

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

Frequently Asked Questions (For Consumers)

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) What are the main changes in the amendments of the regulations? How will such changes help consumers against errant retailers?

There are four main changes in the amendments to the regulations:

a. Expand definition of 'regulated contract' to include 'long-term holiday product contracts'

Before the amendments, regulated contracts only applied to a direct sales contract, a time share contract or a time share related contract. After the amendments take effect, long term holiday product contracts will be included as a regulated contract. This amendment will give consumers of holiday clubs the same protection accorded for time share contracts.

b. No advance consideration, i.e. monetary transactions or promises of payment, to be accepted during the cancellation period for time share, time share-related and long term holiday product contracts.

This will increase the protection offered to the consumers during the mandatory cancellation period and reduce the likelihood of consumers being asked to enter into the contract on the spot. It will also remove the risk of losing, and the effort in recovering the money paid when the consumers decide to exercise their cancellation rights during the cancellation period (also known as the cooling-off period).

c. Time share and holiday club sellers must provide Product Information Notice to consumers before contract is signed.

The Product Information Notice (PIN) will ensure that time share companies and holiday clubs are more transparent about important features of their contracts, including the rights of the consumer, obligations of the seller, additional costs, and cancellation rights. This will help reduce ambiguity and uncertainty between the suppliers and consumers.

d. Cancellation period for time share products to start after the (i) Product Information Notice (PIN) has been provided prior to the consumer entering into the contract and the (ii) Consumer Information Notice (CIN) has been brought to the notice of consumer.

The Product Information Notice (PIN) seeks to provide greater transparency to consumers by making sure that the terms of the contract and the obligations of the consumers are clearly explained in a single document.

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The Consumer Information Notice (CIN) informs the consumer of his right to cancel the contract under the CPFTA (Cancellations of Contracts) Regulations (COC Regs).

Consumers will have sufficient information about the product provided in the PIN, as well as a clear idea of the cancellation procedures in the CIN before the cancellation period commences.

2) When will the amendments take effect? Will contracts entered before the date of commencement be covered?

The amendments will take effect on 1 April 2014. Contracts entered before the date will not be covered.

3) What is an advance consideration?

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

- a. Supplier getting the consumer to sign a loan agreement in return for entering into a timeshare 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”).

4) What is a long-term holiday product contract?

A long-term holiday product contract refers essentially to a contract between a supplier and a consumer whereby:

- a. The main effect of the contract is for the consumer to acquire rights to obtain discounts and benefits in respect of accommodation,
- b. The contract has a duration of more than one year or contains provisions allowing the contract to be renewed and extended such that it has a duration of more than one year,

Regardless of whether the contract makes provision for the consumer to acquire other services.

5) What is the Consumer Information Notice and its purpose?

The Consumer Information Notice (CIN) informs the consumer of his right to cancel the contract under the CPFTA (Cancellations of Contracts) Regulations (COC Regs).

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Consumers should make sure that all the information as reflected in the First Schedule of the Regulations is provided to them in the CIN, such as the following:

- a. Statement of the consumer's right to cancel the contract under the CPFTA (COC Regs).
- b. Supplier's information:
 - i. Name of supplier.
 - ii. Supplier's reference number, code or other details to enable transaction to be identified.
 - iii. Designated person to whom the notice of cancellation is to be given, including at least one name or one address or facsimile number.

When consumers decide that they do want to cancel their contract, they will have to send their notice of cancellation to the supplier before the end of the cancellation period. (Details of the cancellation period can be found in question 8). The template for the notice of cancellation can be found within the Second Schedule of the regulations.

6) What is the Product Information Notice and its purpose?

The Product Information Notice (PIN) seeks to provide greater transparency to consumers by making sure that the terms of the contract and the obligations of the consumers are clearly explained in a single document. We therefore urge consumers to read the PIN carefully so that they could make an informed decision about whether or not to enter into the contract.

The full list of information required is in the Third Schedule of the Regulations.

