

Tips for buying a car:

**Avoiding & Settling Dealer
Disputes**

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Complaints against the Motorcar Industry

- 2007 - 1562 cases
- 2008 - 1709 cases
- 2009 - 1343 cases
- 2010 - 1104* cases

* From Jan - Nov 2010



The Consumer Protection (Fair Trading) Act

Consumer Protection (Fair Trading) Act



Aims of the Act

- Protect consumers from **unfair trading practices**
- Gives a consumer the option to:-
 - Bring action against supplier in court for relief

Consumer Protection (Fair Trading) Act



- Came into effect on 1 March 2004
- Push for this Act began with the significant increase in the number of errant vendors and unfair trade practices against consumers.
- Amendments made on 15 April 2009

What constitutes an Unfair Practice?



- To do or say anything/fail to do or say anything, if as a result a consumer might reasonably be *deceived or misled*;
- To make a *false claim*
- To take advantage of a consumer; if supplier knows or ought reasonably to know that consumer is
 - **Not in a position to protect his or her own interests;**
or
 - **Not reasonably able to understand character, nature, language or effect of transaction or proposed transaction or any matter related to transaction**
- 20 unfair practices listed in the Second Schedule of the Act

Examples of Unfair Practices under the CPFTA



1. Making claims that goods have been **used to a certain extent or have a particular history** when they are not.



Examples of Unfair Practices under the CPFTA



2. Making claims that service(s) is **desirable or rendered** when it is not

Example: Making claims that there is a need to do servicing work to vehicle, when there is no such need.



Examples of Unfair Practices under the CPFTA



3. Offering **false gifts** in connection with the sale of goods or services.

Example: Making false claims that there is a free GPS or audio system thrown in with the car package.



Examples of Unfair Practices under the CPFTA



4. **Using small print** to conceal material fact



Amendments to the Act



Consumer Protection (Fair Trading) (Motor Vehicle Dealer Deposits) Regulations 2009

- ❖ Motor vehicle dealers must inform consumers in writing of its refund policy before collecting deposits from consumers
- ❖ Dealers who apply for loans on behalf of consumers must do so within a reasonable period
- ❖ If the application for a loan was unsuccessful, the dealer must obtain a written statement from the financial institution setting out the unsuccessful application if the consumer requests for it, before he can retain the deposit collected

Important features of the CPFTA

- ❖ Suppliers cannot contract out of Act
- ❖ Parol evidence abolished
 - E.g., if verbal warranties given, they can be included despite express provisions in written contract.
- ❖ Ambiguous terms- Interpretation against the supplier
- ❖ **Onus is on supplier** to show it did not commit the unfair practice
- ❖ If the car purchased is over \$30,000, the consumer can claim for return of the deposit if deposit <\$30,000, even though the car has not been delivered

Important features of the CPFTA

Specified bodies

- ❖ CASE and Singapore Tourism Board (STB) are allowed to apply for voluntary compliance agreement, injunction/ declaration against suppliers that commit unfair practices
- ❖ If CASE/STB commences injunction proceedings against the supplier, the consumer can stay his court proceeding relating to the same matter, pending the outcome of the injunction action

Important features of the CPFTA

Voluntary Compliance Agreement (VCA)

An agreement entered into voluntarily between CASE or STB and the supplier, whereby the supplier agrees not to engage in the unfair practice.

Injunction

An order by the court to restrain dishonest suppliers from engaging in, or further engaging in unfair practices.

Important features of the CPFTA

- ❖ **Maximum Claim: \$30,000** (\$20,000 before 15 April 2009)
- ❖ **Time limit: 2 years** to take court action
- ❖ Consumers are encouraged in the Act to settle the dispute with the supplier concerned, before considering court action. The court will take such attempts into account when awarding claims to consumers.

Proposed Amendments to Consumer Protection (Fair Trading) Act



- ❖ Retailers and/or suppliers are required to repair or replace defective goods sold to consumers.
- ❖ The retailer or supplier will be given a reasonable time to replace or repair defective goods, before the consumer can go to court to enforce a repair, replacement, reduction in price or refund under the proposed amendments.
- ❖ *Example: A motorcar dealer that sells a defective car to a consumer, will be liable to make good the defect within a reasonable time.*



**“What can I do if I have a dispute
with my car dealer?”**

Course of action

Step 1: Approach supplier concerned

- *Attempt to resolve dispute with supplier*

Step 2: Come to CASE for assistance/advice

- *CASE officer will assess dispute and advise accordingly*
- *If the consumer requires further assistance, he/she can take up CASE's assisted option or choose to file their disputes with CASE*

Course of action

Step 3: If there is still no settlement, other channels may be appropriate

- *Civil claim in the Small Claims Tribunal or other Courts*
- *Consumer may make a claim against supplier under provisions of the CPFTA for unfair trade practices committed*

