

For Immediate Release

**PUBLIC CONSULTATION ON AMENDMENTS TO
EXISTING REGULATIONS TO ENHANCE CONSUMER PROTECTION FOR
TIMESHARE AND OTHER RELATED CONTRACTS**

1. To enhance consumer protection for timeshare and other related contracts, 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).
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:
 - i. 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;
 - ii. Consumers are not given the opportunity during the cooling-off period to assess whether a holiday club can offer the purported discounts; and
 - iii. 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).

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

4. The proposed amendments to the Consumer Protection (Fair Trading) (Cancellation of Contracts) Regulations, modelled after the UK and EU legislations, are intended to introduce the following:
- i. 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;
 - ii. 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 inconvenience 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;
 - iii. 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; and
 - iv. Timeshare and holiday club sellers must provide Product Information Document (PID) to consumers before the 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).

5 MTI welcomes all feedback and views over the next five weeks (from 28 January to 1 March 2013). The public consultation paper and draft legislation can be accessed on MTI ([http://www.mti.gov.sg/MTIInsights/Pages/Public-Consultation-on-Amendments-to-the-Consumer-Protection-\(Fair-Trading\)-\(Cancellation-of-Contracts\)-Regulations.aspx](http://www.mti.gov.sg/MTIInsights/Pages/Public-Consultation-on-Amendments-to-the-Consumer-Protection-(Fair-Trading)-(Cancellation-of-Contracts)-Regulations.aspx)) and REACH (www.reach.gov.sg) websites. All views and comments should reach MTI on or before 1 March 2013.

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