

## Pre-paid Package Deals What you should know

Many businesses offer prepaid packages for a variety of products and services such as home renovation, bridal services, travel bookings, beauty treatments, gym memberships etc. It is a common business model worldwide. On its own, it is not an unfair practice. However, consumers risk losing their prepayments should the company suddenly close down.



### How can you protect yourself against loss of prepayment?

Business failure can happen unexpectedly. Even big companies with good reputations are not immune from business failure. Consumers should consider the following before making payment for package deals:



Check if the company offers a 'pay as you use' payment option instead. Although this may be more expensive, you will enjoy greater peace of mind.



Check if the business is accredited by CaseTrust at [www.casetrust.org.sg](http://www.casetrust.org.sg) and what modes of prepayment protection certain CaseTrust accredited Spa and Wellness businesses offers.



Find out if the company has any insurance or escrow arrangements that protect your prepayment.



Avoid purchasing prepaid packages that involve large sums or lengthy contract periods.

### Will I be able to get a refund if the business suddenly closes down?



Consumers can contact CASE for help to mediate or negotiate between the consumer and retailer. However, CASE cannot compel either party to attend the mediation session.



Consumers can also file a claim with the Small Claims Tribunal.



If the company is being wound up, customers will only be paid after banks, landlords, suppliers and employees are paid.

### Can we have stricter laws to protect consumers' prepayments?



Given the wide range of businesses, broad based measures may affect businesses' cash flow and raise the cost of doing business which would be passed on to consumers.



Most jurisdictions (US, EU, Japan, Korea, Australia and Hong Kong) similarly do not impose broad-based measures.



The Consumer Protection (Fair Trading) Act provides for measures to deal with errant retailers who engage in unfair business practices. Cases which involve elements of cheating will be referred to the Police.