

MEDIA RELEASE

28 November 2011

57 CaseTrust accredited spas now have insurance scheme in place for consumers

As of today (28 November 2011), the Consumers Association of Singapore (CASE) is happy to announce that 57 (about 32%) out of 178 CaseTrust accredited spas have taken the lead to put in place a spa protection scheme for consumers. (For more information, please refer to Annex A).

From 1 October 2011 onwards, CaseTrust accredited spas that collect prepayments have to put in place a mandatory spa insurance facility to protect consumers' prepayments. This was previously announced by CASE's President, Mr Yeo Guat Kwang on 30 June 2011.

With the spa protection scheme in place, consumers with a valid Certificate of Insurance are assured a refund of the un-utilised portion of their prepayments, including pre-paid packages, in the event of spa closure.

Insured consumers should ensure that a Certificate of Insurance is issued to them for every prepayment made to the accredited spa. They can check either via an online system or a customer hotline provided by the insurer periodically that the utilisation of their packages is updated to the insurer by the spas.

On the other hand, 66 CaseTrust accredited spas that do not collect prepayments have submitted to CASE a declaration that they do not sell pre-paid packages. In the event that they decide to introduce collection of prepayments from customers, they would have to ensure that a spa protection scheme is in place.

The remaining 55 accredited spas are working very closely with the protection scheme providers to meet the protection scheme requirements of the CaseTrust for Spa and Wellness Businesses accreditation scheme.

In addition, CASE is also happy to announce 6 non-accredited spas with insurance facility in place are currently applying to be accredited with CaseTrust. We commend their commitment towards consumer protection and urge more spas to take up insurance facilities if they are collecting pre-payment and apply for accreditation with CaseTrust. (Please see Annex B for more details).

Consumers can refer to CaseTrust website at www.casetrust.org.sg for the lists of spas with the spa protection scheme in place and the list of spas that have declared non-selling of pre-paid packages. These lists would be updated daily so that consumers can make informed choice of which spa and wellness business to go to.

We urge consumers who are offered treatment packages to insist that the service provider insure their pre-payment. In implementing the CaseTrust spa protection scheme, we discovered that some spas are in very shaky financial positions and are also engaging in questionable financial practices and yet they are collecting pre-payment from consumers. We are concerned about the interest of consumers being left unprotected. One spa service provider was operating at an expected annual loss of nearly \$1 million, and yet its directors were borrowing a significant sum of \$1.6 mil from the company for personal use. Consumers, being unaware of the company's actual financial health and practices may be exposing themselves to a greater risk of having their prepayments forfeited by patronising such spas that have a greater possibility to fold up.

Therefore, to enjoy a truly relaxing spa experience, consumers are strongly urged to have their prepayments protected by going to an accredited spa that offers the spa insurance. Moving forward, we believe the spa protection scheme would enhance consumer confidence through this initiative.

Yeo Guat Kwang
CASE President