



## 1. Introduction

1.1 In recent years, there has been an increasing concern about unscrupulous sales practices of providers of personal services (e.g. beauty care centres, slimming centres and yoga centres) luring/pressuring consumers into signing contracts involving a substantial one-off prepayment. The prospects for the consumers to recover their prepaid money are usually very slim should the services providers subsequently close their businesses. According to the Customs and Excise Department, the number of consumer complaints against fitness centres or yoga centres alleging breaches of the Trade Descriptions Ordinance (Cap. 362) ("TDO"<sup>1</sup>) had surged from 111 in 2014 to 1 867 in 2016.<sup>2</sup>

1.2 Against the problem of prepayment consumption in the services industry, there have been calls for the Government to impose a mandatory cooling-off period on consumer contracts so as to enhance the consumer protection for prepaid services contracts. According to some stakeholders, provision of a cooling-off period allows consumers to reconsider their purchase decisions, after consulting third parties where necessary, and free from any undue influence that may have been exerted during the course of the transaction.<sup>3</sup> Moreover, the availability of cooling-off periods may deter unscrupulous acts like aggressive sales practices in the first place.

1.3 The Panel on Economic Development has requested the Research Office to study the overseas consumer protection regimes with special reference to the provision of mandatory cooling-off arrangements for prepaid services contracts. This is to facilitate the deliberation of introducing a similar cooling-off arrangement in Hong Kong. As such, this information note studies New York State of the United States, Queensland of Australia, Ontario of Canada and Singapore.

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<sup>1</sup> TDO, as amended by the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012, prohibits specified unfair trade practices deployed against consumers.

<sup>2</sup> Among the complaints received in 2016, 1 672 were against the closure of one chain fitness centre.

<sup>3</sup> See GovHK (2011).

1.4 New York State, Queensland and Ontario have put in place their respective mandatory cooling-off arrangements for specified types of prepaid services contracts. The services contracts regulated include the contracts for fitness club membership and/or personal development services. Singapore has not introduced any mandatory cooling-off period for prepaid services contracts, but the Consumers Association of Singapore ("CASE") has implemented an accreditation scheme to promote fair trading in specified industries which include the beauty, spa and wellness industry that accepts prepayment for services.

1.5 The paragraphs below give an overview of the regulatory frameworks adopted by Hong Kong and the overseas places studied for the protection of consumers entering into prepaid services contracts. The salient features of individual consumer protection regimes are compared in the **Table**.

## **2. Consumer protection regime in Hong Kong**

2.1 In Hong Kong, TDO serves as a generic legislation protecting general consumers against unfair trade practices. The practices regulated include false trade descriptions of services, misleading omissions, aggressive commercial practices, bait-and-switch, bait advertising and wrongly accepting payment. Convicted traders may be liable to a maximum penalty of imprisonment for five years and a fine of HK\$500,000. In addition to TDO, consumer contracts are regulated under other relevant legislation such as the Unconscionable Contracts Ordinance (Cap. 458) which protects consumers against unfair terms in standard form contracts.

2.2 While TDO does not set out any mandatory cooling-off period for prepaid services contracts, certain trades or operators provide for cooling-off periods in respect of their goods or services. For example, the retail banking industry has been required by the Hong Kong Monetary Authority to provide a pre-investment cooling-off period of at least two days when selling unlisted derivative products to certain retail customers. Meanwhile, the beauty industry,<sup>4</sup> the insurance services industry<sup>5</sup> and the telecommunications

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<sup>4</sup> Six trade associations of the beauty industry have developed a scheme to promote quality service in accordance with a voluntary code of practice promulgated by the Consumer Council and the beauty industry. Under the scheme, a voluntary cooling-off period of no less than 24 working hours is provided to consumers.

<sup>5</sup> The life insurance members of the Hong Kong Federation of Insurers provide purchasers of new life insurance policies with a 21-day cooling-off period as a self-regulatory measure.

industry<sup>6</sup> each has introduced a cooling-off arrangement as a self-regulatory measure. On the proposal of introducing a mandatory cooling-off period for consumer contracts, the Government has referred to the divergent views expressed by different stakeholders during the public consultation conducted in 2010 to solicit public views on the legislative proposals to combat unfair trade practices. While some stakeholders had supported the proposal, there were traders who had been doubtful about its deterrent effects on unscrupulous traders.

