



# CONSUMERS ASSOCIATION OF SINGAPORE

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## MEDIA RELEASE

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**For Immediate Release**

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### **Consumers report more than \$645,000 in prepayment losses in 2022, a 24% increase from 2021**

Consumers suffered more than \$645,000 in prepayment losses due to sudden business closures in 2022. This was a 24% increase from the \$520,000 in prepayment losses reported by consumers in 2021.

The beauty industry recorded the highest amount of prepayment losses in 2022, with more than \$285,000 (44%) in prepayment losses suffered by consumers. The travel industry recorded the second highest amount of prepayment losses at more than \$141,000 (22%).

The renovation contractors industry took top spot in terms of the number of complaints received by the Consumers Association of Singapore (“CASE”) in 2022. CASE received 1,454 complaints against home renovation contractors in 2022, a 12% increase over the number of complaints received in 2021. Approximately 39% of the complaints pertain to unsatisfactory workmanship, while 27% of the complaints pertain to delays in project completion caused by manpower shortages and delays in the supply of renovation materials. Arising from the sudden closure of small renovation firms, the renovation contractor industry recorded \$49,000 in prepayment losses.

Complaints against the beauty industry comes a close second. There were 1,441 complaints against the beauty industry in 2022, a marginal increase over the 1,434 complaints received in 2021. About one in four of the complaints pertain to pressure sales tactics and misleading and false claims.

### **Breakdown of Complaints**

CASE received 15,144 complaints in 2022 compared with 15,515 complaints in 2021. Of these, CASE provided advice to 88% of the consumers on how to resolve their disputes with the businesses. CASE assisted 12% of the consumers to negotiate and mediate their disputes with businesses. 65.5% of these cases were resolved, with \$2.1 million (in-cash and in-kind) recovered for consumers.

The breakdown of the complaints received for the top 10 industries in 2021 and 2022 is listed in Table 1.

2021			2022		
No.	Industry	Total Complaints	No.	Industry	Total Complaints
1	Beauty	1,434	1	Contractors	1,454
2	Electrical & Electronics	1,343	2	Beauty	1,441
3	Contractors	1,300	3	Electrical & Electronics	1,418
4	Motorcars	1,061	4	Motorcars	1,213
5	Furniture	947	5	Furniture	810
6	Travel	673	6	Travel	757
7	Food & Beverages	526	7	Food & Beverages	613
8	Hair	495	8	Telecommunications	514
9	Telecommunications	485	9	Airlines	478
10	Medical & Medical Consumables	469	10	Hair	381

*Table 1: Breakdown of complaints received for the top 10 industries in 2021 and 2022.*

### **Prepayment Losses**

Consumers suffered more than \$645,000 in prepayment losses in 2022. This was a sharp increase from the \$520,000 in prepayment losses reported by consumers in 2021.

Prepayment losses in the beauty industry mainly stem from consumers being unable to obtain refunds for prepaid packages bought from beauty salons, aesthetic clinics, and spas due to sudden business closure. The amount of prepayment losses in the beauty industry is more than \$285,000 (44%).

Prepayment losses in the travel industry comes from the sudden closure of travel agencies and the cancellation of advance bookings of flights and hotel expenses due to the COVID-19 pandemic period. The amount of consumer prepayment losses in the travel industry is more than \$141,000 (22%).

Mr Melvin Yong, President, CASE, said: “CASE is concerned about the sharp increase in prepayment losses from 2021 to 2022, especially against the backdrop of the uncertain economic climate. We reiterate our call on the government to consider mandating prepayment protection in industries which collect large sums of prepayment, such as the beauty and renovation contractors industries. In the meantime, CASE is working closely with industry partners to explore the possibilities of extending prepayment protection to businesses accredited under the CaseTrust Storefront scheme for better consumer protection.”

## **Renovation Contractors Industry**

CASE received 1,454 complaints against home renovation contractors in 2022, a 12% increase over the 1,300 complaints received in 2021. More than half of the complaints relate to delays in project completion and unsatisfactory workmanship.

Notwithstanding the increase in the number of complaints against the industry, the resolution rate for complaints against renovation contractors negotiated and mediated by CASE improved from 38.7% in 2021 to 47.4% in 2022. This is due to concerted efforts by CASE to encourage consumers and businesses to participate in mediation as part of the dispute resolution process.

