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Implementation of insurance scheme for CaseTrust travel agencies

We refer to Mr Francis Cheng's letter, "Tour agency's sudden closure shakes consumer confidence" (23 January 2014) and Mr Tan Chin Aik's letter, "Don't forget aim of protecting consumers" (29 January 2014).

We understand the frustration of consumers affected by the sudden closure of Five Stars Tours Pte Ltd. The case shows the lack of protection for consumers in the travel industry, especially those who have already paid partially or in full for their tour packages at travel fairs. These tours are often conducted many months later and consumers could be adversely affected if the travel agency suddenly closes down.

We have decided to work on an insurance protection scheme for travel agencies. This will protect the payments made by consumers in advance for travel packages. We will start with CaseTrust accredited travel agencies and we hope to extend it to the whole travel industry if there is enough support from industry associations and the government. While we work on the insurance scheme, we also urge consumers to buy travel insurance to minimise their risks.

Also, we would like to explain that while the CaseTrust accreditation scheme represents the retailers' commitment to fair and ethical business practices, it cannot ensure the financial stability of the company. We hope that consumers will not lose confidence in CaseTrust accreditation.

We are sorry to hear of Mr Tan's unpleasant experience with Five Stars in 2012. We will see how we can use this feedback to improve how CaseTrusted companies handle complaints and disputes.

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President
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