



CONSUMERS ASSOCIATION OF SINGAPORE

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MEDIA RELEASE

For Immediate Release

5 October 2026

CASE calls for mandatory safeguards as reported consumer prepayment losses surge

The Consumers Association of Singapore (“CASE”) is calling for mandatory safeguards in sectors involving substantial or long-term consumer prepayments, following significant reported losses when businesses ceased operations. CASE believes stronger measures are needed to reduce consumers’ financial exposure and give them greater confidence when purchasing prepaid packages.

Between 10 and 30 September 2026, CASE received 1,610 complaints involving close to \$3.82 million in reported prepayment losses following the closure of fitness businesses. These comprised 1,518 complaints involving \$3,782,547.10 in reported prepayment losses relating to True Fitness and True Yoga, and 92 complaints involving \$32,826.73 in reported prepayment losses relating to Yoga Inc. CASE has assisted affected consumers in lodging their claims and proofs of debt with the relevant liquidators.

From 1 January to 30 September 2026, consumers reported total prepayment losses of \$6,695,207.77 to CASE. This was approximately 147 per cent higher than the \$2.71 million in prepayment losses reported for the whole of 2025.

The scale of these reported losses underscores the need for stronger safeguards, particularly as consumers are generally treated as unsecured creditors when a business enters liquidation. Several overseas jurisdictions have introduced or proposed measures to protect consumers who make advance payments.¹ CASE believes Singapore should similarly consider mandatory safeguards for sectors involving substantial or long-term consumer prepayments.

CASE proposes three mandatory safeguards

CASE calls on the Government to adopt three complementary measures to support informed purchasing decisions, protect consumers’ prepaid funds and promote responsible business practices.

First, mandate cooling-off periods for high-value prepaid packages. This would give consumers sufficient time to consider commitments involving substantial upfront payments and cancel without penalty.

¹ See Annex A for examples.

Second, mandate CaseTrust accreditation for businesses in sectors involving substantial or long-term consumer prepayments, including the beauty and fitness industries. Accreditation would require safeguards such as prepayment protection, transparent pricing, clear contractual terms, proper disclosure and reasonable refund arrangements.

Third, ensure that potential cases of wrongful trading are appropriately investigated and that enforcement action is taken under section 239(6) of the Insolvency, Restructuring and Dissolution Act 2018 where the relevant legal requirements are met. This may include circumstances in which the collection of substantial prepayments shortly before liquidation warrants closer examination. Effective investigation and enforcement, where supported by the evidence, would strengthen accountability and provide a meaningful deterrent. These proposals are intended to strengthen the overall consumer protection framework and do not constitute an allegation of wrongdoing against any particular business or individual.

Mr Melvin Yong, President of CASE, said: “Consumers should not continue to bear substantial losses when prepaid services cannot be fulfilled because a business ceases operations. The recent fitness closures and sharp rise in reported prepayment losses highlight the limitations of relying solely on voluntary measures. The time has come to introduce mandatory safeguards in sectors involving substantial or long-term consumer prepayments. CASE calls on the Government to mandate cooling-off periods, robust protection of consumers’ prepayments, and effective investigation and enforcement where the evidence warrants it. These safeguards should be introduced promptly to protect consumers’ hard-earned money, establish clear and responsible standards for businesses, and give consumers greater confidence when purchasing prepaid packages.”

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About the Consumers Association of Singapore:

The Consumers Association of Singapore (“CASE”) is an independent, non-profit organisation committed to protecting consumers’ interests through information and education, and promoting fair and ethical trade practices. One of its key achievements was advocating for the Consumer Protection (Fair Trading) Act 2003, which came into effect on 1 March 2004.

For more information, please visit the CASE website at www.case.org.sg or follow us on:

Facebook: www.facebook.com/casesg

Instagram: www.instagram.com/casesg_official/

Annex A – Examples of overseas prepayment protection measures

Several jurisdictions have introduced or proposed measures to reduce the risks faced by consumers who purchase high-value prepaid packages, particularly in sectors involving substantial or long-term consumer prepayments, such as beauty and fitness.

Hong Kong

Hong Kong has proposed a seven-day cooling-off period and a 14-day refund period for prepaid beauty and fitness contracts, a two-year cap on contract duration, and enhanced enforcement powers for Customs and Excise in relation to payments accepted in circumstances prohibited under the Trade Descriptions Ordinance. The Government is also consulting on whether these protections should apply to contracts worth HK\$3,000+, HK\$8,000+ or HK\$15,000+.²

Under Hong Kong's Trade Descriptions Ordinance, it is an offence for a trader to accept payment in specified circumstances, including where, at the time of payment, the trader intends not to supply the product or service, intends to supply something materially different, or has no reasonable grounds for believing that the order can be fulfilled within the agreed or a reasonable period.³

Taiwan

Taiwan requires fitness centres to provide consumer protection mechanisms for prepaid fees, such as trust accounts or performance guarantees. The required protection must cover at least 50 per cent of fees collected.⁴

United Kingdom

The United Kingdom has introduced targeted protections for certain consumer savings schemes. From 1 January 2026, businesses operating qualifying consumer savings schemes must safeguard consumer payments through arrangements such as insurance or trust mechanisms, allowing consumers to recover protected funds if the business becomes insolvent.⁵

New York, United States

New York State requires health clubs to provide financial security, such as a bond, letter of credit, or certificate of deposit, to protect consumers who prepay for memberships. Health club contracts are capped at 36 months, with annual fees limited to US\$3,600, and consumers have three days from signing to cancel their contracts.⁶

² <https://www.info.gov.hk/gia/general/202606/29/P2026062900356.htm>

³ https://www.customs.gov.hk/hcms/filemanager/en/content_201/tdo_pamphlet_en.pdf

⁴ <https://law.sports.gov.tw/LawContent.aspx?id=FL042360&utm>

⁵ <https://www.gov.uk/government/publications/consumer-savings-schemes-legislation-for-businesses/consumer-savings-schemes-legislation-for-businesses>

⁶ <https://ag.ny.gov/resources/individuals/consumer-issues/health-clubs-gyms>