. The law is stated as at 12 November 2026.

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Attorney-drafted legal documents and plain-English legal information for South African businesses. Not sure what your business needs? Take the free Legal Health Check.

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