Mr Yong said: “Consumers are strongly encouraged to patronise CaseTrust accredited renovation contractors as they are committed to clearly defined dispute resolution processes and to attend mediation in the event of disputes. Accredited renovation contractors are also required to protect consumers’ prepayments via the purchase of a deposit performance bond. The bond safeguards deposits against closure, winding up or liquidation before the renovation is completed. To strengthen consumer confidence in engaging renovation contractors, CASE will step up engagement with industry stakeholders and agencies such as the Housing & Development Board (“HDB”) to increase accreditation of home renovation contractors and raise greater consumer awareness.”

## **Beauty Industry**

There were 1,441 complaints against the beauty industry in 2022. About one in four of the complaints pertain to pressure sales tactics and misleading and false claims.

Complaints regarding pressure sales tactics include beauty salons not allowing consumers to leave the premises unless they purchase higher price beauty packages and performing higher end treatments on consumers without their expressed consent and charging them afterwards. Complaints regarding misleading and false claims include beauty salons misleading consumers on efficacy of beauty treatments, and how certain treatments can cure or alleviate pre-existing health ailments.

Mr Yong said: “Consumers are encouraged to patronise CaseTrust accredited spas and beauty salons. These businesses provide a five-day cooling-off period for consumers to cancel their packages and to seek refund for unutilised packages if they do not wish to proceed with the packages signed. Accredited businesses also commit to provide a stress-free treatment as they do not engage sales pitches during the treatment. Additionally, they protect the unutilised balance of consumers’ prepaid packages via prepayment protection insurance. To address consumers’ long-standing complaints on pressure sales tactics used by beauty businesses, CASE will work with industry stakeholders to find ways to mitigate this problem.”

## **E-commerce**

In line with the growing popularity of online shopping, CASE saw a corresponding increase in the number of e-commerce complaints. Disputes with online sellers and e-marketplaces increased by 14.7% from 2,206 complaints in 2021 to 2,530 complaints in 2022. Common complaints include missing items and failed deliveries, and defective/non-conforming goods.

Mr Yong said: “In recent years, more businesses have set up retail websites or online stores to cater to the growing number of consumers shopping online. Unfortunately, low barriers to entry, coupled with the lack of minimum service standards, have led to an increase in complaints against e-businesses. As part of ongoing efforts to strengthen consumer protection in the e-commerce space, CASE has launched a Standard Dispute Management Framework for e-marketplaces to guide e-marketplaces on how to resolve disputes quickly and equitably. We are stepping up efforts to engage more e-marketplaces to adopt the framework. We will also be launching a new CaseTrust accreditation scheme for e-businesses later this year, which will cover the entire range of e-commerce practices from pre-sale to post-sale, as well as address common consumer pain points when they shop online.”

## **CaseTrust**

CASE would like to encourage consumers to patronise CaseTrust accredited businesses, which are committed to fair business practices and consumer-friendly policies. CaseTrust accredited businesses are also required to attend mediation with consumers should disputes reach a deadlock. In 2022, the resolution rate of consumer disputes involving CaseTrust accredited businesses is 76.4%, which is significantly higher than the 65.2% resolution rate for non-accredited businesses.

Businesses accredited under the CaseTrust Renovation scheme and the CaseTrust Spa and Wellness scheme also offer protection of consumers’ prepayments or deposits. Since 2018, more than \$805,000 in prepayments and deposits were protected against sudden closure of businesses under the two CaseTrust schemes.

As at 31 January 2023, there are more than 1,200 CaseTrust accredited outlets across the beauty, direct selling, jewellery, motoring, retail and renovation industries.

## **Conclusion**

Mr Melvin Yong, President, CASE, said: “I am glad that the total number of consumer complaints has declined slightly year on year. Nonetheless, I am concerned with the increasing consumer complaints pertaining to e-commerce transactions, in line with the growing popularity of online shopping in recent years. CASE will continue to work closely with the government, trade associations and businesses to safeguard consumers’ interests and to further raise standards and promote fair trading.”

Melvin Yong  
President  
Consumers Association of Singapore

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**About the Consumers Association of Singapore:**

The Consumers Association of Singapore (CASE) is an independent, non-profit organisation that is committed towards protecting consumers' interest through information and education, and promoting an environment of fair and ethical trade practices. One of its key achievements is in advocating for the Consumer Protection (Fair Trading) Act (CPFTA) which came into effect on 1 March 2004.

For more information, please visit the CASE website at [www.case.org.sg](http://www.case.org.sg) or follow us on:

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