



# CONSUMERS ASSOCIATION OF SINGAPORE

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## MEDIA RELEASE

### For Immediate Release

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#### **Beauty industry accounts for highest number of complaints, motorcars industry complaints drop substantially**

The beauty industry registered a substantial increase in complaints, of which most complaints received related to loss of consumers' prepayments and aggressive sales tactics. For the first time since 2012, the motorcars industry did not account for the highest number of complaints. Also, the sudden closure of several companies reinforces the need for protection of consumers' prepayments. The prevalence of e-commerce or online shopping platforms raises new challenges for consumers.

The beauty industry accounted for the highest number of complaints by the Consumers Association of Singapore (CASE) in 2018, followed by the motorcars, and transportation industries. CASE received 1,829 complaints against the beauty industry in 2018, a 31% increase from 2017. A substantial 44% of the beauty complaints received were related to loss of consumers' prepayments due to abrupt business closures, and aggressive sales tactics encountered by consumers.

The breakdown of the complaints received for the top 10 industries in 2017 and 2018 can be viewed in Table 1.

2017			2018		
No.	Industry	Total Complaints	No.	Industry	Total Complaints
1	Motorcars	2,335	1	Beauty	1,829
2	Beauty	1,401	2	Motorcars	1,802
3	Contractors	1,335	3	Transportation	1,670
4	Electrical and electronics	1,300	4	Contractors	1,281
5	Furniture	947	5	Electrical and electronics	1,109
6	Maid agencies	621	6	Furniture	729
7	Telecommunications	468	7	Telecommunications	666
8	Handphones	464	8	Travel	461
9	Travel	438	9	Maid agencies	426
10	Educational	348	10	Educational	392

*Table 1: Breakdown of complaints received for the top 10 industries for 2017 and 2018*

CASE received 16,090 complaints in 2018. Approximately 71% of the complaints negotiated and/or mediated by CASE on consumers' behalf were resolved, with more than \$2.73 million in-cash and in-kind recovered.

### Beauty Industry

1,829 complaints were received against the beauty industry in 2018. 44% of these complaints received were in relation to aggressive sales tactics and the loss of consumers' prepayments due to abrupt business closures.

In particular, the sudden closure of Hut68 Pte Ltd trading as Traditional Javanese Massage Hut saw consumers losing nearly \$200,000 in prepayments for their massage packages and unutilised sessions across all outlets. Consumers who had prepaid for massage packages from the company's outlet at River Valley, received a pay-out for their unused portions from the prepayment insurance because that outlet was under the CaseTrust Spa and Wellness accreditation scheme. With this scheme, consumers who made prepayments can be assured that their prepayment would be protected.

The beauty industry also showed its ugly side in aggressive sales tactics, such as coercing and following consumers to obtain monies for the payment of services. For instance, a salesperson approached a consumer and promoted a beauty treatment for \$28. However, during the treatment, the consumer was told that it was \$150 instead. While in the state of partial undress, the salesperson made the consumer sign an invoice. To her horror, she realised that the invoice signed was for a package costing \$2,800. The salesperson insisted for payment and followed her out of the store. Feeling like she had no other choice, she relented. The consumer lodged a complaint with CASE and upon negotiations, the company provided the consumer a full refund of her unutilised package.

In another case, two salespersons aggressively promoted free product samples to an elderly consumer. One salesperson started applying the product on the consumer's face while the other showed the consumer photographs of others who had benefited from using their products. After some time, due to the salespersons' persistence, the consumer agreed to purchase an item for \$990. However, the salesperson did not return her debit card after payment but instead tried to pressure her into purchasing more products. The consumer was made to sit through two hours of relentless promotion. By the end of the ordeal, the consumer's card withdrawal limit was reached. Thereafter, one of the salespersons even followed the consumer to an automated teller machine for withdrawal of monies. Her bill amounted to \$5,000. Upon CASE's intervention, the consumer managed to receive a full refund.

Under the Consumer Protection (Fair Trading) Act (CPFTA), it is an unfair practice to take advantage of a consumer by exerting undue pressure or undue influence on a consumer to enter into a transaction. It is crucial that consumers are aware of this unfair practice and thus CASE often educates consumers about how they can avoid such situations. One of the consumer tips CASE reiterates time and again, is that consumers should refrain from signing large packages and understand that it is within their right to walk away from the transaction. CASE is monitoring the beauty industry closely and we will not hesitate to take the necessary action provided for under the CPFTA.

