

Competition & Antitrust and Trade

CCCS' Guide to Contractors on Fair Trading Practices for Renovation Industry

Introduction

On 5 May 2022, the Competition and Consumer Commission of Singapore ("**CCCS**") published a Guide on Fair Trading Practices for the Renovation Industry ("**Guide**") with the intention of improving business practices in the renovation industry and reducing unfair practices by suppliers of interior design or renovation services ("**Contractors**").

The Guide comes in response to a high rate of complaints received by the Consumers Association of Singapore ("**CASE**") against Contractors in 2021 and Q1 2022. The majority of the complaints related to Contractors' unsatisfactory service and failure to honour contractual obligations. These include poor workmanship, poor quality of material used for renovation, slow progress or failure to complete renovation works on time. The Guide was finalised with feedback from CASE and other stakeholders such as the Singapore Renovation Contractors and Material Suppliers Association, the Singapore Interior Design Accreditation Council and the Ministry of National Development.

Contractors should review the Guide carefully and adopt the recommended practices, to avoid the types of conduct that may constitute unfair practices under the Consumer Protection (Fair Trading) Act 2003 ("**CPFTA**"). We highlight that CASE will refer errant merchants to CCCS for investigation under the CPFTA for engaging in unfair practices and have been proven to do so.

In this Update, we briefly highlight the five areas of trading practices covered in the Guide, and the key Do's and Don'ts. We also provide a checklist of key items that Contractors should set out in their renovation contracts.

"Unfair Practices" under CPFTA

By way of background, "unfair practices", as prohibited by law, is statutorily defined under section 4 of the CPFTA. In relation to a consumer transaction, a supplier engages in "unfair practice" if the supplier:

- (i) Does or says anything, or omits to do or say anything, if as a result a consumer might reasonably be deceived or misled;
- (ii) Makes a false claim;

Competition & Antitrust and Trade

- (iii) Takes advantage of a consumer if the supplier knows or ought reasonably to know that the consumer: (a) is not in a position to protect his or her own interests; or (b) is not reasonably able to understand the character, nature, language or effect of the transaction or any matter related to the transaction; or
- (iv) Does anything that is set out in Schedule 2 of the CPFTA which sets out a non-exhaustive list of unfair practices.

In light of this statutory prohibition, the next section discusses the five key areas covered in the Guide

Fair Trading Practices – Five Key Areas

1. Renovation Timeline Must be Mutually Agreed

Before making commitments, Contractors should assess their ability to undertake and complete the works in a timely manner. Contractors and consumers should agree on a work schedule with clear deadlines, including the projected start date and completion date. In addition, Contractors should consider and agree with their consumers on the approach to manage work delays or contingencies. These and other key terms should be clearly spelt out in the renovation contract.

Contractors must not accept payment when they know or ought to know that they will be unable to complete the renovation works within the agreed timelines. In the same vein, Contractors must not request for payment before agreeing on a work schedule with clear timelines.

2. Transparent Pricing – No Hidden Costs

In quoting their prices, Contractors should ensure that the quotes are transparent, accurate, clear and itemised. Contractors should clearly spell out all mandatory charges for the works in the quotation/ contract at the onset, as well as any additional/optional charges. Where the charges cannot be calculated in advance, Contractors must disclose the existence of such charges and provide estimates of such charges to the consumer before the contract is signed.

Contractors must not adopt unfair practices such as omitting or concealing important facts, by, for example, failing to mention mandatory charges that had not already been included in the quote, by using small print, or by using such description so as to make the renovation works falsely appear cheaper than what it should be.

3. Accurately Describe Goods and Services

Any claims that Contractors make on their goods and services, as well as those relating to their business, should be clear and accurate. Practically, Contractors should clearly provide in the

Competition & Antitrust and Trade

renovation contract a reasonably detailed breakdown and description of the goods and services to be supplied for the works involved.

Contractors must not make false representations as to the renovation works, such as misrepresenting the origins of the materials / goods being used, or supplying consumers with goods that are different and cheaper than stipulated in the contract yet charging them the same (higher price) as per the contract.

4. Policies for Exchange, Repair and Refund Must be Clear

Contractors must inform consumers on their rights and remedies, such as exchanges, repairs and refunds. These rights and remedies must be provided clearly and accurately in the contract.

Contractors must not refuse to honour the warranty when defects arise within the warranty period, represent to consumers that the warranty is unconditional when this is not true, or promise that the repairs are free of charge within the warranty period yet later claim that such warranty is limited (e.g., covers only replacement parts but not labour or transportation).

5. Consumer Must Consent to the Supply of Goods or Services

Once the renovation contract is entered into, Contractors should adhere to it and supply the goods and services that the consumer has consented to. Any revisions to the contract or work order variations must have the consumer's express agreement.

Contractors must not provide additional goods or services without the consumers' prior consent and demand payment later, falsely inform that a good or service is mandatory or necessary, or pressure or mislead consumers into accepting revisions made to a contract.

To view the full Guide, please refer [here](#) (available on the CCCS website).

Checklist for Renovation Contracts

Based on the above principles, apart from being upfront and frank in their communications with their customers, Contractors should have clearly drafted renovation contracts that spell out the rights and obligations of both parties. We briefly highlight certain key items that Contractors should ensure are in their renovation contracts:

- Clear work schedule, including the projected start date, completion date, key milestones/deadlines.
- Delays in work schedule and other contingencies – how these are defined and to be managed.
- Breakdown and description of the goods and services to be supplied for the works involved.

