FROM THE IUSTORIA BLOG

“An Oral Contract Isn't Binding.” What the Law Actually Says

> *With few exceptions, an oral contract is binding; the real problem is proving it. When the law requires writing, what happens if it is missing, and how to back up an oral deal afterwards.*

IUSTORIA TEAM

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"We never signed anything, so it doesn't count." We hear this from both sides. It comes from the customer who does not want to pay the balance for a job because nobody wrote the price down. And it comes from the person who lent a friend money and now believes they will never get it back without a piece of paper. Both are wrong in the same way: with few exceptions, a contract under Czech law needs no paper at all.

So what usually matters is not whether an oral agreement is binding, but whether you can prove it. Alongside that, there is a short list of contracts for which the law really does require written form, and there a spoken promise is not enough.

We explain which contracts these are, what happens when the required form is missing, and how to back up an oral agreement even if you have nothing signed.

Why an oral contract is binding

The Czech Civil Code starts from the premise that a contract is concluded as soon as the parties have agreed on its content (Section 1725). Anyone may choose any form for a legal act unless the law or an agreement between the parties restricts that choice (Section 559). And a person can act not only through words but also through conduct, as long as it leaves no doubt about what they meant to express (Section 546).

In practice, this means that valid contracts come into being that nobody ever put in writing. A tradesman looks at a bathroom, names a price, the owner nods and sends an advance payment. A company orders a delivery over the phone and the supplier brings it. A friend borrows money and receives it in their bank account. The law does not require a loan agreement to be made in writing; our guide to loan agreements (in Czech) covers this in more detail. The same goes for most contracts of sale, contracts for work (*smlouva o dílo*), service contracts and leases of a garage or an office.

A contract can even arise without a single word being said about entering into it. When one party starts doing the work and the other pays for it, both are showing that they have reached an agreement. The court then examines what the parties agreed, not whether there is a document recording it.

When the law requires written form

The exceptions mostly concern commitments with far-reaching consequences. The most common are these:

- **Real estate.** Written form is required for every legal act that creates, transfers, alters or extinguishes a right in rem in immovable property (Section 560). That covers buying a house, a flat or a plot of land, but also creating an easement (*věcné břemeno*). Where several persons act, their declarations must be on the same document (Section 561(2)). An exchange of two letters is not enough here.
- **Guarantees.** A guarantor's declaration (*ručitelské prohlášení*) must be in writing (Section 2018(2)). Saying "I'll be his guarantor" to a bank or a creditor across the table does not, by itself, make anyone a guarantor. What to do when a guarantor receives a demand for payment is covered in our article "A Guarantor Only Pays When the Debtor Can't." So When Do They Really Pay?.

- **Leases of flats and houses.** A residential lease must be in writing (Section 2237). The law has no such rule for leases of business premises or a garage; the general provisions on leases apply (Section 2302).
- **Gifts.** The law requires a written contract for the gift of a thing recorded in a public register, typically the Land Registry (*katastr nemovitostí*), and whenever the gift is not handed over at the time of the agreement. Such a written contract binds the donor even if the gift is handed over only later (Section 2057). An oral promise to give something later does not bind you; the person you promised it to can only claim reimbursement of the costs they reasonably incurred in expectation of the gift (Section 2056). What a gift contract must contain is described in our guide to gift contracts (in Czech).
- **Employment contracts and agreements for work outside employment.** These must be made in writing (Sections 34(2) and 77(1) of the Czech Labour Code). What an employment contract should contain, and how the two agreements for work outside an employment relationship (*dohoda o provedení práce*, DPP, and *dohoda o pracovní činnosti*, DPČ) work, is explained in our employment law guides (in Czech).
- **Powers of attorney.** If a legal act requires a special form, the power of attorney must be granted in the same form (Section 441(2)). If someone else is to sign the purchase contract for a flat on your behalf, they need a written power of attorney.

Some contracts require an even stricter form: the transfer of a share in a limited liability company (*s.r.o.*) requires written form with officially certified signatures (Section 209(2) of the Czech Business Corporations Act), and a marital agreement on the property regime requires a public instrument, that is, a notarial deed (Section 716(2) of the Civil Code).

Acknowledgment of a debt is a special case. Only a written acknowledgment that states both the reason for the debt and its amount gives rise to a presumption that the debt existed at the time it was acknowledged (Section 2053). Our guide to acknowledgments of debt (in Czech) shows how to draw one up.

The parties can also agree on written form themselves. If they say they will conclude the contract in writing, or if only one of them says so, they are presumed not to want to be bound until that form is observed (Section 1758). So the words “I'll send it over for signature” may mean that no contract exists until it is signed.

Do not send money for a house, a flat or a plot of land on the strength of an oral agreement. A transfer of real estate without a written contract is invalid, and paying the price does not change that. The buyer then owns nothing and has only a claim for the money back, which they have to pursue.