2.3 The Government indicates that certain fundamental issues have to be considered in relation to implementing mandatory cooling-off periods. These include the types of consumer contracts to be covered, whether the consumers could use the products or services during a cooling-off period, how refunds would be calculated if the consumers use the products or services during a cooling-off period but cancel the contracts eventually, how consumers should exercise their right to cancel a contract, and how refund should be made. The Government considers that imposing a mandatory cooling-off period will change the course of transactions and have significant implications for both traders and consumers. Hence, it is necessary to consider the matter carefully.

2.4 As reiterated by the Government, it has been actively handling complaints and taking enforcement actions to combat non-compliant conducts as stipulated in TDO, as well as conducting publicity and education programmes to raise consumers' awareness of unfair trade practices and promoting good practices among traders. Meanwhile, the Government will monitor the effectiveness of TDO in tackling unfair trade practices and the community's views on imposing mandatory cooling-off periods. In addition, it has provided resources to the Consumer Council to conduct research on cooling-off periods and the research work is expected to be completed in 2017.

### **3. Consumer protection regimes in selected overseas places**

3.1 Similar to Hong Kong, all the overseas places studied have put in place a consumer protection regime with legislative provisions to protect

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<sup>6</sup> The Industry Code of Practice for Telecommunications Service Contracts promulgated by the Communications Association of Hong Kong stipulates that a cooling-off period of no less than seven days shall apply in telecommunications services contracts concluded during an unsolicited visit to a customer's home.

general consumers against unfair/deceptive trade practices and/or unfair contract terms. These places have also imposed additional regulatory requirements, particularly a mandatory cooling-off period, on prepaid consumptions like health club/fitness centre membership, personal development services, and other specified types of consumer contracts.<sup>7</sup> Consumers entering into these contracts are more likely to expose to high-pressure sales tactics and/or the risk of incurring substantial financial losses of being unable to recover the prepaid amounts when the business closes down.

### Regulation of prepaid services contracts

3.2 Ontario passed legislation in 1988 to tighten the regulation of the business practices and services contracts of personal development services,<sup>8</sup> and Queensland<sup>9</sup> did the same for its fitness centres in 2003. The move represented the effort made by Ontario and Queensland to enhance consumer protection for prepaid services contracts consequential to the earlier closures of a large number of service providers in the industry and the substantial financial losses incurred by consumers who had made prepayments for the services. Similarly, New York State<sup>10</sup> has enacted legislation to regulate health clubs, in response to the occurrence of a number of unscrupulous sales practices during the 1980s which had resulted in deception and financial hardship to consumers who had made large sum of prepayments.

3.3 At present, New York State, Queensland and Ontario all set out a mandatory cooling-off period for specified prepaid services contracts. The prescribed length of the cooling-off period varies among them: 48 hours in Queensland, three days in New York State and 10 days in Ontario. Added to this, services providers are required to refund consumers within 21 days of

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<sup>7</sup> These might include door-to-door sales contracts without invitation of the consumers, dating services and timeshare contracts. A timeshare contract refers to a contract which confers on an individual the rights to use timeshare accommodation for a specified period. Consumers may also be provided with access to discounts or benefits for the future provision of transportation, accommodation, or other goods or services related to travel.

<sup>8</sup> Personal development services include health, fitness, modelling, diet, talent, martial arts, sports and dance activities. There is a lack of information about the number of related businesses in Ontario. For reference, it is estimated that there are currently some 6 325 businesses in the gym, health and fitness club industry in Canada. See IBISWorld (2017).

<sup>9</sup> It was estimated that over 500 fitness centres were operating in Queensland in 2003. See Queensland Parliamentary Library (2003).

<sup>10</sup> There were about 36 540 health clubs in the United States in 2016. However, information on the number of health clubs in New York State is not available. See International Health, Racquet & Sportsclub Association (2017).

contract cancellation in Queensland, and 15 days in both New York State and Ontario.

