

PUBLIC CONSULTATION ON PROPOSED AMENDMENTS TO CONSUMER PROTECTION LEGISLATION

To enhance the legal framework for consumer protection in Singapore, the Ministry of Trade and Industry (MTI) is proposing to amend the Consumer Protection (Fair Trading) Act (CPFTA) and the Hire Purchase Act (HPA) **to include provisions for repair and replacement of defective goods**. MTI is inviting members of the public, businesses, and business associations to provide feedback on these proposed provisions. This public consultation exercise follows from the recommendations made by a Taskforce jointly led by MTI and the Consumers Association of Singapore, and comprising representatives from business bodies and public agencies.

The Taskforce was formed in Sep 08 to determine the need for “lemon laws” – or laws that provide remedies for consumers against latent defects in goods (colloquially known as “lemons”) which fail to meet standards of quality and performance, especially after repeated repair. The Taskforce found that the key features of lemon laws, as implemented in developed economies (e.g. the UK and US), were already present in Singapore’s legislation. However, the Taskforce recommended that express provisions for repair and replacement be added to empower consumers to seek these remedies from retailers, and to give greater latitude to the courts when considering what remedies to award to a consumer. The new provisions are to be added by amending the Consumer Protection (Fair Trading) Act (CPFTA) and the Hire Purchase Act (HPA).

The proposed amendments to the CPFTA are intended to introduce the following provisions:

- a) Provide the buyer with the right to demand from the seller the repair or replacement of goods that do not conform to contract (e.g. breach of implied terms of satisfactory quality).
- b) Where repair and replacement costs are disproportionate, or where the seller has failed to repair or replace the goods within a reasonable time or without significant inconvenience, the buyer may ask for a reduction in price or return the goods for a refund.

To extend the provisions for repair and replacement to hire purchase agreements, the following amendments to the HPA are proposed:

- a) The implied terms in the HPA are made consistent with those in the Sales of Goods Act and the Supply of Goods Act to give greater clarity to consumers. Consumers can rely on the breach of the same implied terms to trigger the new provisions for repair and replacement, regardless of whether their purchase are made under a hire purchase or normal sales agreement.

- b) The value caps on HPA's implied terms are removed to allow consumers to rely on breach of these implied terms to trigger the provisions for repair and replacement. Consumers will otherwise be unable to do so if the value of their goods exceeds the caps.

MTI welcomes all feedback and views over the next six weeks (from 20 December 2010 to 31 January 2011). The public consultation paper and draft legislation can be accessed on MTI (www.mti.gov.sg) and REACH (www.reach.gov.sg) websites. All views and comments should reach MTI on or before 31 January 2011.

MINISTRY OF TRADE AND INDUSTRY
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