What happens when the form is missing

A legal act not made in the form required by law or agreed by the parties is invalid unless the parties subsequently cure the defect (Section 582(1)). The simplest way to cure it is for both parties to put the contract in writing and sign it after the fact.

Where there has already been performance, however, the law often limits invalidity:

- For a form the parties agreed on themselves, invalidity can be pleaded only as long as there has been no performance. The same applies where the form is required by the provisions of Part Four of the Civil Code on obligations. That includes guarantees, gifts and residential leases from the list above: once there has been performance, invalidity for lack of written form can no longer be pleaded (Section 582(2)).
- In a residential lease, the landlord has no right to plead against the tenant that the contract is invalid for lack of form (Section 2237). A landlord who let a tenant live in the flat without a contract therefore cannot get rid of them by claiming that the lease never came into existence. Moreover, if the tenant has lived in the flat for three years in good faith that the lease is lawful, the contract is deemed to have been properly concluded (Section 2238).
- With an employment contract, once performance has begun, invalidity for failure to observe the form cannot be invoked (Section 20 of the Labour Code). An employer cannot get rid of an employee who has already started work by claiming that the contract was not in writing.

These limits do not apply to real estate, because the written-form requirement for it is laid down in the general part of the Civil Code (Section 560). Paying for a plot of land on the strength of an oral agreement will not make you its owner. If the seller does not sign a written contract after the fact, all that remains is to claim back what the seller has been unjustly enriched by (Section 2991).

Watch out for amendments too. If the form is required by law, the content of the contract can be changed only in the same or a stricter form. If it is required only by agreement of the parties, the contract can be changed in another way as well, unless the agreement rules this out (Section 564). An oral addendum to a residential lease may therefore be a problem; orally moving a deadline under a contract for work usually is not.

Is an email enough?

Written form is preserved even when acting by electronic means that make it possible to capture the content and identify who is acting (Section 562(1)). Validity, however, also requires a signature (Section 561(1)). Whether a name typed at the end of an email counts as a signature is unclear. In its order of 29 October 2025, file no. 23 Cdo 1204/2024, the Supreme Court described how lower courts decide this differently, especially for contracts concluded by text message, email or WhatsApp (paragraph 49), and referred questions on the point to the Court of Justice of the EU. The eIDAS Regulation expressly gives only a qualified electronic signature a legal effect equivalent to that of a handwritten signature (Article 25(2)). Where the law requires written form, therefore, sign by hand or with a qualified electronic signature.

An oral contract is binding, but you have to prove it

In a dispute, the rule is simple: whoever wants something under an agreement must identify evidence to prove what they claim (Section 120(1) of the Czech Code of Civil Procedure). If they do not, the court relies on the evidence that has been taken (Section 120(2)). Why it is not enough for the court that “everyone knows what hap-

pened" is explained in our article "Surely the Court Will Find Out What Happened." Why It Won't, and What to Do About It. The weakness of an oral contract is that two people argue about it and each remembers something different.

The law places no restrictions on how a contract may be proven. Anything that can establish the facts can serve as evidence (Section 125), and the court assesses each piece of evidence individually and all of them together (Section 132). In our practice, disputes over oral agreements are typically decided by evidence like this:

- **Correspondence.** Emails, text messages, WhatsApp or Messenger messages that discuss the price, the deadline or the scope of work. Keep them in their original form on the device and do not edit them.
- **Payments and deliveries.** A bank transfer with the reference "bathroom advance", an invoice, a delivery note, a handover record. An advance that was paid and accepted shows that both parties reached an agreement.
- **Witnesses.** Someone who was present when the agreement was made or when the work was handed over. How to propose a witness and what you may discuss with them is described in our article Witnesses in court.
- **The other party's later conduct.** A partial payment, a request for more time or a message saying "I'll send the rest next week" often says more than lengthy explanations in court.

A typical situation: a homeowner orally agrees with a tradesman on a bathroom renovation for CZK 180,000 and sends him CZK 50,000 by bank transfer with the reference "bathroom advance". Once the work is finished, the tradesman wants CZK 240,000 because "the price was only indicative". The contract for work is valid regardless of paper. But the dispute will be about the price the parties agreed on, and it will be decided by what they wrote to each other, what was paid and who was there. Even if it was a non-binding estimate, the tradesman can claim more only to the extent that the costs unavoidably exceeded the estimate, and he had to report the overrun without undue delay as soon as it became apparent (Section 2622(1) and (2)). If the tradesman announces an increase of more than 10% while the work is under way, the customer may withdraw from the contract without undue delay; they then pay only the part of the price under the estimate that corresponds to the work already done (Section 2622(3)).

How to back up an oral agreement after the fact

The cheapest evidence is created right after the agreement. That same day, send an email or a message with a summary: who, what, for how much and by when. Add a sentence such as "If you see it differently, please let me know straight away" and ask for a short reply. Whether to confirm the content of a contract is up to the parties (Section 1757(1)), and silence or inaction does not in itself amount to acceptance (Section 1740(1)). A reply saying "Agreed" therefore carries far more weight than an email that went unanswered.