3.4 In addition to a mandatory cooling-off period, New York State, Queensland and Ontario also impose one or more of the following requirements for the specified types of prepaid services contracts:

- (a) disclosing all fees in writing to prospective customers as seen in New York State and Queensland;
- (b) limiting the length of the services contract to three years in New York State and one year in Ontario;
- (c) limiting the level of services fees or other fees charged (e.g. New York State caps the services fees charged at US\$3,600 (HK\$28,100) per annum);
- (d) not allowing service suppliers to accept prepayment of fees for more than one year of the term of a contract as required by Queensland;
- (e) requiring the services providers to provide consumers the option to make payments in monthly instalments as in the case of Ontario;
- (f) allowing consumers to cancel the services contract under specified conditions (e.g. suffering from permanent sickness or physical incapacity as stipulated in Queensland, and suffering from physical disability for six months or more as specified in New York State); and
- (g) requiring health clubs to file a bond, letter of credit or certificate of deposit with the government to safeguard consumers' prepayments as required by New York State.<sup>11</sup>

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<sup>11</sup> The principal sum of the bond, letter of credit or certificate of deposit required by the New York State government is US\$50,000 (HK\$391,000) if the health club sells contracts for services for a term not greater than 12 months; US\$75,000 (HK\$586,000) for a term more than 12 months and up to 24 months; or US\$150,000 (HK\$1,172,000) for a term more than 24 months and up to 36 months. Health clubs are exempted from this requirement if they do not offer prepaid memberships, or if they offer monthly memberships for under US\$150 (HK\$1,170) that do not exceed one year and do not involve automatic renewals.

## Accreditation scheme in Singapore

3.5 Unlike New York State, Queensland and Ontario, Singapore has not introduced any mandatory cooling-off period for prepaid services contracts. Nonetheless, CaseTrust, the accreditation arm of CASE, has since the 2000s implemented an accreditation scheme to promote the adoption of fair business practices in the services and retail industries.

3.6 In Singapore, the accreditation scheme covers businesses that receive prepayments for services provided by the beauty, spa and wellness industry. These businesses are required to meet the specified accreditation criteria set by CaseTrust, including a cooling-off period of at least five working days, use of prepaid card to protect customers' prepayments<sup>12</sup> and clear fee policies. According to CASE, the accreditation scheme has been well received by the beauty, spa and wellness industry. As at September 2017, 754 traders in the beauty, spa and wellness industry joined the CaseTrust accreditation scheme. Probably reflecting the effectiveness of the accreditation scheme, among the beauty complaint cases lodged with CASE between January 2011 and June 2016, only 8.5% were against accredited traders.

## **4. Consumer protection measures common to the places studied**

4.1 In all the places studied, consumers can lodge a complaint with the relevant enforcement/regulatory agency and/or local consumer protection agency (e.g. Hong Kong's Consumer Council and CASE). These agencies will investigate into the complaints and/or assist in resolving the disputes between consumers and traders. In addition, legal remedies are also available for a consumer to sue a trader for deceptive trade practices to recover his or her actual damages.

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<sup>12</sup> EZ-Link has since 2015 implemented the prepaid card programme, with the support of CASE and the Spa and Wellness Association of Singapore, to instill greater consumer confidence in the beauty, spa and wellness industry offering prepaid packages. EZ-Link, a wholly owned subsidiary of the Land Transport Authority, is the issuer of the EZ-Link card (the predominant contactless smart card used for public transit in Singapore). Under the programme, consumers are issued with a prepaid card which can be used to redeem their prepaid packages. EZ-Link serves as the custodian of funds collected and consumers can obtain refunds of unutilized values in their prepaid packages if a participating merchant ceases operation.

4.2 All the places studied have also been actively implementing non-legal consumer protection measures, such as educating consumers on their rights, promoting consumers' awareness of the unscrupulous practices of traders in specific industries, and providing tips on making purchase decisions. Among them, Ontario is distinctive in terms of maintaining a searchable "consumer beware list" whereby consumers can check the track record of the traders before making their purchase decisions. This list is maintained by the Ministry of Government and Consumer Services of Ontario,<sup>13</sup> covering businesses that (a) have not answered to the Ministry after they were sent two notifications about a consumer complaint; or (b) have been charged or convicted in relation to relevant consumer protection acts administered by the Ministry.

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<sup>13</sup> The Ministry of Government and Consumer Services is responsible for, among other things, enforcing a number of consumer protection and public safety laws, investigating alleged violations and handling consumer complaints in Ontario.

