

Media Advisory

13 November 2009

Redress options for consumers affected by closure of spa

With regards to the recent closure of the Wellness Village spa as reported by TODAY and Straits Times, CASE offers the following advice for affected consumers:

If the company's status is still 'live' at ACRA but not operating at their premises, the first thing the consumer need to do is to file a claim against the business at the Small Claims Tribunal (SCT) so that he can obtain an Order of the Tribunal and demand the business to pay whatever amount awarded to him/her by the SCT. If the amount is not settled, the consumer can enforce the order by taking out a writ of seizure or other forms of legal action.

However, if the business has been wound up, the consumer as an unsecured creditor, needs to file proof of debt and if there are sufficient assets of the business to be distributed to secured and unsecured creditors, the consumer may be paid out of these assets. If the proof of debt is supported by an order of SCT, it is unlikely for the Liquidator to reject the proof of debt.

However, if the company or sole proprietor or partners offer a package and collect money with no intention to execute the package and cease operations, that may amount to a scam and be regarded as a criminal offence rather than a genuine business failure. There is a possibility that the Director of the business may be held personally liable for the debts of the company when it is being wound up under the Companies Act. The sole proprietor or partner will also be liable for the debts of the business. Consumers can file a complaint with the police, so that the persons liable for the scam can be charged in court for commission of a criminal offence.

Regarding the filing of a Writ of Seizure, a party must first obtain an Order in his favour from the SCT or judgment from the Subordinate Court or High Court. The judgment or Order specifies a sum of money due from the defending party to the plaintiff. With this Order or Judgement, the plaintiff can apply to the Subordinate Courts or the Supreme Court for the issue of the writ of Seizure and Sale.

This application is in the form of filling up forms and filing it at the Writ and Seizure office of the court. If the forms are filled up properly, the court will arrange through a bailiff to go to the business premises or home of the defendant. The bailiff can seize items belonging to the defendant and later to sell the items so that the plaintiff can get back his money from the sale of the things seized by the bailiff.

If consumers require assistance, they can also call CASE's hotline at 6463 1811 or walk in to CASE's office at Ghim Moh.

Seah Seng Choon
CASE's Executive Director