

IMPLEMENTATION

- Effective date: **1 September 2012**
- From 1 September 2012, the Lemon Law provisions will be added to the Consumer Protection (Fair Trading) Act, with related amendments to the Hire Purchase Act and Road Traffic Act (for provisions governing motor vehicles).
- The Road Traffic Act and regulations will be amended to allow transfer of the Certificate of Entitlement (COE) from a defective vehicle to a replacement vehicle and the Additional Registration Fee (ARF) to be set off against the ARF of the replacement vehicle. *

*Conditions apply.

ADVICE TO CONSUMERS

If you are considering buying a secondhand car, consider the following:

- Thoroughly inspect the car and ascertain its mechanical condition and safety
- If in doubt, bring along someone knowledgeable or get an independent report on its condition
- Check on the accuracy of claims made on the car. For example, claims on the mileage clocked should be checked against the reading on the odometer.

- Check on the history of the car, including its service records.
- For vehicles on hire purchase, in accordance with industry practice, the consumer can first seek recourse from the dealer directly, failing which, he can then seek assistance from the finance company/bank.



A joint educational effort by:



Consumers Association of Singapore

170 Ghim Moh Road, #05-01
Ulu Pandan Community Building
Singapore 279621

Tel : 6100 0315
Fax : 6467 9055

Feedback : sayit@case.org.sg
Website : <http://www.case.org.sg>



Singapore Vehicle Traders Association

61 Ubi Ave 2, #06-04/05
Automobile Megamart
Singapore 408898

Tel : 6743 0269
Fax : 6747 1010

Feedback : enquiry@svta.com.sg
Website : <http://www.svta.com.sg>



LEMON LAW & MOTOR VEHICLES



WHAT ARE “LEMON LAWS”?

Lemon Laws provide remedies against goods that fail to conform to contract at the time of delivery (e.g. through breach of express terms of contract or implied condition of satisfactory quality).

‘Satisfactory quality’ means that the car should be of a standard that a reasonable person would expect, taking into account relevant circumstances such as the following:

- Age of the car
- Purchase price
- Car's history
- Car's mileage
- Car's intended use
- Make and model
- Durability
- Safety
- Any descriptions made about the car.

ARE SECOND-HAND VEHICLES COVERED?

Yes, second-hand vehicles are covered.

TIMEFRAME

Unless the motor vehicle dealer can prove otherwise, a defect proven to exist within **six (6)** months of delivery is presumed to have existed at the time of delivery. Beyond the six-month period, the consumer needs to show that the defect existed at the time of delivery in order to make a claim under the Lemon Law.

2-STAGE RECOURSE FRAMEWORK

STAGE 1

The seller may first offer to **repair** or **replace** the defective vehicle within a reasonable period of time and without significant inconvenience to the consumer.

STAGE 2

The consumer may keep the defective vehicle and request a **reduction in price**, or return the defective vehicle for a **refund*** if:

- Repair or replacement is not possible or reasonable to the seller (e.g. if the repair or replacement is disproportionately costly), or
- The seller did not provide repair or replacement within a reasonable period and without significant inconvenience to the consumer.

**NB: The amount refunded will depend on the use the consumer had of the vehicle.*

SITUATIONS WHEN THE LEMON LAW DOES NOT APPLY

Consumer to consumer transaction are not covered under Lemon Law.

Consumers are not entitled to a remedy if:

- They damaged the vehicle, e.g., through misuse or unauthorised repair.

- The fault was caused by wear and tear, and not an inherent defect.
- They knew about the fault before they bought the vehicle. (e.g. Defect was specifically pointed out to them before purchase, or was obvious and would have been spotted upon inspection at the point of purchase)
- They simply changed their mind and no longer want the vehicle.

CASE EXAMPLES

- 1 A consumer discovers that a 1 year old car he bought 3 months ago is faulty. He takes it to the dealer who agrees to repair the car. The dealer takes over two months to repair the car but the fault persists.

The consumer in these circumstances may request a replacement car or a refund instead because the repairs have not remedied the fault, were not carried out within a reasonable time and have caused significant inconvenience to the consumer.

- 2 A consumer purchased a three-year old car with 30,000 km mileage for \$70,000. The car was described by the seller as being in 'very good condition', and no related faults were highlighted to the consumer.

If after four months the car starts stalling or is unable to start, it is unlikely to have been of satisfactory quality when purchased, and the seller will need to provide recourse to the consumer, unless he can prove otherwise.

