



CONSUMERS ASSOCIATION OF SINGAPORE

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MEDIA RELEASE

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Motorcars and beauty industries account for the highest number of complaints in 2019, prepayment losses suffered by consumers at estimated \$2.37 million

The motorcars industry accounted for the highest number of complaints received by the Consumers Association of Singapore (“CASE”) in 2019, with 42% of complaints involving defective or non-conforming goods. The beauty industry accounted for the second highest number of complaints, with one-third of them involving pressure sales tactics. The amount of prepayment losses suffered by consumers were at an estimated \$2.37 million.

Breakdown of Complaints

CASE received 14,867 complaints in 2019. Of these, 85% of the complaints were instances when consumers were given advice on how to follow up directly with the businesses. The remaining 15% were filed with CASE, which meant that CASE negotiated and/or mediated the complaints on behalf of consumers. Approximately 70% of the filed cases were resolved, with nearly \$2.6 million (in-cash and in-kind) recovered for consumers.

The breakdown of the complaints received for the top 10 industries in 2018 and 2019 is listed in Table 1.

2018			2019		
No.	Industry	Total Complaints	No.	Industry	Total Complaints
1	Beauty	1,829	1	Motorcars	1,683
2	Motorcars	1,802	2	Beauty	1,598
3	Transportation	1,670	3	Contractors	1,144
4	Contractors	1,281	4	Electrical and Electronics	1,046
5	Electrical and electronics	1,109	5	Furniture	756
6	Furniture	729	6	Telecommunications	591
7	Telecommunications	666	7	Travel	517
8	Travel	461	8	Maid agencies	496
9	Maid agencies	426	9	Educational	369
10	Educational	392	10	Food and Beverages	361

Table 1: Breakdown of complaints received for the top 10 industries in 2018 and 2019

Motorcars Industry

CASE received 1,683 complaints against the motorcars industry in 2019. This constitutes 11.3% of total complaints received. 42% of the complaints against the industry were in relation to defective goods, with approximately two-thirds involving pre-owned motorcars.

In one case involving defective goods, a consumer had purchased a pre-owned motorcar for \$39,135. The car broke down four times within two months due to an engine oil leak and other defects. On the first three occasions, the car dealer agreed to repair the car for free. However, the dealer was unwilling to bear the full repair cost for the fourth time as they had already absorbed the full repair costs on the first three occasions. After CASE's intervention, the dealer agreed to absorb the fourth repair cost of \$780 for the vehicle.

Under Part III of the Consumer Protection (Fair Trading) Act ("CPFTA"), colloquially known as the Lemon Law, consumers are entitled to a repair or replacement of goods that do not conform to the contract. If a repair or replacement is not possible or if the same cannot be done within a reasonable time and without causing significant inconvenience to the consumer, he can request for a reduction in amount to be paid for the non-conforming good or to rescind the contract.

To address complaints on defective pre-owned motorcars, CASE had introduced the Standard and Functional Evaluation ("SAFE") Checklist in 2017 to guide consumers on the checks they should perform and to encourage them to send the pre-owned car for independent evaluation before they make the purchase. CASE intends to step up its efforts to engage consumers and industry stakeholders to increase the adoption of the SAFE Checklist. This would help reduce disputes between consumers and car dealers.

Beauty Industry

CASE received 1,598 complaints against the beauty industry in 2019, constituting 10.8% of total complaints. Approximately one-third of the complaints involved salespersons taking advantage of consumers by exerting undue pressure or influence.

In one instance, a consumer had visited a beauty salon for eyebrow embroidery treatment at a promotional price of \$99. The consumer complained that the salon staff proceeded to embroider one side of her eyebrow and then informed her that she had been given a premium eyebrow embroidery treatment costing \$2,280. The staff allegedly told the consumer that she will not embroider the other eyebrow unless she paid for the premium treatment. The consumer was left with no choice but to pay \$2,280 for the premium treatment.

Under Second Schedule Part I of the CPFTA, it is an unfair practice for a supplier to take advantage of a consumer by exerting undue pressure or influence on the consumer to enter into a transaction. Consumers have the right to seek recourse against retailers under such a circumstance.

In response to consumer complaints, CASE had issued an advisory in July 2019 to alert consumers to aggressive pressure sales tactics used by the industry and to remind consumers who do not wish to enter into a purchase transaction of their right to decline and walk away. CASE has been educating consumers on their rights and will continue to do so through various communication channels.

Prepayment Losses

In 2019, CASE received at least 427 complaints regarding the loss of consumer prepayments due to the sudden and unexpected closures of businesses, with an estimated \$2.37 million in losses.

The bulk of these losses came from the motorcars, beauty, renovation contractors, bridal, and fitness club industries. While businesses generally collect some form of prepayment from consumers before the delivery of goods and services, the amounts collected for these industries tend to be substantial as they involve big-ticket items or long-term commitment.

In particular, CASE received 33 complaints regarding the sudden closure of at least 15 motorcar dealers, and/or the non-transfer of car ownership by these dealers. The total amount of prepayment losses suffered by these consumers is approximately \$1.15 million. In one instance, a consumer had made full payment of \$78,000 for a pre-owned car and was informed by the dealer that the car ownership will be transferred to him within 10 days. To the consumer's dismay, the car ownership was still not transferred to him four months later, and the dealer had become insolvent due to financial difficulties. Subsequently, the bank also repossessed his car as the dealer had not paid off the outstanding loan on the vehicle.

CASE is very concerned with the amount of losses suffered by consumers and will intensify efforts to educate consumers on the risks involved when they make prepayments and how they can protect themselves. Aside from that, CASE will engage the relevant industry stakeholders and governmental agencies to consider targeted prepayment protection measures for the key industries.

Moving Ahead

Mr Lim Biow Chuan, President, CASE said, "We are deeply concerned about the amount of losses suffered by consumers due to sudden business closures. In view of the current economic landscape and as more businesses are affected, it is likely that this issue will remain a pressing concern for consumers. We would like to call on consumers to be vigilant and exercise caution when they make advance payments. CASE will engage industry stakeholders and governmental agencies to consider targeted prepayment protection measures to protect consumers."

Lim Biow Chuan
President
Consumers Association of Singapore