### Motorcars Industry

The motorcars industry saw a 23% drop in complaints, from 2,335 complaints in 2017 to 1,802 complaints in 2018. Non-conforming or defective goods accounted for 46% of the complaints received against the industry. Of the complaints received in relation to defective motorcars, about 4 out of every 10 complaints involved pre-owned motorcars.

For example, when purchasing a pre-owned motorcar, a consumer was assured that the vehicle had been checked by an appointed workshop and all was in order. Much to the consumer's dismay, he discovered issues with the engine oil of the vehicle one day after the purchase. After the motorcar was sent in to the dealer's appointed workshop for repair, it was revealed that the issue had existed at the time of purchase. Although he notified the dealer, no repairs were made as the dealer and

insurer both denied responsibility for the defect. Upon CASE's intervention, the consumer received a refund for the defective motorcar.

In another case, a consumer who had purchased a pre-owned motorcar found himself in a fix when smoke was seen coming out of the bonnet after just two months of usage. The motorcar was sent to the dealer's appointed workshop the next day. He was informed that the top-hose had burst, and it caused irreparable engine damage. The workshop recommended a replacement of the engine assembly at a cost of \$4,800. Feeling at a loss, the consumer sought assistance from CASE who reminded the dealer of their obligations under the Lemon Law to provide a repair or replacement at no cost to the consumer. Subsequently, the dealer provided the replacement at no cost.

In view of the concerns about defective pre-owned motorcars, CASE worked with multiple stakeholders in the motoring industry, such as the Singapore Vehicle Traders Association (SVTA), VICOM Ltd, STA Inspection Pte Ltd and the Automobile Association of Singapore, to develop the Standard and Functional Evaluation (SAFE) Checklist aimed at encouraging consumers to send pre-owned motorcars for evaluation before the purchase. CASE will continue to improve consumer education in this area and also work with industry stakeholders to encourage the use of the SAFE Checklist.

#### Transportation Industry

The transportation industry recorded a surge in the number of complaints from 165 complaints in 2017 to 1,670 complaints in 2018. The main reason for the surge can be attributed to the 1396 complaints received by CASE against Obike Asia Pte Ltd ("Obike") since its decision to cease operations in June 2018.

The above example clearly reiterates how important it is for consumers to consciously take steps to protect themselves by understanding the risks involved when they make advance payments to businesses. This is more so as the prevalence of prepayment cuts across many industries.

CASE has been educating consumers on the various ways they can better protect themselves when it comes to prepayments. One of these ways is to use payment methods that offer prepayment protection, wherever possible. For instance, consumers who pay by credit card may apply to their card-issuing bank for a chargeback to recover their prepayments for undelivered goods or services.

#### E-commerce and Online Shopping Platforms

Aside from handling complaints against the various industries, CASE observed an increasing trend of complaints arising out of online transactions. With the prevalence of e-commerce or online shopping platforms, CASE is concerned about the potential dangers that consumers would fall prey to. While most complaints pertain to consumer transactions with traditional brick-and-mortar stores, there was a 60% increase in the number of complaints involving online purchases handled by CASE from 2017 to 2018.

In 2018, CASE highlighted several contentious issues, one of them being the issue of pre-ticked boxes. As pre-ticked boxes require consumers to opt-out rather than opt-in, there is a tendency that consumers could have missed out on the option selected which they may not have otherwise agreed to. Consumers may not realise that they need to opt-out of these pre-selected options. For example, CASE received complaints from consumers about the auto-inclusion of items such as travel insurance when booking their air tickets. It is unethical for businesses to use pre-ticked boxes when transacting with consumers since there is no express consent given by the consumer. CASE conveyed concerns over the lack of transparency in relation to this option to industry players. Subsequently, some of the industry players made changes to the option by making it an 'opt-in' selection.

CASE will continue keeping consumers informed about the various ways they can better protect their rights when shopping online and will work with the relevant authorities for further review.

Looking Forward

CASE remains the first point of contact for consumers should they require advice or assistance in resolving their disputes with businesses. CASE will continue to work with the relevant industry stakeholders and governmental agencies to enhance the consumer protection regime in Singapore and increase consumer awareness on how consumers can better protect themselves.

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