



CONSUMERS ASSOCIATION OF SINGAPORE

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MEDIA RELEASE

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CASE update on engagement with oBike

The Consumers Association of Singapore (“CASE”) has been engaging oBike Asia Pte Ltd (“oBike”) on the refund of consumers’ deposits.

Under the terms and conditions of oBike’s Bicycle Rental Service Agreement (“Agreement”):-

- A bike deposit is required before using an oBike;
- The deposit is refundable and oBike is contractually required to refund the deposit back to the consumer’s account within the stipulated period when requested by consumers.

CASE is of the view that:-

- The deposit was never intended to be used as prepayment for future services. As such, the deposit ought to have been placed in a separate account to allow oBike to refund consumers when required. The deposit should not be used to purchase assets and/or fund other operating expenses.
- The unilateral insertion of a clause to automatically convert consumers’ deposits to oBike Super VIP membership subscription without their express consent should not have been permitted, as consumers who had placed the deposit had no intention to convert it into an annual membership subscription. By inserting such a clause in the Agreement and using the deposit to offset the payment of membership fees, CASE is of the view that oBike has breached paragraph 22 of the Second Schedule of the Consumer Protection (Fair Trading) Act, which prohibits a supplier from asserting a right to payment for the supply of unsolicited services.

Since the announcement that oBike would be ceasing operations, CASE has engaged oBike together with the Land Transport Authority. We were informed by oBike that consumers’ deposits have been used to purchase the bicycles and fund their operations. CASE has communicated clearly to oBike that this practice is unethical and unacceptable, as the refundable deposit acts as surety for consumers to be responsible when using the bicycle-sharing service, and should not be used for other means. Using these deposits to purchase bicycles and fund their operations means that oBike would be financially hard-pressed to provide the deposit refunds to consumers without new sources of funding. In addition, they should not have continued to collect more deposits from other consumers on the premise that they are refundable at any point.

We put forth our position to oBike that they should honour their contractual obligations to consumers. oBike had earlier announced that they would be raising funds from other sources to refund consumers' deposits in full. We are of the view that oBike should update consumers on the progress of the funds raised, the expected refund procedure and timeline, and whether this refund procedure will be handled separately from any liquidation proceedings. CASE has reached out to oBike to obtain more clarification on this matter.

Meanwhile, consumers should always be mindful that there is a risk that their prepayments may be lost in the event of abrupt business closures. We encourage consumers to minimise their prepayments or shop around for alternative services that do not require prepayment wherever possible.

Lim Biow Chuan
President
Consumers Association of Singapore