Between businesses, a confirmation has a stronger effect. If one party, in the course of its business, confirms the content of an orally concluded contract in the belief that the confirmation records it faithfully, the contract applies with the content of the confirmation, deviations included. The deviations must, however, be immaterial

ones that a reasonable businessperson would still approve, and the other party must not reject them (Section 1757(2)). This applies even where only one of the parties concluded the contract in the course of its business and the other one confirms the content (Section 1757(3)). If you receive such a confirmation and something in it is wrong, reject it immediately and in writing.

Other options:

- **Putting it in writing afterwards.** A contract made orally can be written down and signed at any time. State the actual date of signature and that the document confirms an agreement made on a specific day. A back-dated contract that pretends to have been signed in the past can give itself away in a dispute, for instance through the file's creation date, and then undermines the credibility of the rest of your evidence too.
- **Acknowledgment of debt.** If someone owes you money under an oral agreement, ask them for a written acknowledgment stating the reason for and the amount of the debt, with a handwritten signature (Section 2053). Whether an email with a name at the end is enough is precisely the question the Supreme Court referred to the Court of Justice of the EU in a dispute over an acknowledgment of debt. An acknowledgment also extends the limitation period to ten years from the date of the acknowledgment (Section 639).
- **Payments with a reference.** Pay by bank transfer and write in the message for the recipient what you are paying for. Hand over cash only against a signed receipt, for example one based on our receipt template (in Czech).
- **Curing the form.** For contracts where the law requires written form, finalise the oral agreement with both parties' signatures as soon as possible. Until then, do not rely on it.

After every important oral agreement, send a summary by email or message that same day and ask for a reply. Silence from the other side is not consent.
Send advances and final payments by bank transfer, stating what you are paying for. A payment is often the strongest evidence that a contract was made and of what it contained.
For real estate, guarantees, residential leases, employment contracts and gifts not handed over immediately, insist on a handwritten signature or a qualified electronic signature. An email with your name in the footer may not be enough.

At a glance

Question	Answer	Provision
Is an oral contract binding?	Yes, unless the law or an agreement between the parties requires a particular form	Sections 559 and 1725 of the Civil Code
Transfer of real estate	In writing, with the parties' declarations on the same document	Sections 560 and 561(2) of the Civil Code
Guarantee	Guarantor's declaration only in writing	Section 2018(2) of the Civil Code
Residential lease	In writing; the landlord cannot plead invalidity for lack of form	Section 2237 of the Civil Code
Employment contract, DPP and DPČ	In writing; once work has begun, invalidity for lack of form cannot be invoked	Sections 20, 34(2) and 77(1) of the Labour Code
Required form missing	Invalid unless the parties cure the defect; for a form agreed by the parties and for guarantees, gifts or residential leases, only until there has been performance	Section 582 of the Civil Code
Who must prove the contract	Whoever wants something under it; anything can serve as evidence	Sections 120 and 125 of the Code of Civil Procedure
Confirmation between businesses	Applies even with immaterial deviations, unless they are rejected	Section 1757(2) of the Civil Code

Did you agree on something orally, and the other side now claims otherwise? We will go through the messages, payments and other evidence with you, tell you what can be proven about the agreement, and prepare a demand letter or a contract that records the agreement after the fact. We handle disputes over unperformed contracts as part of our dispute resolution practice. Get in touch.

Conclusion

In most cases an oral contract is just as binding as a signed one. The exceptions are real estate, guarantees, residential leases, employment relationships and a few other cases where the law wants a signature and where it pays to have one before you send any money. Everywhere else, what counts is what you can prove: messages, payments and the people who were there. A short summary email sent right after the meeting takes five minutes and can decide a dispute.

Sources

- Act No. 89/2012 Coll., the Civil Code, Sections 441, 546, 559, 560, 561, 562, 564, 582, 639, 716, 1725, 1740, 1757, 1758, 2018, 2053, 2056, 2057, 2237, 2238, 2302, 2622 and 2991 (as in force on 1 January 2026).
- Act No. 90/2012 Coll., the Business Corporations Act, Section 209(2).
- Act No. 262/2006 Coll., the Labour Code, Sections 20, 34 and 77 (as in force on 1 November 2026).
- Act No. 99/1963 Coll., the Code of Civil Procedure, Sections 120, 125 and 132 (as in force on 1 November 2026).
- Regulation (EU) No 910/2014 of the European Parliament and of the Council (eIDAS), Article 25(2).
- Supreme Court order of 29 October 2025, file no. 23 Cdo 1204/2024.

This article is for information only and does not constitute legal advice. It describes the law as at the date of publication; whether an oral contract was made, and with what content, always depends on the evidence in the specific case.

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