7) What happens if the company does not provide the Product Information Notice or Consumer Information Notice, or if they are unclear or incomplete?

The supplier has to provide the consumer with the Product Information Notice (PIN) relating to the contract, prior to the entering of the contract. The PIN has to be clear, comprehensible and accurate and it has to contain all the information listed in the Third Schedule of the Regulations.

If the required information for the PIN is not included, the PIN would be deemed to be inaccurate and the consumer would automatically have an extended cancellation period of another three months.

The cancellation period will commence as soon as the Consumer Information Notice (CIN) has been brought to the notice of the consumers, subject to the Product Information Notice (PIN) being provided prior to entering of the contract.

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The information required in a CIN is listed in the Third Schedule of the Regulations. If the CIN has not been brought to the attention of the consumer or does not contain any of the information specified in Part A of the First Schedule, the consumer may give notice of cancellation in accordance with the regulation.

If you need any advice on what to look out for in a time share or long term holiday product, you may wish to contact CASE at the following [link](#). However, for advice on the contractual terms and obligations, we recommend that you seek professional legal advice.

8) What is the cancellation period? How am I protected under the cancellation period?

The cancellation period, as known as the cooling-off period, refers to the five days (i.e. excluding Saturdays, Sundays and Public Holidays) after the contract is entered into and when the Consumer Information Notice (CIN) is brought to the attention to the consumer. (*The Product Information Notice (PIN) would have been given to the consumer prior to entering the contract.*)

Within the cancellation period, a supplier shall not, either in person or through a third party, request or accept any form of consideration from the consumer. Considerations include any forms of monetary transactions as well as promises to pay (such as signing a credit card authorisation form).

In the event that the supplier accepts or requests for any form of consideration, the cancellation period will be automatically extended by a further 3 months.

9) What should I do if the company insists that I make a deposit on the spot/ make payment when it is still within the cancellation period?

Consumers are not required under the regulations to give any form of consideration, i.e. monetary transaction or promise of payment, to the supplier during the cancellation period. This includes making any deposit or promise of deposit.

Under the regulations, in the event that the supplier accepts or requests for any form of consideration from the consumer, the cancellation period will be automatically extended by a further 3 months.

10) How do I cancel my contract within the cancellation period?

As stipulated in Section 4(8) of the regulation, a notice of cancellation can be given though the following means:

- a. Delivering to a designated person personally;
- b. By leaving it at, or by sending it by post to, an address designated in the consumer information notice (CIN); or

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- c. By sending it by facsimile transmission (fax) to a facsimile number designated in the consumer information notice (CIN).

In addition to the above, if the supplier agrees to accept notice of cancellation by any additional means, including electronic means, the consumer may give notice by the means so agreed. The template for the notice of cancellation can be found within the Second Schedule of the regulations.

11) Do I have the right to cancel the contract with the company if I change my mind after the five days “cooling period”? /Can I defer my payment of deposit with the company after five days?

The cancellation period will only last for five days (excluding Saturdays, Sundays and Public Holidays). After this period, the contract becomes enforceable. After the cancellation period, any rights to cancel on the contract or deferring of payments will be dependent on the clauses of the contract.

It is therefore important to check the contract and the Product Information Notice (PIN) on your rights to cancel the contract, even before entering into the contract.

Prior to purchasing a timeshare or long term holiday contract product, consumers should carefully read through the contract terms and the PIN so that they could make an informed decision.

12) How do I check if I have any rights to cancel, withdraw or terminate the contract, or whether the time share company has a buyback scheme?

Consumers should check the Product Information Notice (PIN) before making a decision to sign the contract. Within the PIN, suppliers are required to provide the following, among others:

- a. For a time share contract, 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. information on schemes offered by the supplier 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, information on the conditions for terminating the contract, the consequences of termination and information on any liability or costs to be incurred by the consumer resulting from the termination.

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Please refer to the Third Schedule of the Regulations for the full list of information required.

13) 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 Product Information Notice (PIN) and Consumer Information Notice (CIN). 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.

14) 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."