

The proposed scope of application and operational arrangements of the statutory cooling-off period

Scope of application of the cooling-off period

- (1) Cooling-off period requirement applies to the following consumer contracts –
 - (a) Beauty services¹; and
 - (b) Fitness services².

With exemptions for places that only provide one of the following three types of services: nail treatment, massage, or hair loss improvement services; places that provide fitness services but are not equipped with exercise machines; and beauty³ or fitness⁴ services provided by specific establishments.

- (2) Cooling-off period is applicable to any beauty or fitness services contract that involves a pre-payment of \$3,000 or above (that is, the consumer's total potential payment obligation under the contract is \$3,000 or above, where all or part of the services are to be provided in future).

¹ Beauty services include various procedures of the face or body for beautifying purposes, hair-removal, cosmetic surgery, nail treatment, massage, and hair loss improvement services.

² Fitness services include membership for using facilities of fitness centres that are equipped with exercise machines, as well as services offered at these fitness centres, including personal training, yoga and dance classes, martial arts training and advice on diets for body-building and weight control.

³ Including beauty services provided by or in public hospitals/clinics, facilities operated by the Government, schools and education institutions, charitable organisations, and clubhouses in hotels and residential properties.

⁴ Including fitness services provided by or in public hospitals/clinics, facilities operated by the Government, schools and education institutions, charitable organisations, national sports associations, and clubhouses on private recreational leases and in hotels and residential properties.

Length of cooling-off and refund periods

- (3) Two options –
 - (a) 3-working-day⁵ cooling-off period with 7-working-day refund period; or
 - (b) 7-calendar-day cooling-off period with 14-calendar-day refund period.

Traders to provide specified information

- (4) A trader must provide the specified information to a consumer before entering into a contract, along with a contract cancellation form. The cooling-off period shall commence on the day immediately after the trader provides the specified information.
- (5) Failure to provide the specified information would result in the cooling-off period being extended to a maximum of 3 months.

Prohibit curtailment of cooling-off period

- (6) Any agreement between a consumer and a trader to waive, restrict or modify the right of the consumer to cancel the contract would have no legal effect.

Contract cancellation form

- (7) A consumer may use the sample cancellation form in the proposed legislation or the cancellation form provided by the trader to inform the trader in writing of the decision to cancel the contract. If a consumer uses any of the above forms, the trader will be obliged to accept and arrange for contract cancellation.
- (8) The cancellation form is deemed to have been received by the

⁵ 'Working day' means any days except Saturdays, Sundays, and public holidays.

trader when the consumer sends it. The consumer has the burden to prove that the notice has been sent, hence the cancellation form should be sent using a method that can record the date on which the notice is sent, such as by registered post.

Refund arrangement

- (9) Unless the consumer has expressly agreed otherwise, the refund should be made by the trader by the same means of payment as that used by the consumer in effecting payment when the contract is concluded.

Charges for services consumed

- (10) A trader may accept payment and supply service during the cooling-off period.
- (11) A trader may deduct the cost of the services consumed by the consumer during the cooling-off period, but the cost must be calculated on a pro-rata basis on the total contract sum.

Administrative fee

- (12) If a consumer makes a one-off payment by non-cash means, the trader may deduct an administration fee of up to 3% of the transaction amount, or up to 5% of the transaction amount for payment by non-cash instalment payment plan (IPP).
- (13) If a consumer pays by cash, the trader is not allowed to deduct any administrative fee.

Ancillary contracts

- (14) All ancillary contracts will be automatically cancelled upon cancellation of the main contract.

Redress mechanism

- (15) A consumer may take civil action to recover loss or claim damages arising from a trader's failure to comply with the refund requirement.
- (16) A consumer who is aggrieved by a trader's non-compliance with the information provision and/or refund requirements would be encouraged, through publicity and public education, to first attempt alternative dispute resolution, for example conciliation through the Council or application for refund through the credit card chargeback protection mechanism.
- (17) The Commissioner of Customs and Excise may investigate cases of non-compliance, and, if he/she is satisfied that a trader has contravened the information provision or the refund requirement, he/she may issue an enforcement notice to the trader to require him/her to remedy the contravention or desist from further contravention.
- (18) If a trader disagrees with the enforcement notice, he/she may appeal to the Administrative Appeals Board. Non-compliance with the enforcement notice is a criminal offence and liable to a fine on conviction.

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