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Challenge fees and consumer law

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In short: When a prop firm sells a challenge to a consumer, consumer law applies even if financial regulation does not. In the EU, misleading claims are banned and online purchases carry a 14-day withdrawal right, which can be lost once the service has been fully performed with the consumer's express consent. [1] [2]

What usually applies

- **Misleading claims.** Claims about pass rates, earnings or “regulated” status must not mislead. [1]
- **Withdrawal right.** EU law gives 14 days to cancel most online service contracts (UK law is similar); many firms ask the trader to agree that the challenge starts at once. [2]
- **Unfair terms.** Terms that let the firm refuse payouts at its sole discretion may be challenged as unfair, depending on national law.

By jurisdiction

Jurisdiction	Consumer protection	Detail
Australia	Australian Consumer Law	The Australian Consumer Law applies to services sold to consumers; not confirmed how it applies to challenge fees.
Belgium	EU consumer law	EU consumer law applies when challenges are sold to consumers. The Unfair Commercial Practices Directive bans misleading claims, for example about pass rates or earnings. The Consumer Rights Directive gives a 14-day right of withdrawal for online contracts, which can be lost once a service has been fully performed with the consumer's express consent.

Jurisdiction	Consumer protection	Detail
Canada	Provincial consumer law	Provincial consumer protection laws apply to consumer purchases. Not confirmed how they apply to challenge fees.
Cyprus	EU consumer law	EU consumer law applies when challenges are sold to consumers. The Unfair Commercial Practices Directive bans misleading claims, for example about pass rates or earnings. The Consumer Rights Directive gives a 14-day right of withdrawal for online contracts, which can be lost once a service has been fully performed with the consumer's express consent.
Czech Republic	EU consumer law	EU consumer law applies when challenges are sold to consumers. The Unfair Commercial Practices Directive bans misleading claims, for example about pass rates or earnings. The Consumer Rights Directive gives a 14-day right of withdrawal for online contracts, which can be lost once a service has been fully performed with the consumer's express consent.
India	No SEBI recourse	Users of unregistered platforms have no recourse through SEBI's complaint redressal system (SCORES) or the exchanges' online dispute resolution.
Italy	EU consumer law	EU consumer law applies when challenges are sold to consumers. The Unfair Commercial Practices Directive bans misleading claims, for example about pass rates or earnings. The Consumer Rights Directive gives a 14-day right of withdrawal for online contracts, which can be lost once a service has been fully performed with the consumer's express consent.
Spain	EU consumer law	EU consumer law applies when challenges are sold to consumers. The Unfair Commercial Practices Directive bans misleading claims, for example about pass rates or earnings. The Consumer Rights Directive gives a 14-day right of withdrawal for online contracts, which can be lost once a service has been fully performed with the consumer's express consent.
United Arab Emirates	Not confirmed	UAE consumer protection law applies to consumer purchases; not confirmed how it applies to challenge fees.
United Kingdom	UK consumer law	UK consumer law applies to challenges sold to consumers: a 14-day cancellation right for online services (which can be lost once the service has been fully performed at the consumer's request), and a ban on misleading and aggressive commercial practices.

Jurisdiction	Consumer protection	Detail
United States	FTC Act and state law	The Federal Trade Commission Act prohibits unfair or deceptive acts or practices, and state consumer protection laws also apply to challenges sold to consumers.

As of November 2026. “Not confirmed” means we have not yet verified the point from an official source; it does not mean there is no rule. Each jurisdiction's sources are listed in its guide.

References

1. Official Directive 2005/29/EC on unfair business-to-consumer commercial practices . EUR-Lex. Accessed November 2026.
2. Official Directive 2011/83/EU on consumer rights . EUR-Lex. Accessed November 2026.

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