

PUBLIC CONSULTATION ON AMENDMENTS TO THE CONSUMER PROTECTION (FAIR TRADING) (CANCELLATION OF CONTRACTS) REGULATIONS

Introduction

1. The Ministry of Trade and Industry (MTI) is seeking feedback on the proposed amendments to the Consumer Protection (Fair Trading) (Cancellation of Contracts) Regulations (“COC Regs”) to **enhance consumer protection for timeshare and other related contracts.**

2. In April 2009, MTI amended the COC Regs based on feedback from the Consumers Association of Singapore (CASE), to give timeshare consumers greater protection by extending the mandatory cooling-off period (‘cancellation period’ in proposed legislative amendments) from three to five working days, and requiring sellers to refund consumers within 60 days after a contract is cancelled during the cooling-off period. However, timeshare businesses have continued to account for the most number of consumer complaints to CASE.¹

3. MTI and CASE have proposed further amendments to the COC Regs for the following reasons:

- a) An increasing number of businesses have moved from selling conventional timeshare (right to use a timeshare accommodation for a specified period) to selling holiday club memberships (which generally involve an advance payment for the right to obtain holiday benefits such as discounted accommodation and airfares). Such holiday clubs are essentially offering a substantially similar product to timeshare, but they are not subject to the mandatory cooling-off period as they do not fall under the current definition of ‘regulated contract’² in the CoC Regs.
- b) CASE continues to receive a large number of complaints against timeshare businesses for failing to refund consumers who cancelled the contracts within the cooling-off period;
- c) Consumers are not given the opportunity during the cooling off period to assess whether a holiday club can offer the purported discounts; and
- d) There is lack of transparency about important features in timeshare and holiday club contracts, including the rights of the consumer and the obligations of the timeshare seller.

¹ The total number of timeshare cases: 389 (2010) and 358 (2011). This is significantly higher than CASE’s second greatest source of complaint in the much larger beauty industry: 299 (2010) and 303 (2011).

² ‘Regulated contract’ is defined in the COC Regs to include direct sales contract, a timeshare contract or a timeshare-related contract.

Key Legislative Amendments

4. Specifically, it is proposed that the following provisions, modelled after the UK and EU legislations, be added to the COC Regs:

- a) **Expand definition of ‘Regulated contract’ to include ‘Long-term holiday product contracts’.** This will close the current loophole where certain timeshare operators deliberately modify their business model to escape the requirements under the COC Regs, even though they are offering a substantially similar product to timeshare. This will also give consumers of holiday clubs the same protection accorded for timeshare contracts: e.g. a 5-day cooling-off period.
- b) **No money to be collected during the cooling-off period for timeshare, timeshare-related and long-term holiday product contracts.** This will increase the protection offered by the mandatory cooling-off period and reduce the incentives for errant businesses to ‘force’ a sale on the spot. It will also remove the risk of losing, and the hassle of recovering, the money paid when the consumers decide to exercise their cancellation rights during the cooling-off period. In the event of non-compliance by the timeshare seller, the original 5-day cooling-off period will be extended by a further 3 months. Therefore, the consumer will be empowered to cancel the timeshare or long-term holiday product contract (with refund) within 3 months after the original 5-day cooling-off period has ended.. This amendment is aligned with practices in other jurisdictions such as the UK and EU.
- c) **Cooling-off period for long-term holiday product contracts to start after consumer receives technical means to access information on preferential travel rates (e.g. log-in passwords for online platforms).** This will ensure that consumers are able to check the travel benefits and discounts offered by the holiday clubs during the cooling-off period. This will also encourage holiday clubs to allow customers to access the offered rates promptly so that the cooling-off period starts running.
- d) **Timeshare and holiday club sellers must provide Product Information Document (PID) to consumers before contract is signed.** This will make timeshare companies and holiday clubs more transparent about important features of their contracts, including the rights of the consumer, obligations of the seller, additional costs, and cancellation rights. For timeshare contracts, the minimum information required in the PID is described in the Third Schedule (Part A). For long-term holiday product contracts, the minimum information required in the PID is described in the Third Schedule (Part B). In the event of non-compliance by the seller, the original 5-days cooling-off period will be extended by a further 3 months. Therefore, the consumer will be empowered to cancel the contract (with refund) even after the 5 days cooling-off period (which is extended for a further 3 months). This

amendment is aligned with practices in other jurisdictions such as the UK and EU.

Details on the proposed legislative amendments to the COC Regs and minimum information required in the PID can be found in [Annexes A](#).

Mode of Consultation

5. MTI seeks feedback on the proposed amendments to the COC Regs. MTI will review the submissions and make changes, where appropriate. Submissions are to be sent to MTI via email to mti_email@mti.gov.sg

6. All submissions should be clear and concise, and should provide a reasoned explanation for any proposed revision to the proposed amendments. Where feasible, parties should identify the specific clause of the proposed amendments to the Regulations, or specific paragraph of the consultation paper on which they are commenting. Where parties choose to suggest revisions to the text of the proposed amendments to the Regulations, they should state clearly the specific changes to the text that they propose.

7. All submissions are to be made on or before **1 March 2013**. Parties submitting comments should include their personal/company particulars as well as their correspondence address, contact numbers, and email addresses on the cover page of their submissions.

8. MTI reserves the right to make public all or parts of any submission and to disclose the identity of the author. Parties may request that any part of the submission that they believe to be proprietary, confidential or commercially sensitive be kept confidential. Any such information should be clearly marked and placed in a separate annex. Where MTI agrees with the request, it will consider the information but will not publicly disclose it. If MTI rejects the request, it will not consider the information and will return the information to the party. As far as possible, parties should limit any request for confidential treatment of information submitted.