

Fair Trading Practices for the **Renovation Industry**



Introduction

The Competition and Consumer Commission of Singapore (“**CCCS**”) administers the Consumer Protection (Fair Trading) Act 2003 (“**CPFTA**”) which seeks to protect consumers against unfair practices in Singapore.

Home renovation typically involves a large financial commitment for many consumers. As consumers may not have the necessary technical knowledge, they would normally rely on the suppliers of interior design or renovation services (“Contractors”) for advice on renovation work. The term “Contractor” in this brochure includes interior designers and renovation contractors. It is important that Contractors adopt fair trading practices to enable consumers to make well informed decisions when embarking on renovation work. Besides benefiting consumers, Contractors that adopt fair trading practices build trust and reputation, which could enhance brand name and attract more consumers.



The information in this brochure aims to improve business practices in the renovation industry and help Contractors steer clear of unfair practices. In determining whether or not a Contractor has engaged in an unfair practice under the CPFTA, the reasonableness of the actions of the Contractor in those circumstances would be considered. Contractors may wish to seek professional legal advice if they are unsure whether their practices constitute unfair practices under the CPFTA.

The five main areas covered in this brochure are:

1. Mutually Agreed Renovation Timeline
2. Transparent Pricing with No Hidden Costs
3. Accurate Description of Goods and Services
4. Clear Exchange, Repair and Refund Policy
5. Obtaining Consumer’s Consent for the Supply of Goods or Services



In each of these areas, CCCS has set out the dos  and don'ts  for Contractors and included an example as reference.



1. Mutually Agreed Renovation Timeline



Do:

- Assess ability to undertake and complete the works in a timely manner before committing to the consumer.
- Include a mutually agreed work schedule in the renovation contract with clear deadlines, including the projected start date and completion date.
- Fulfil the contractual obligations to meet the timeline in the work schedule.
- Notify the consumer immediately after each stage of the work schedule is completed, before starting the next stage.
- Include a mutually agreed payment schedule in the contract that is aligned with the mutually agreed work schedule if a progressive payment model is adopted.
- Include a mutually agreed approach on how work delays or contingencies would be managed and whether there would be any compensation for the consumer in those instances.
- Notify the consumer immediately if you know or ought to know that you are unable to meet the timeline in the work schedule and provide a revised work schedule for the consumer's consideration.
- Make contractual changes only with the consumer's express agreement.



Do Not:

- Request for payment before agreeing on a work schedule with clear deadlines.
- Accept payment, such as deposits or progressive payments, if you know or ought to know that the works cannot be completed on time based on the agreed work schedule.



Example

Unfair Practice: Accepting payment knowing that works cannot be completed

Contractors who accept payment when they know, or ought to know, that they will not be able to complete the renovation works within an agreed time period would potentially have engaged in an unfair practice under the CPFTA.

A Contractor agreed to complete renovation works for a kitchen within a month and collected partial payment from the consumer. The Contractor had done so despite knowing that he would not be able to complete the works within the agreed time period as the fabrication of the kitchen countertop alone would require two months based on the consumer's specifications.



3. Accurate Description of Goods and Services



Do:

- Ensure that claims made on goods and services and claims in relation to the Contractor's business are clear and accurate.
- State clearly in the renovation contract a reasonably detailed breakdown and description of the goods (including the measurements and type of materials used) and the services to be supplied for the works involved.
- Avoid ambiguous terms.
- Ensure that claims describing the Contractor's goods or services can be substantiated and are consistent with the actual goods or services supplied. These descriptions include: uses, benefits, components, performance characteristics, quality, grade, standard, style, model, measurements, country of origin.



- Conduct due diligence by checking with relevant manufacturers/suppliers to verify that any claims made about the goods and services to be supplied are clear and accurate.
- Review claims made on existing product labelling, listing and advertisements to ensure that they are accurate and substantiated.



Do Not:

- Make false or misleading claims about goods or services.
- Supply goods that are different from the description as stated in the contract, unless prior consent is obtained from the consumer.
- Charge the consumer the same price as indicated in the contract even though the goods supplied are different and cheaper from those stated in the contract.



Example

Unfair Practice:

Making false or misleading claims about goods or services

Contractors who make false or misleading claims about their goods and services would potentially have engaged in an unfair practice under the CPFTA.

A Contractor represented to the consumer that the tiles used for the retiling of her living room originated from Country A when the tiles originated from Country B. The Contractor had made a false claim to the consumer regarding the country of origin of the tiles.



