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PRESS RELEASE

10,819 cases of unfair trade practices identified for the first year of the Consumer Protection (Fair Trading) Act (March 2004-Feb 2005)

It has been an eventful first year for the Fair Trading Act since its implementation.

From 1st March 2004 to 28 Feb 2005, CASE received a total of 18,069 complaints. Out of these complaints, around 10,819 cases (60%) have been identified as unfair practices as defined under Section 4 of the CPFTA. The other 7,250 cases (40%) are due to alleged breaches of Sales of Goods Act, Hire Purchase Act or disputes relating to alleged breach of contractual terms, alleged fraud, poor services or unfair practices that are not covered by the CPFTA.

Table 1
Table to show the number of CPFTA related disputes

	Disputes covered by the CPFTA	Disputes not covered by the CPFTA	Total Cases
Cases	10,819 (60%)	7,250 (40%)	18,069

Out of these 10,819 cases of unfair practices as defined under the CPFTA, 3,246 cases were due to transactions done before the effective date of the CPFTA. Of the balance 7,573 cases committed on or after the effective date (1st March 04), 94% preferred to deal with the matter themselves after our advice given to consumers. Only 443 cases of unfair practice cases were filed with us as consumer opted for our representation. Out of these 443 filed cases, CASE Mediation Centre mediated 26 cases, of which 23 have been resolved successfully, and the remaining 3 unsolved mediated cases were referred to the Small Claims Tribunal (SCT). 258 cases were resolved through direct representation and negotiation. 159 filed unfair practice cases are still pending for resolution.

Table 2

Top 10 industries for filed cases in disputes covered by the CPFTA from 1st

Industries	Number	Top 10 Ranking
Timeshare	158	1
Electrical and electronic	59	2
Beauty	46	3
Motorcars	35	4
Non-electrical Kitchenware	30	5
Educational	13	6
Furniture	11	7
Handphones	11	7
Contractors	10	8
Miscellaneous	10	8
Maid Agency	9	9
Real Estate	8	10

March 2004 to 28 February 2005

Table 3

Top 5 Unfair trade practices disputes covered by the CPFTA for filed cases from 1st March 2004 to 28 February 2005

Unfair Trade Practices	Total	TOP 5
Cooling off period	134	1
Unfair Practice 12 Using undue pressure to get the person to buy items	90	2
Section 4(a) To do or say anything, or omit doing or saying anything, if as a result, a consumer might reasonably be deceived or misled	79	3
Section 4(b) To make a false claim	73	4
Unfair Practice 1 Making false claims about a product	14	5

CASE signs two Voluntary Compliance Agreements (VCAs)

From the period 1 March 2004 to 28 February 2005, CASE entered into two VCAs, one with a retailer dealing in electrical products, and the other with a beauty care business. For the former, the retailer made misleading statements relating to

unjustifiable claims that its electrical product could save energy when this was not the case. CASE had initially obtained the go-ahead from the Injunction Proposals Review Panel to take out injunction proceedings against the business. The proceedings were only averted at the eleventh hour when the business agreed to sign a VCA undertaking not to continue with such claims.

The second VCA concerns an unsubstantiated claim made by a retailer that its product could result in super hair growth in just two weeks. When confronted by CASE, the retailer agreed to sign a VCA, and not to repeat the claims in future.

Consumer Education Outreach Programme Intensifies

CASE continued to broaden our consumer education outreach programme in two main ways - educating the public about their rights as consumers through public talks and radio talks, and working with the business community to bring about a better understanding of the CPFTA to ensure their practices are in compliance with it. Where talks included topics like plumbing and door-to-door sales, we invited various guest speakers from the Public Utilities Board (PUB), the Direct Selling Association of Singapore (DSAS), and the Singapore Plumbing Society (SPS), to share their expertise on the respective subjects.

We also enjoy a good working relationship with the Community Development Councils (CDCs), with whom we co-organize some of these talks. As before, we welcome companies, organizations and educational institutions from the public and private sector to contact us if they would like us to conduct such talks for them.

Walk-In Complaints

Since the implementation of the CPFTA, CASE witnessed a sharp increase in walk-in complaints. In 2003, there were 3,341 walk-in complainants (including 1,200 on the Critical Year issue). This jumped to 3,551 after the Act came into force (from March 2004 to February 2005). The corresponding figures for 2000, 2001 and 2002 were 1578, 2241, and 3361 (including 800 AIA walk-ins). With the increase in demand for our services, we implemented the following new measures.

Contact Centre

To serve consumers better, we specially set up a Contact Centre to handle enquiries by telephone. The opening hours of the Centre coincide with that of our front line: 9am to 4pm.

Introduction of Online Submission

Bearing in mind the time constraints of busy consumers and also moving with the times, CASE introduced online submission of complaints: a convenient and time-saving way for consumers to lodge their complaints without having to come to our office. Consumers can now lodge a complaint via this facility found on our website, www.case.org.sg, regardless of time and place. Between 1 May 2004 and February 2005, 650 consumers have utilised this service. This resulted in 20% of them turning up at the CASE office in person for further advice and action.

What CASE Proposes for the Future

The fact that many disputes were resolved due to the implementation of the CPFTA is testimony to the efficacy of the Act. The following are the observations we have made with regard to the implementation of the CPFTA and which we intend to address.

Time-share and Door-to-Door Sales Contracts: Some retailers are not aware of the 3-day cooling-off period for Timeshare and Direct Sales contracts. There are retailers who claim they are not Timeshare businesses, or that they do not fall under the Direct Sales category. Hence these retailers will deny that they are guilty of any unfair practice and so dispute the claim. If this is due to ignorance of the CPFTA, we will intensify our education efforts to companies, to ensure that these businesses keep their practices in accordance with the Act.

Comment [S1]: Under the Act, a direct sales contract does not have to result from door-to-door sales.

Time Frame For Signing VCA: At the moment, the Act does not specify a time limit for the retailer to sign the VCA. A mandatory time limit for the retailer to respond to our invitation for a VCA will help to lend a sense of urgency to the retailer, lest it takes advantage of this omission.

Second-Hand Car Sales: In many car dealers' transactions, the current practice by dealers is to forfeit the consumer's deposit when the purchase of the car/transaction does not go through due to unsuccessful financing applications. Such an action should be deemed an Unfair Practice, as it unreasonably penalises the consumer.

Opt-Out Practices: There is a common tendency for retailers to adopt an opt-out practice for their transactions. This means that unless a consumer specifically signals his intention to opt-out, he is deemed to have agreed to/accepted the contract. We see this as another form of an Unfair Practice, and we propose that the concept of opt-out practices for business transactions be outlawed and be reported as an Unfair Practice under the Act. Consumers should be given a right to exercise a choice.

Signing Blank Forms: A common practice in motorcar purchase and hire purchase among car dealers when applying for financing on consumers' behalf, is to require them to sign blank forms. The consumer is usually required to sign on blank forms and is forced to allow the business to fill in the blank forms. This, again, should be regarded as an Unfair Practice under the CPFTA.

Banks, Insurance & Finance Industry: CASE received 295 complaints related to banks, 759 related to the insurance sector, and 133 related to the finance industry in 2004 alone. Presently, these sectors are covered under various/respective laws such as the Insurance Act. We see this high number of complaints as good cause for us to propose that the financial sector/insurance/banks come under the CPFTA's purview.

By broadening the scope and purview of the application of the CPFTA as illustrated above, we are confident that the efficacy of the CPFTA will benefit even more consumers in 2005 and beyond.

Mr. Yeo Guat Kwang
President
Consumers Association of Singapore
