

Online Policies, Customer Laws, and Payment Practices

Digital commerce has created a new layer of legal obligations for small businesses—from website terms and privacy policies to consumer protection rules and payment processing. This course examines what businesses need to disclose online, how to stay compliant when dealing with customers, and what tax and legal considerations apply to cash and peer-to-peer payments. Practitioners who advise small business or retail clients will find this course especially relevant in today's increasingly digital business environment.

CREDIT HOURS 2 | FIELD OF STUDY BUSINESS | EXAM QUESTIONS 10

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LEARNING ASSIGNMENTS AND OBJECTIVES

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Identify the requirements of a website privacy policy.
- Recall the legal requirements for advertising.
- Recall the IRS reporting requirements on large cash transactions.

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Chapter 1: WEBSITE TERMS AND CONDITIONS AND PRIVACY POLICIES

Chapter Objective

After completing this chapter, you should be able to:

- Identify the requirements of a website privacy policy. .

Most small businesses have a website. You might use your site strictly for marketing, like an online catalog, or you might engage in e-commerce (selling goods or services) or content publishing. You might have built your site using a website builder like Wix or Squarespace, or perhaps you used a web designer to build a custom site for you.

In this chapter, we explore two common website forms: (1) terms and conditions, and (2) a privacy policy.

WEBSITE TERMS AND CONDITIONS

The terms and conditions (T&C) for a website, also known as terms of use (TOU) or terms of service (TOS), govern how visitors can access and use the site. As you'll see below, the T&C for a site can cover age restrictions on use of the site, e-commerce, and intellectual property. But first, we should acknowledge that most small business websites don't have T&C, TOU, or TOS. Many of the sites that don't include a terms document do include a privacy policy, which we discuss below, and that's sufficient in many cases.

If you don't use your website for e-commerce and you don't capture and save user information, you might not bother with T&C. But we recommend having T&C for sites where users can do any of the following:

- Buy products or services (e-commerce sites)
- Set up user accounts
- Sign up for mailings
- Interact with other users, such as in a user forum
- Post content, including product reviews
- Download content, or
- Otherwise engage in activities that require the collection of personal information.

SAMPLE WEBSITE TERMS AND CONDITIONS

Website Terms and Conditions

Welcome to the 4C Candles Store (the “Site”), operated by 4C Candles LLC (“we,” “our”). In order to access the Site, you agree to be bound by the following terms and conditions (“Terms”) in full. Please continue to access and use the Site only if you accept the Terms.

1. Cookies and Personal Information—See Separate Privacy Policy

We use cookies on the Site, and we collect personal information when you create a customer account, purchase a product, or sign up for promotional mailings on the Site. Please refer to our Privacy Policy to learn more about what information we collect, how we use it, and how we protect it. A link to the Privacy Policy is included below and in the footer of every page on the Site.

2. Acceptable Uses

You must be age 18 or older to create a customer account, make a purchase, or sign up for promotional mailings.

We reserve the right to revoke your account if you violate the Terms.

3. Products and Prices

We strive to maintain accurate product information and current prices on the Site. But we make no representation as to the accuracy of the information on the Site. We reserve the right to change the products offered for sale and product prices at our discretion.

4. Payments, Shipping and Returns

Orders can be paid for by credit card or PayPal. All payments are processed securely and we do not store your credit card information.

Orders are fulfilled through a third-party order fulfillment service. We provide the fulfillment service only with your name and delivery address, along with your order information.

Returns must be made within 30 days of purchase. A full refund will be issued upon our receipt of the returned merchandise.

5. Intellectual Property

The Site and all content on it are the copyrighted property of 4C Candles LLC and may not be used by others for commercial purposes without our written permission.

6. Governing Law

These Terms are governed by the laws of Massachusetts.

7. Changes to Terms

We reserve the right to modify these Terms at any time without prior notice. Changes will be effective when they are posted to the Site. Your continued use of the Site after the changes are posted indicates your acceptance of the revised Terms.

8. Contact Us

If you have any questions about these Terms, please contact us at info@4c-candles.com.

Last updated August 1, 2025

The sample T&C above is for a hypothetical e-commerce company (4C Candles LLC) that allows its customers to engage in e-commerce, set up user accounts, and sign up for mailings on the site. If you need more detailed or customized T&C for your e-commerce site, or if users can interact with other users, post content, download content, or engage in other activities from which you collect personal information, consider looking into an online terms and conditions generator like Termly (<https://termly.io>) or Privacy Terms (<https://privacyterms.io>). An online terms generator will walk you through a few questions and deliver a terms document that's customized for your site, at a much lower cost than hiring a lawyer to draft your T&C.

Section-by-Section Explanation of the Sample Terms and Conditions

The introduction states that the user agrees to the terms by continuing to access and use the website. You've likely encountered websites that require users to accept the terms and conditions (T&C) by checking a box or clicking an "Accept" button. Even if you include such a box or button on your site, it's a good idea to state in the T&C that continued use of the site constitutes acceptance of the terms.

1. Cookies and Personal Information

The first questions many users have about your website concern their personal information—whether you collect it and how you use it. They want to know that their information will be secure and their privacy protected. Most of the details regarding the use of cookies and the collection and use of personal information are contained in your Privacy Policy, which is referenced in Section 1. But rather than simply saying "See our Privacy Policy," you can include the basics in the T&C.

2. Acceptable Uses

Unless your e-commerce site is specifically aimed at children, such as a site where they can play online games, we suggest restricting access to the site to adults (ages 18 and over). If you want to make your site available to children between the ages of 13 and 18, you should still restrict the ability to engage in any activity that involves the collection of personal data to adults.

When you collect personal information from children under age 13, you must meet the strict standards of the Children's Online Privacy and Protection Act (COPPA) and other privacy regulations. For this reason, we suggest that you refrain from collecting personal information from children under 13 unless that information is essential to the purposes of the site. If you find yourself needing to collect personal information from children under 13, consider consulting with an attorney who can help you to craft your policies and procedures to be COPPA-compliant.

If you allow users to leave comments on the site, you want to be sure that those comments won't get you into trouble. Our sample T&C includes prohibitions on profane and defamatory comments. It also clearly states that you can revoke a user's account if they violate any of the provisions of the T&C.

3. Products and Prices

As careful as you will be, it's possible that your site could have inaccurate information. If a customer relies on that information, you might owe them a refund of their purchase price. But you don't want to be liable for more than the purchase price (such as a claim that the product or information caused the customer additional losses). Section 3 is intended to protect you from such a claim.

Further, you can change the products offered on the site, as well as the descriptions and prices of those products, at any time and at your discretion.

4. Payments, Shipping and Returns

Section 4 contains basic e-commerce information, including the types of payment you accept; whether you use third parties to fulfill orders; and whether returns are allowed and, if so, on what basic terms. If you don't store credit card information (and these days most merchants don't, choosing instead to use third-party payment processors to handle that valuable data), saying so in the T&C helps reassure your customers that their credit card information won't be exposed if you have a data breach.

Some e-commerce sites maintain a separate returns policy and link to that policy from the T&C. If you choose that approach, replace the returns language in Section 4 with a statement such as the following: "Returns are allowed and refunds are made according to our Returns Policy." We cover returns policies in Chapter 2.

In terms of third-party order fulfillment services, you want to assure the customer that you provide the distributor with only enough personal information (name and address) to fulfill their order.

5. Intellectual Property

Copyright theft is a bigger concern for content sites (publishers and the like) than for e-commerce sites, but even e-commerce sites contain valuable copyrighted content. For example, your site might include product images that you paid a professional photographer to take, or marketing language that you wouldn't want a competitor to simply copy. Section 5 makes clear that your site and all the content on it are protected by copyright and are not to be copied for commercial purposes.

6. Governing Law

In the event that you wind up in a dispute with a user over any of the terms contained in the T&C, Section 6 indicates which state's law will apply to the dispute. You will almost always designate the state in which your company is located. If you operate in more than one state, you would designate the one that makes the most sense for you—the same state you list in your regular business contracts.

7. Changes to Terms

You want to have the flexibility to change the Terms at your discretion, without prior notice to the user, and to have the changes be effective immediately upon posting. You also want the user's acceptance of the revised Terms, like the Terms they first read on your site, to be based on their continued use of the site.

8. Contact Us

It's unlikely that a user will question or challenge your T&C, but you want to provide them with contact information in case they want to do so.

WEBSITE PRIVACY POLICY

If you collect personal information from the people who visit and use your website, practically speaking, you are required to post a privacy policy on the site. No specific federal law mandates a privacy policy, but several states have consumer data privacy laws that require site owners not only to handle personal information securely, but also to inform users of what personal information is collected on the site and how it is used. States with strong consumer data privacy laws include California, Florida, New Jersey, Texas, and Virginia, and more states are adding such laws each year. Also, many foreign countries and the European Union have strict data privacy requirements on the use of their citizens' data.

Some states' website privacy requirements apply only to "larger" sites—sites that collect personal information from a certain number of their residents (for example, 100,000 consumers per year for Indiana and New Jersey)—or sites of large companies. But rather than trying to figure out which states' laws apply to your site, we recommend developing and posting a privacy policy if you collect personal information from your users, period. Beyond any legal requirements to have and share a privacy policy, being transparent with your users about how you handle their personal information