**Table – Consumer protection for prepaid services contracts in selected places**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Overview of the consumer protection regime</b>					
Responsible authorities	<ul style="list-style-type: none"> <li>Commerce and Economic Development Bureau; Customs and Excise Department ("C&amp;ED"); and Consumer Council.</li> </ul>	<ul style="list-style-type: none"> <li>Federal Trade Commission ("FTC"); and the New York State Bureau of Consumer Frauds and Protection.</li> </ul>	<ul style="list-style-type: none"> <li>Office of Fair Trading ("OFT").</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Government and Consumer Services ("MOGCS").</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Trade and Industry; and Consumers Association of Singapore ("CASE").</li> </ul>
Key consumer protection laws	<ul style="list-style-type: none"> <li>Trade Descriptions Ordinance (Cap. 362) ("TDO"); and other relevant consumer contract laws.</li> </ul>	<ul style="list-style-type: none"> <li>Federal Trade Commission Act ("FTC Act"); and relevant consumer protection regulations passed by the New York State legislature (e.g. the Health Club Services Act).</li> </ul>	<ul style="list-style-type: none"> <li>Fair Trading Act 1989 ("FTA") and its associated Fair Trading (Code of Practice-Fitness Industry) Regulation 2003 ("the Regulation").</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Protection Act 2002 ("CPA").</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Protection (Fair Trading) Act (Cap. 52A) ("CPFTA").</li> </ul>



**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Overview of the consumer protection regime (cont'd)</b>					
Generic consumer protection laws	<ul style="list-style-type: none"> <li>• TDO safeguards general customers against unfair trade practices (e.g. misleading omissions and false trade descriptions).</li> <li>• Other relevant legislation includes the Unconscionable Contracts Ordinance which protects consumers against unfair terms in standard form contracts.</li> </ul>	<ul style="list-style-type: none"> <li>• FTC Act and the New York State General Business Law protect general consumers against unfair or deceptive trade practices such as false claims and misleading representations.</li> </ul>	<ul style="list-style-type: none"> <li>• FTA safeguards general consumers against unfair business practices such as high-pressure sales tactics; harassment and coercion; misleading representations; and unfair contract terms.</li> </ul>	<ul style="list-style-type: none"> <li>• CPA protects general consumers against unfair business practices, which include false, misleading or deceptive representations; unconscionable representations; and renegotiation of price.</li> </ul>	<ul style="list-style-type: none"> <li>• CPFTA protects general consumers against unfair trade practices, such as making false service descriptions and misleading omissions.</li> </ul>
Specific legislative provisions regulating prepaid services contracts	<ul style="list-style-type: none"> <li>• Nil.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepaid services contracts with health clubs are regulated by the Health Club Services Act.</li> </ul>	<ul style="list-style-type: none"> <li>• The Regulation prescribes a mandatory code of practice governing the business practices of the fitness industry.</li> </ul>	<ul style="list-style-type: none"> <li>• CPA contains provisions regulating specified types of prepaid services contracts (such as contracts with health, fitness and dance clubs).</li> </ul>	<ul style="list-style-type: none"> <li>• Nil.</li> </ul>
Voluntary/mandatory cooling-off arrangements for prepaid services contracts	<ul style="list-style-type: none"> <li>• Voluntary. While TDO does not set out any cooling-off arrangement, some traders in the beauty industry provide for cooling-off periods as a voluntary measure.</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory, with legislative provisions prescribing mandatory cooling-off arrangements applicable to specified types of prepaid services contracts.</li> </ul>			<ul style="list-style-type: none"> <li>• Nil.</li> </ul>

**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Overview of the consumer protection regime (cont'd)</b>					
Voluntary/mandatory cooling-off arrangements for other consumer contracts	<ul style="list-style-type: none"> <li>Voluntary. Certain trades or operators provide for cooling-off periods as a self-regulatory measure.<sup>14</sup></li> </ul>	<ul style="list-style-type: none"> <li>Mandatory. The Cooling-off Rule promulgated by FTC prescribes for a three-day cooling-off period for sales contracts made at a consumer's home, workplace or dormitory, or at a seller's temporary location.</li> <li>Relevant New York State laws provide for a cooling-off period for specified types of services contracts, e.g. a three-day cooling-off period for dating services.</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory. FTA provides for a cooling-off period of 10 business days for unsolicited sales practices such as door-to-door sales without invitation of the consumers.</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory. CPA provides for a mandatory cooling-off period for specified types of consumer agreements. These include direct agreements concluded in person at a place other than at the supplier's place of business (10 days for most types of products and services) and timeshare agreements (10 days).</li> <li>The Energy Consumer Protection Act also provides for a 10-day cooling-off period for consumers entering into services contracts with electricity and gas suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory. CPFTA provides for a five-day mandatory cooling-off period for (a) direct sales contracts;<sup>15</sup> (b) timeshare contracts; (c) timeshare-related contracts;<sup>16</sup> and (d) long-term holiday product contracts.<sup>17</sup></li> <li>A mandatory cooling-off period is provided for specified types of financial and insurance services under relevant industry-specific legislation.</li> </ul>

<sup>14</sup> These comprise the retail banking industry, the insurance services industry and the telecommunications industry.

<sup>15</sup> Direct sales take place where a supplier makes an unsolicited visit to a consumer's place of residence or place of business, or to the place of residence of another person.

<sup>16</sup> A timeshare-related contract means a contract to assist a consumer to dispose of his or her timeshare rights conferred under a timeshare contract.

<sup>17</sup> A long-term holiday product contract refers to a contract whereby a consumer acquires rights to obtain discounts and benefits in respect of accommodation, and the contract has a duration of more than one year.

**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Regulation of prepaid services contracts</b>					
Prelude to the regulation of prepaid services contracts	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>• The New York State legislature has passed the Health Club Services Act in response to the occurrence of a number of unscrupulous sales practices of health clubs during the 1980s that resulted in deception and financial hardship to those consumers who had made large amount of prepayments for their memberships.</li> </ul>	<ul style="list-style-type: none"> <li>• The Queensland government implemented a mandatory code of practice<sup>18</sup> in 2003, consequential to the earlier closures of a large number of fitness centres and the resulting financial losses of consumers who had made large sum of prepayments. The move aims to tighten the regulatory framework which had previously relied on self-regulation by the industry.<sup>19</sup></li> </ul>	<ul style="list-style-type: none"> <li>• The Prepaid Services Act was first enacted in 1988 to enhance protection of consumers entering into prepaid services contracts with providers of personal services such as health and fitness services.</li> <li>• The passage of the Prepaid Services Act was prompted by the closure of a large number of personal services clubs in the preceding years, leading to considerable financial losses of consumers who had made full prepayment of membership fees.</li> <li>• In 2002, the Prepaid Services Act and the other five core consumer protection acts were consolidated as CPA.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>

<sup>18</sup> The mandatory code of practice covers business practices of the fitness industry including: (a) general rules of conduct; (b) disclosure and confidentiality; (c) membership agreements; and (d) complaints handling procedures.

<sup>19</sup> Prior to passage of the Regulation in 2003 for implementing the mandatory code of practice, Fitness Queensland, the State's peak industry association, had implemented a voluntary code of practice among its members to deal with consumer protection issues such as membership fees and agreements. However, the effectiveness of the code of practice was limited by its voluntary nature. Besides, members of Fitness Queensland only accounted for 30% of all fitness centres in Queensland.

**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Regulation of prepaid services contracts (cont'd)</b>					
Types of services contracts regulated	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>• The Health Club Services Act covers contracts for (a) instruction or training in bodybuilding, exercising, weight reduction and martial arts; and (b) other types of physical training. The act also covers contracts for health and sports clubs, and health spas.</li> </ul>	<ul style="list-style-type: none"> <li>• The Regulation covers services contracts signed with fitness centres.</li> </ul>	<ul style="list-style-type: none"> <li>• CPA covers personal development services contracts for health, fitness, modelling, diet, talent, martial arts, sports and dance activities that require prepayment of C\$50 (HK\$320) or more.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>
Mandatory cooling-off period	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>• Within three business days after the consumer receives the written contract.</li> </ul>	<ul style="list-style-type: none"> <li>• 48 hours.</li> </ul>	<ul style="list-style-type: none"> <li>• Within 10 days after receiving a written copy of the services contract.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>
Refund arrangements	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>• Health clubs are required to refund consumers within 15 days after cancellation of the contracts.</li> </ul>	<ul style="list-style-type: none"> <li>• Fitness centres must refund consumers within 21 days after cancellation of the contracts.</li> <li>• Prepayment made by the consumer concerned will be refunded after deducting (a) an administration fee capped at the lesser of A\$75 (HK\$470) or 10% of the membership fee; and (b) fees for services already provided.</li> </ul>	<ul style="list-style-type: none"> <li>• Traders must refund any payment made by the consumer concerned within 15 days after cancellation of the contract.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>

**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Regulation of prepaid services contracts (cont'd)</b>					
Other regulatory requirements	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>• Health clubs are also required, among other things, to:               <ol style="list-style-type: none"> <li>(a) disclose all fees in writing to prospective consumers;</li> <li>(b) offer services contract with a duration of not more than 36 months;</li> <li>(c) cap the services fees charged at no more than US\$3,600 (HK\$28,100) per annum;</li> <li>(d) file a bond, letter of credit or certificate of deposit with the state government to safeguard consumers' prepayment of membership fees; and</li> <li>(e) allow consumers to cancel the contract under specified conditions such as suffering from physical disability for six months or more.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Fitness centres are also required, among other things, not to:               <ol style="list-style-type: none"> <li>(a) accept prepayment of fees for more than one year of the term of a contract even if the contract lasts more than one year; and</li> <li>(b) collect any fees from consumers before they commence operation.</li> </ol> </li> <li>• Other regulatory requirements include:               <ol style="list-style-type: none"> <li>(a) the disclosure of all fees in writing to prospective consumers; and</li> <li>(b) refund of the prepaid fees associated with the unused part of the contract to consumers who terminate their contracts due to permanent sickness or physical incapacity.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Traders are also subject to other requirements such that:               <ol style="list-style-type: none"> <li>(a) all contracts must last for only one year. Consumers can cancel their contracts within one year if they do not receive a copy of the contract that provides the required information;</li> <li>(b) the contract can only be renewed after the consumer concerned receives a renewal notice and a renewed contract and accepts the renewal offer; and</li> <li>(c) consumers should be given the option to make payments in monthly instalments. The total amount payable cannot exceed 125% of the amount paid by the consumers if they choose to pay upfront in one-go.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>

**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Regulation of prepaid services contracts (cont'd)</b>					
Enforcement/ remedies	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>	<ul style="list-style-type: none"> <li>Aggrieved consumers may sue in small claims court and the court may award to three times the actual damages plus reasonable attorney's fee.</li> <li>The Attorney General may bring an action against a trader which violates the Health Club Services Act to restrain further violations.</li> </ul>	<ul style="list-style-type: none"> <li>Fitness centres breaching the mandatory code of practice are subject to enforcement provisions stipulated in FTA, including enforceable undertakings,<sup>20</sup> injunctions and orders for compensation.</li> </ul>	<ul style="list-style-type: none"> <li>A consumer may sue a trader for refund and other remedies if the trader does not fulfil the obligations stipulated in CPA after contract cancellation.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>
<b>Consumer redress system available to general consumers</b>					
Complaint channels	<ul style="list-style-type: none"> <li>Any consumer can lodge a complaint with the relevant enforcement/regulatory agency and/or the Consumer Council, which will investigate into the case and/or assist in resolving the disputes between consumers and traders.</li> </ul>	<ul style="list-style-type: none"> <li>Any consumer can lodge a complaint with the Bureau of Consumer Frauds and Protection which manages a dispute resolution programme for handling complaints against traders.</li> </ul>	<ul style="list-style-type: none"> <li>Any consumer can lodge a complaint with OFT which will investigate consumer complaints and/or assist in conciliating the disputes between consumers and traders.</li> </ul>	<ul style="list-style-type: none"> <li>Any consumer can file a complaint with MOGCS for any suspected violation of CPA. MOGCS may assist in launching a formal investigation, mediating a resolution between consumers and traders, or placing problem traders on the consumer beware list.</li> </ul>	<ul style="list-style-type: none"> <li>Any consumer can lodge a complaint with CASE which will assist in resolving disputes between consumers and traders.</li> </ul>

<sup>20</sup> An enforceable undertaking is a legally binding agreement that a business will stop doing certain activities that breach the laws. The matter will be taken to court if the business does not obey the undertaking. The Queensland government keeps a public register of enforceable undertakings that have been entered into with businesses under FTA.

