



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
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**Testimony to the House Economic Matters Committee
HB 431– Civil Actions – Consumer Contracts – Limitations Periods
Position: Favorable**

The Honorable C.T. Wilson
House Economic Matters Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, House Economic Matters Committee

Jan. 28, 2025

Honorable Chair Wilson 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 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.

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

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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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.

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

Sincerely,

Franz Schneiderman
Consumer Auto