



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Finance Committee
HB 431– Civil Actions – Consumer Contracts – Limitations Periods
Position: Favorable

The Honorable Pam Beidle
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

March 25, 2025

Honorable Chair Beidle and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **HB 431** because it would ensure that almost all Maryland consumers get the benefit of the full 3-year civil statute of limitations that this legislature has established – and prevent some firms from restricting their ability to recover damages for injury or misconduct through contracts that unfairly seek to alter that timeframe.

In recent years we've seen a troubling rise in barriers to consumers' ability to use the legal system to recover damages for injuries and fraud. As is well-known, many consumer contracts now use mandatory arbitration provisions to bar or severely restrict our ability to go to court. Other companies have moved to restrict the right to recover in a less radical but nevertheless troubling way: By pushing consumers to sign contracts that shorten the timeframe for filing legal claims -- imposing, say, a one- or two-year limit rather than the three years Maryland law mandates.

Under current Maryland law, the question of whether such limitations are legally enforceable is rather murky. In a 2017 case ([Ceccone v. Carroll Home Services, LLC](#)), the Maryland Court of Appeals ruled that such limited recovery periods MAY be legal,¹ if a court finds they don't conflict with other laws, were not induced by fraud or misrepresentation, and appear reasonable in light of the full circumstances of the case.²

This somewhat subjective standard leaves Maryland law is a bit unclear – and means marketers can sometimes get away with implementing shorter standards (and sometimes can't). In many other cases, they may try to do so, even in ways that wouldn't meet the legal standard, expecting that consumers may not notice the restriction or understand how it limits their legal rights, or have the resources or the ability to challenge the shortened standard.

¹¹ <https://www.mdcourts.gov/data/opinions/coa/2017/85a16.pdf>

² <https://www.decarodoran.com/contract-provisions-shortening-the-statute-of-limitations-are-enforceable-sometimes/>



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HB 431 would clarify the law and make sure consumers have all the time state law mandates to enforce their legal rights by declaring provisions shortening the standard “**Against Public Policy and Void**” and not a valid defense against a liability claim. It should further deter efforts to impose such limitations by making their presence in a contract itself an “unfair, abusive, or deceptive practice” under Maryland’s Consumer Protection Act.

It's properly the province of the legislature to determine the statute of limitations in consumer damage cases. This bill would ensure that the standard the legislature has set applies to all consumers – and help secure fairer access to legal right to redress across all consumer transactions.

Let me add that I think this version of the bill does considerably more to protect consumers’ right to recover damages than the crossfiled one with some weakening amendments added on the Senate side (SB 413). I’m afraid that excluding from these protections any contract provided by a business acting under a license, franchise agreement, or authorization from a state agency or utility commission or services regulated by major public regulators (as the language added to the Senate bill would do) would in effect exempt the great bulk of providers from the protections the bill is intended to offer. That change would create a set of exceptions that appear to swallow up the rule proposed -- and greatly weaken its impact on consumers.

I would therefore ask this committee to endorse the language contained in **HB 431** rather than that in the Senate bill.

We support HB 431 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto