



CONSUMERS ASSOCIATION OF SINGAPORE

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MEDIA RELEASE

17 February 2017

For Immediate Release

Complaints on motorcars with defects and pressure sale tactics in beauty salons on the rise

The Consumers Association of Singapore (CASE) has observed several new trends in consumer complaints in 2016. Defective goods complaints have increased and the bulk of such complaints involve car defects. There were also more complaints on the use of pressure sales tactics to compel consumers to buy beauty packages. In addition, the spate of businesses closing down abruptly last year after collection of prepayment from consumers is a serious concern.

In 2016, CASE received a total of 19,102 consumer complaints and achieved a 76.6% resolution rate for filed cases¹. The breakdown of the top ten industries with the most number of complaints in 2016 is in the table below.

Table 1. Comparison of the ranking of the top 10 industries complained against in 2015 and 2016.

No.	2015		2016	
	Industry	No. of complaints	Industry	No. of complaints
1	Motorcars	2,907	Motorcars	2,916
2	Electrical & Electronics	1,668	Beauty	1,537
3	Beauty	1,664	Electrical & Electronics	1,363
4	Contractors	1,447	Contractors	1,269
5	Furniture	1,237	Clubs	1,126
6	Travel	1,037	Furniture	1,109
7	Maid Agencies	914	Handphones	822
8	Telecommunications	836	Maid Agencies	680
9	Handphones	826	Telecommunications	640
10	Clubs	623	Travel	607

The motorcar industry received the highest number of complaints for the fifth year in a row. The number of complaints for the motorcar industry increased slightly from 2,907 complaints in 2015 to 2,916 complaints in 2016. The beauty industry rose in ranking from third to second in the top ten industries

¹Filed cases: Consumers authorise CASE to handle the complaint on their behalf and CASE will negotiate directly with the business for an amicable resolution.

ranking list. The complaints for the clubs industry² increased by almost twofold, from 623 complaints in 2015 to 1,126 complaints in 2016, resulting in a large jump in its ranking from tenth to fifth in the list.

Surge in number of complaints on motorcars with defects

CASE has observed that defective goods complaints have risen over the years since the introduction of the Lemon Law. From 2014 to 2015, complaints about defective goods rose from 3,377 complaints to 3,912 complaints. Last year, the complaints increased further to 4,319 complaints. When compared across the industries, motorcar complaints remain number one, followed by electrical & electronics products and handphones (see Table 2).

Table 2. Top three industries with the highest no. of defective goods complaints from 2014 to 2016.

No.	2014		2015		2016	
	Industry	No. of complaints	Industry	No. of complaints	Industry	No. of complaints
1	Motorcars	844	Motorcars	1,245	Motorcars	1,477
2	Electrical & Electronics	597	Electrical & Electronics	617	Electrical & Electronics	672
3	Furniture	427	Furniture	446	Handphones	484

The large increase in the number of complaints of defects in motorcars over the years is an area of concern for CASE. A review of the nature of complaints for the motorcar industry show that approximately 50% of all complaints (1,477 out of 2,916 complaints) received in 2016 involved defects in motorcars. In addition, approximately 60% of the complaint cases (filed and assisted cases³) in the motorcar industry involved pre-owned motorcars.

In order to help address the high number of complaints of defects in motorcars, CASE plans to hold a “*Motoring and You*” educational roadshow in conjunction with our World Consumer Rights Day celebration on 16 and 17 March 2017 at Change Alley, Chevron House. The purpose of the roadshow is to reach out to consumers and to share more about their rights under the Lemon Law and what they should look out for when buying a pre-owned motorcar. More details on the roadshow will be provided at a later stage.