Competition & Antitrust and Trade

- Itemised quotes for all works, which must be transparent, accurate, clear.
- Contingency provision and estimates, where charges cannot be accurately determined at the outset.
- Clear payment terms – what the triggers are and what happens in default.
- Clear warranty terms and conditions.
- Conditions for and consequences of termination of contract.

There are others, but the above will serve as good starting point. We encourage Contractors to review their existing contracts carefully.

Our Comments

Based on these latest developments and trends, practices that constitute unfair practices under the CPFTA are a potential risk area for Contractors. Regulators will likely be monitoring this space, and consumers will have increased public awareness of their rights. Hence, it is critical that Contractors review their business practices to ensure that they are not engaging in unfair practices under the CPFTA, whether inadvertently or not.

Our strong recommendation to Contractors is to conduct a structured review of their current business practices, from the way that they advertise their services, to the contractual documents eventually used to capture parties' agreement, to the way that warranty claims are being handled.

As a further step, Contractors can also seek to obtain the CaseTrust mark by CASE, which denotes a whitelist of businesses that have been assessed by CASE to be reliable in their dealings with consumers. Holding the CaseTrust accreditation can help to differentiate the Contractor's offerings and serve as a competitive advantage.

Contractors and other interested parties who wish to find out more about this development, how to apply for the CaseTrust accreditation, or require advice on how to operationalise and adopt the good practices or about compliance with CPFTA generally, are welcome to contact our team below.

Contacts

Competition & Antitrust and Trade



Kala Anandarajah
Head, Competition & Antitrust
and Trade

T +65 6232 0111

kala.anandarajah@rajahtann.com



Tanya Tang
Partner (Chief Economic and Policy
Advisor), Competition & Antitrust
and Trade

T +65 6232 0298

tanya.tang@rajahtann.com



Alvin Tan
Partner, Competition &
Antitrust and Trade

D +65 6232 0904

alvin.tan@rajahtann.com

Please feel free to also contact Knowledge and Risk Management at eOASIS@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

Hanoi Office

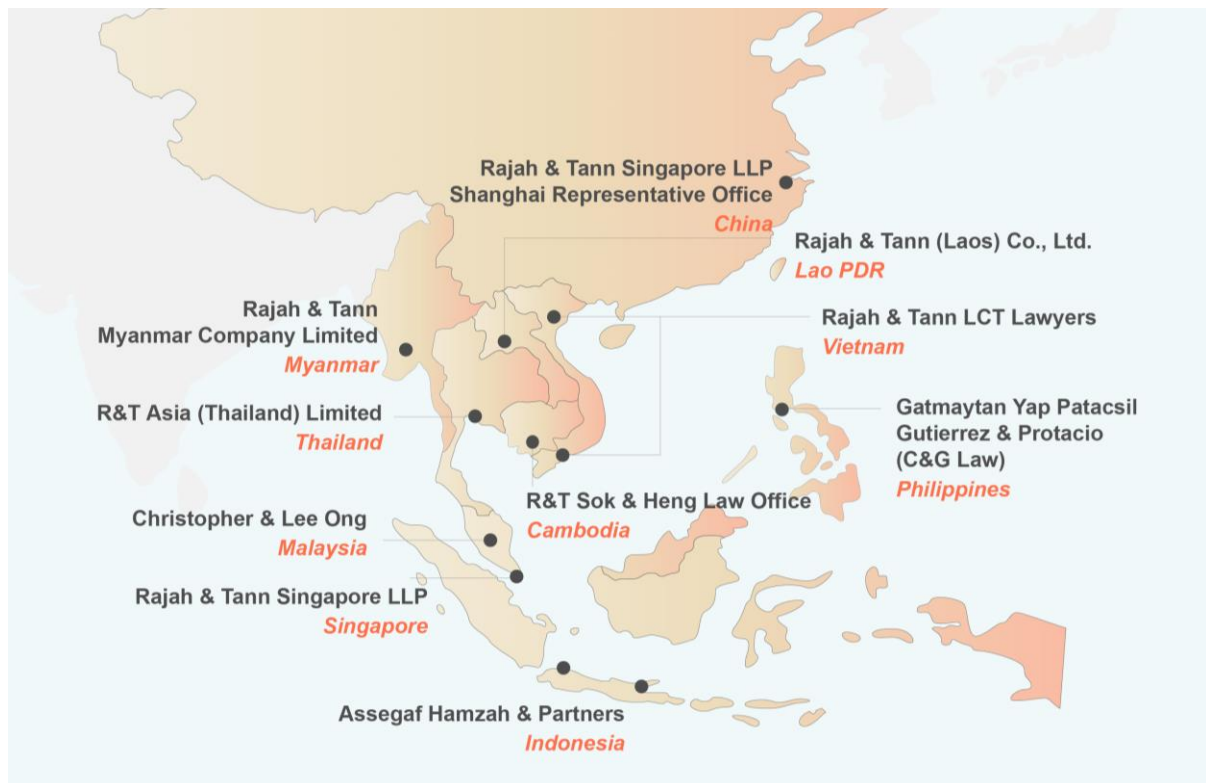
T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.

Our Regional Presence



Rajah & Tann Singapore LLP is one of the largest full-service law firms in Singapore, providing high quality advice to an impressive list of clients. We place strong emphasis on promptness, accessibility and reliability in dealing with clients. At the same time, the firm strives towards a practical yet creative approach in dealing with business and commercial problems. As the Singapore member firm of the Lex Mundi Network, we are able to offer access to excellent legal expertise in more than 100 countries.

Rajah & Tann Singapore LLP is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Rajah & Tann Singapore LLP and subject to copyright protection under the laws of Singapore and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann Singapore LLP.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann Singapore LLP or email Knowledge & Risk Management at eOASIS@rajahtann.com.