**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Consumer redress system available to general consumers (cont'd)</b>					
Legal remedies	<ul style="list-style-type: none"> <li>Any consumer may take legal actions against a trader such as filing a claim with the Small Claims Tribunal if the amount of the claim is HK\$50,000 or less.</li> </ul>	<ul style="list-style-type: none"> <li>The New York State General Business Law provides that a consumer may sue a trader for deceptive trade practices to recover his or her actual damages.</li> </ul>	<ul style="list-style-type: none"> <li>Consumers may file a claim with the Queensland Civil and Administrative Tribunal if the claim values at A\$25,000 (HK\$155,750) or less.</li> </ul>	<ul style="list-style-type: none"> <li>CPA provides that a consumer can rescind a contract within one year and obtain a full refund if the trader concerned has engaged in an unfair practice. The consumer is also entitled to any remedy that is available in law, including damages.</li> <li>A consumer may file a claim with the small claims court in case the claim values at C\$25,000 (HK\$159,000) or less.</li> </ul>	<ul style="list-style-type: none"> <li>CPFTA provides that a consumer who has entered into a transaction involving unfair practices may sue the trader concerned for refund or other legal remedies if the value of the claim is S\$30,000 (HK\$173,700) or less.</li> </ul>
<b>Non-legal consumer protection provisions</b>					
Other non-legal consumer protection measures	<ul style="list-style-type: none"> <li>The Consumer Council has worked with law enforcement agencies (e.g. C&amp;ED) to conduct publicity and education programmes to raise consumers' awareness of unfair trade practices and promote good practices among traders.</li> </ul>	<ul style="list-style-type: none"> <li>The Bureau of Consumer Frauds and Protection provides information on consumer rights and shopping tips regarding different types of transactions.</li> </ul>	<ul style="list-style-type: none"> <li>OFT educates consumers on their rights and provides guides and tips related to making transactions with specific regulated industries such as the fitness industry.</li> </ul>	<ul style="list-style-type: none"> <li>MOGCS has implemented a programme, the Consumer Protection Ontario, to promote consumers' awareness of their rights. Under the programme, relevant information on consumer rights, shopping tips and a searchable "consumer beware list" are posted onto the MOGCS website.</li> </ul>	<ul style="list-style-type: none"> <li>CASE provides information and guides to consumers through its consumer education efforts.</li> <li>CaseTrust, the accreditation arm of CASE, has since the 2000s implemented an accreditation scheme to promote the adoption of fair business practices in the services and retail industries (including the beauty, spa and wellness industry).</li> </ul>

**Table – Consumer protection for prepaid services contracts in selected places (cont'd)**

	Hong Kong	New York State	Queensland	Ontario	Singapore
<b>Recent developments</b>					
Recent developments	<ul style="list-style-type: none"> <li>The Government indicates that there are divided views on imposing a mandatory cooling-off period for consumer contracts. It will also monitor the effectiveness of TDO in tackling unfair trade practices and the views of stakeholders on imposing mandatory cooling-off periods.</li> <li>The Government has also provided resources to the Consumer Council to conduct research on cooling-off periods.</li> </ul>	<ul style="list-style-type: none"> <li>According to the report published by the New York State Office of the Attorney General in 2016, some 90 health clubs had violated the Health Club Services Act for failing to make the required disclosures to consumers and including liability waiver in their contracts. Settlements had been reached with these health clubs which had agreed to modify their services contracts.</li> </ul>	<ul style="list-style-type: none"> <li>The number of consumer complaints against fitness centres increased slightly from 171 in 2014 to 220 in 2016. Notwithstanding the increase, complaints against fitness centres only accounted for less than 2% of the total number of complaints received by OFT.</li> </ul>	<ul style="list-style-type: none"> <li>The number of consumer complaints and inquiries related to health and fitness clubs decreased from 1 067 in 2005 to less than 800 in 2013.</li> </ul>	<ul style="list-style-type: none"> <li>According to CASE, the accreditation scheme for the beauty, spa and wellness industry has been largely successful in promoting fair trading in the industry. Among the beauty complaint cases lodged with CASE between January 2011 and June 2016, only 8.5% were against accredited traders.</li> </ul>



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