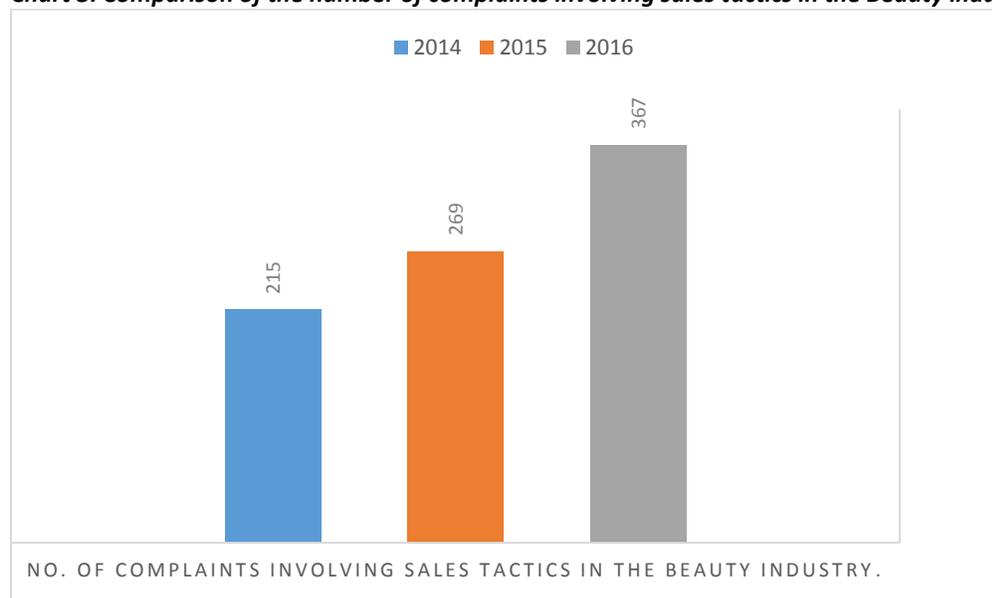
Pressure sales tactics in the Beauty industry on the rise

The exertion of undue pressure on a consumer to enter into a transaction is an unfair practice under the Consumer Protection (Fair Trading) Act (CPFTA). This is another significant area of concern for CASE. As seen in the chart below, complaints involving unfair sales tactics in the beauty industry have risen in the past three years.

²The Clubs industry includes complaints about alumni clubs, country clubs, fitness clubs, membership clubs, sports clubs, etc. The bulk of the complaints are lodged against fitness clubs.

³Assisted cases: CASE will assist the consumer to write a letter to the business. The consumer would need to negotiate directly with the business with the help of the letter.

Chart 3. Comparison of the number of complaints involving sales tactics in the Beauty industry from 2014 to 2016.



Some examples of the sales tactics employed by these businesses include:

- Promoting of beauty packages when the consumer is undergoing treatment in a vulnerable position and withholding the treatment if the consumer refuses to buy.
- Increasing numbers of staff who persistently promote the beauty packages while deterring the consumer from leaving the room.
- Withholding the consumer's credit/debit card unless the consumer agrees to the purchase or swiping a certain amount from the consumer's card without his/her prior consent.

In view of such complaints, we encourage all consumers to patronise CaseTrust accredited spa and wellness businesses which are committed to a five-days cooling-off period and a 'no selling' policy in the treatment room to deter the use of pressure sales tactics. As of 31 January 2017, we have 697 businesses accredited under the CaseTrust Spa & Wellness Accreditation Scheme.

Call for more protection for consumers' prepayment

The number of complaints received for the clubs industry increased from 623 complaints in 2015 to 1,126 complaints in 2016. The huge increase in the number of complaints was largely due to the closure of California Fitness (J.V. Fitness Pte Ltd) in July 2016. CASE received about 600 complaints regarding prepaid membership fees and unutilised gym sessions.

In addition to the above, CASE received numerous complaints on other business closures after prepayment had been made in various industries, such as the beauty, furniture, hair, motorcar and travel industries.

CASE is concerned about the spate of businesses closing down abruptly after collecting large amounts of prepayment from consumers. We will continue to engage the relevant authorities and advocate for better prepayment protection in Singapore. We will also continue educating consumers about the risks of prepayments, review and strengthen prepayment protection for our CaseTrust accreditation schemes.

Conclusion

CASE will continue to champion consumer rights and promote fair trading in Singapore. However, consumers have to play their part as well, by knowing their rights and responsibilities as a consumer, and doing their own checks on businesses before signing the contract. With the support of our strategic partners and all consumers, we look forward to building a consumer-friendly Singapore together.

Lim Biow Chuan
President
Consumers Association of Singapore (CASE)