

## **Amendments to the Consumer Protection (Fair Trading) (Cancellation of Contracts) Regulations**

### **Frequently Asked Questions (For Businesses)**

The following series of FAQs serves as a general guide for information only and not for the purpose of providing legal advice. Please contact your legal advisor to obtain advice with respect to any particular issue on the regulations. The approved amendments will take effect on 1 April 2014, and you can refer to the regulations from this [link](#).

#### **1) Why is there a minimum list of information to be provided in the Product Information Notice and what does it include?**

The Product information Notice (PIN) ensures that the information that is to be provided by suppliers to consumers is standardised. The information required is listed in the Third Schedule of the CPFTA (Cancellations of Contracts) Regulations (COC Regs). Standardising the information required will ensure that the terms of the contract and the obligations of the consumers are clear, comprehensible and sufficient for consumers to make an informed decision about whether or not to enter into the contract. This will help reduce ambiguity and uncertainty between the suppliers and consumers.

The minimum list of the items to be included into the PIN can be found in the Third Schedule of the regulations.

#### **2) What is considered an advance consideration? Why is there a need for no advance consideration of any kind within the cancellation period?**

An advance consideration is any form of monetary payment or promise to pay money. This includes situations like the following:

- a. Supplier getting the consumer to sign a loan agreement in return for entering into a time share or holiday product contract.
- b. Supplier getting the consumer to sign a credit card authorisation form for an amount, with the supplier promising that the credit card authorisation form will not be processed until after the expiry of the cancellation period (otherwise known as the “cooling off” period).

The cancellation period (“cooling-off” period) will last for five days (i.e. excluding Saturdays, Sundays and Public Holidays) and will commence as soon as the Consumer Information Notice (CIN) has been brought to the notice of the consumer, subject to the Product Information Notice (PIN) being provided prior to entering of the contracts

There are two main reasons for the prohibition of any forms of consideration. Firstly, this ensures that consumers are given sufficient time to review the product carefully before making a financial commitment. Secondly, the prohibition of advance consideration will mean that the supplier will no longer need to refund consumers who choose to cancel the contracts.

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- 3) Why are deposits not allowed during the cancellation period? Some businesses view that this could create significant financial and administrative burden on the part of suppliers, and consumers' payments could be protected by third parties independent from the supplier in other ways such as escrow accounts, trustee arrangements, third party guarantees and other arrangements providing security.**

The collection of the deposit is only prohibited during the cancellation period which will last five days. Arrangements such as escrow accounts, trustee arrangements and third party guarantees are likely to involve legal structures which increase business cost for suppliers, and may be complicated for consumers to understand the terms governing their use.

- 4) Why will the cancellation period only start when the Product Information Notice is given to the consumer prior to entering the contract, and given that the Consumer Information Notice has also already been brought to the attention of the consumer?**

This is to make sure that the consumer has access to sufficient information about the product as provided in the PIN, as well a clear idea of the cancellation procedures in the CIN.

- 5) Under the new amendments, are businesses required to provide information on the rights of cancellation, withdrawal or termination for all time share/ long term holiday product consumers?**

Yes. Suppliers should take note of the following:

- a. For a time share contract, the Product Information Notice (PIN) must provide information on:
  - i. whether the consumer has the right to cancel, withdraw from or terminate the contract, in addition to any rights under the Consumer Protection (Fair Trading) (Cancellation of Contract) Regulations, as well as
  - ii. whether or not it is possible for a consumer to join a scheme for the exchange or the resale of the rights under the contract, and any costs involved should an exchange or resale scheme be organised by the supplier or by a third party designated by the supplier in the contract.
- b. For a long-term holiday product contract, suppliers must provide information on the conditions for terminating the contract, the consequences of termination and information on any liability of the consumer of any costs which might result from such termination.

If the required information under the PIN is not included, the PIN would be deemed to be inaccurate and the consumer would automatically have an extended

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cancellation period of another 3 months. For the full list of items to be included into the PIN, please refer to the Third Schedule of the Regulations.

### **6) Who bears the burden of proof in the provision of the Product Information Notice and Consumer Information Notice?**

The supplier bears the burden of proof in the provision of the Consumer Information Notice (CIN) and Product Information Notice (PIN). As such, in any dispute taken to court, the supplier needs to prove the following:

- a. The PIN was provided prior to entering of the contract.
- b. The PIN complied with all the requirements and contained all the information as listed under the Third Schedule of the Regulations.
- c. The CIN was brought to the notice of the consumer.
- d. The CIN informed the consumer of his rights to cancel the contract and that it contained all the relevant information stated in the First Schedule of the Regulations.

### **7) In what situations will Singapore's time share regulations apply?**

As part of the Consumer Protection (Fair Trading) Act, the time share regulations are applicable in situations where:

- a. the supplier or consumer is resident in Singapore; or
- b. the offer or acceptance relating to the consumer transaction is made in or is sent from Singapore.

In relation to (b), it means that the time share regulations will apply to the consumer transaction as long as the offer or acceptance relating to the consumer transaction is made in or is sent from Singapore, even if the contract is subsequently signed outside of Singapore.

The timeshare regulations will not apply in the following instances:

- a. Both the supplier and consumer are not resident in Singapore; and
- b. The offer or acceptance relating to the consumer transaction is not made in or sent from Singapore."