Mediation as an Alternative Dispute Resolution Mechanism



Advantages of Mediation

Mediation at CASE Mediation Centre

1. Completely voluntary
 2. Helps parties explore solutions to dispute
 3. Full opportunity to put forth each side of story
 4. Both parties able to understand both sides of the coin
 5. Not a judge or arbitrator – non-legal process
 6. Informed decision on settlement with help of mediator
 7. More relaxed atmosphere
 8. No right or wrong- win-win situation
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The CaseTrust- SVTA Accreditation Scheme

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Association

CaseTrust-SVTA Accreditation Scheme for Motoring Businesses

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Vehicle
Traders
Association

- Launched on 24 June 2009
- 45 companies currently accredited

Protection Available

- Standard Contracts
 - Sale of New Car Contract
 - Sale of Used Cars Contract
 - COE Bidding Agreement
- \$50,000 Insurance Bond
- Mediation facilities in the event of disputes



Case Studies of Motor Industry Disputes



Case 1

- ❖ On 17-8-09, consumer's car stalled on the roadside.
- ❖ He sent it to the workshop for repair.
- ❖ They advised him to change an electrical pump, paying \$1115, and assured him that the problem would be solved.
- ❖ The car broke down another 4 times since then, displaying the same symptoms.
- ❖ On 13-1-10 the car stalled again but the company now said it was due to a different part.



Case 1

❖ Outcome:

Resolved through CASE correspondence with company.



Case 2

- ❖ On 17-3-2010, consumer purchased a car for \$66,650 from company.
- ❖ The advertised mileage was 12,000km.
- ❖ Shortly after collecting the car, he called the authorised agent.
- ❖ Technician said that at the last servicing in Oct 2009, the mileage was already over 19,000km.
- ❖ The dealer also short-changed the consumer of the 6-months road tax by 1 month.



Case 2

❖ Outcome:

Resolved through CASE correspondence with company.



Case 3

- ❖ Consumer purchased a second hand car worth \$43,800 from company on 15 Mar 2010.
- ❖ The salesman claimed it was well maintained/serviced by the previous owner, and promised 5 years' warranty
- ❖ The consumer was subsequently not given any warranty card.



Case 3 (cont'd)

- ❖ Upon sending it to the workshop for servicing, he found out that it had not been serviced since first month of purchase by the previous owner.
- ❖ The oil in the engine became sludge and he spent \$2,034 for repair.
- ❖ The warranty was void because of the lack of regular servicing.



Case 3

❖ Outcome:

CASE Correspondence with company; pending business' reply



Case 4

- ❖ Consumer bought a 2nd hand car on 26 Mar 10 for \$49,800.
- ❖ Prior to purchase, the staff said that the car had a major servicing done.
- ❖ Hence, he paid \$1,000 deposit .
- ❖ He subsequently found that the audio set was defective. The dealer promised to replace it.



Case 4 (cont'd)

- ❖ The dealer failed to replace the audio set upon delivery of the car.
- ❖ Eventually, consumer also found out from the manufacturer that they did not service the car recently.
- ❖ The last servicing done was a year before the sale of the car.

Case 4

❖ Outcome:

Resolved through mediation



CASE Tips on Motor Vehicles

Consumer Tips

1. Ensure that all verbal agreements or promises are committed in writing (including refund arrangements if it is not mentioned in the contract)
 2. Find out more about the procedures and policies governing car purchases from the Land Transport Authority's website, www.onemotoring.com.sg
 3. Be sure about COE practices. Different COE categories have different impact on car value when you sell later.
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Consumer Tips

4. Know the latest laws applicable. Hire-purchase loans taken after Nov 1, 2004, are subject to the amended Hire-Purchase Act. Check out the Ministry of Trade and Industry web-page of frequently asked questions at

[http://app.mti.gov.sg/default.asp?id=566.](http://app.mti.gov.sg/default.asp?id=566)

5. The Association of Banks in Singapore (ABS) has a publications webpage, including a guide to car financing at

<http://www.abs.org.sg/publications.htm>

Consumer Tips

6. Read the sales agreement. The Motor Traders Association (www.mta.org.sg/guide.htm) provides a checklist. For example, are the first year's road tax and insurance included in the price? How many free-service checks are included?
 7. Do your sums before you sign the contract. The LTA website mentioned above also provides a detailed breakdown of car costs, which enables consumers to calculate the profit mark-up of car dealers.
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Consumer Tips

8. Do not sign blank forms. Signing of blank forms is akin to signing a blank cheque and it could result in fraudulent entries without you knowing it.
 9. Be careful on accepting temporary loan vehicles from car dealers when sending your vehicle in for accident repairs. Some of these loan vehicles are not insured.
 10. Consumers with unresolved motor vehicle disputes can call the CASE hotline on [6100-0315](tel:6100-0315) for advice and assistance.
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THANK YOU