Installed: Ceramic Tiles from Country B

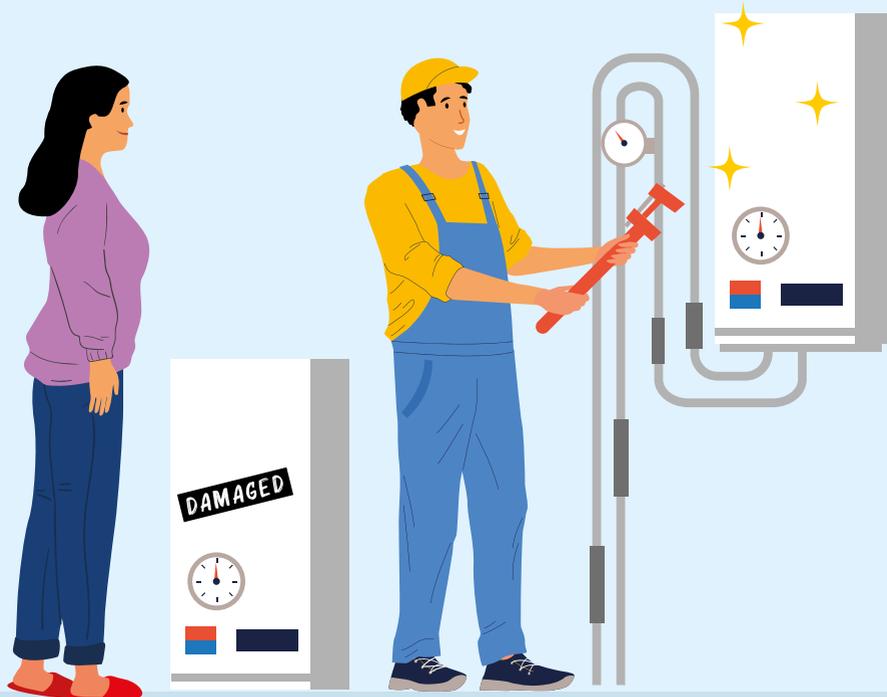


4. Clear Exchange, Repair and Refund Policy



Do:

- Inform consumers on their rights and remedies, such as exchanges, repairs and refunds, and have such rights and remedies (including any applicable conditions, caveats or exclusions) stated clearly and accurately in the contract.
- Reflect terms and conditions for the warranty (including repairs, exchange or refund) clearly and accurately in the renovation contract.
- Honour the warranty and provide repairs, exchanges or refunds as agreed when defects arise within the warranty period.



Do Not:

- Refuse to honour the warranty when defects arise within the warranty period.
- Charge the consumer for rectification works in a way that is inconsistent with the terms of the warranty even though the defects occurred within the warranty period.
- Assure or commit to the consumer verbally that the warranty is unconditional or has no caveats while deliberately keeping the terms and conditions of the warranty vague in the renovation contract.
- Promise the consumer that repairs are free of charge within the warranty period but later claim that the warranty covers only the replacement parts, but not the labour or transportation required for the repairs.



Example

Unfair Practice: Making false or misleading claims on the warranty

Contractors who make false or misleading claims to consumers on their rights and remedies (e.g. rights of consumers during the warranty period) under the renovation contract may potentially have engaged in an unfair practice under the CPFTA.

A Contractor indicated in the contract that the warranty period for defective goods is valid for 6 months. The consumer discovered product defects 2 months after the renovation and contacted the Contractor for repairs, but the Contractor refused to provide repair services claiming that there is no warranty for the defects. The Contractor had made a false claim that the defects are not covered under the warranty when they are.

5. Obtaining Consumer's Consent for the Supply of Goods or Services



Do:

- Adhere to the renovation contract once it has been signed.
- Supply goods and services that the consumer has consented to.
- Revise the contract or make work order variations only with the consumer's express agreement.
- Inform consumers before the commencement of the renovation work and state clearly in the contract the terms and conditions relating to cancellation or alteration of works requested by the consumer in the course of the renovation (e.g. work cancellation, or alteration of certain works such as change in materials used, change in scope of work involved).

- Inform consumers of goods and services which are "must-haves"/"necessary" and those which are "good to have" (i.e. "optional" or "add-on") but are not necessary.
- Seek the consumer's express agreement when offering goods or services beyond what is in the contract, before proceeding with the works.
- Provide sufficient time for the consumer to consider and sign a contract (including any revisions to the contract).



Do Not:

- Provide additional goods or services during renovation works without prior consent from the consumer, and request payment for these additional items thereafter¹.
- Use fine print to state the charges for unsolicited goods or services in the final invoice.
- Inform the consumer that a good or service is mandatory or necessary as part of the renovation works when it is not, and charge the consumer for it.
- Pressure or mislead the consumer into entering into a contract (or accepting any revisions made to an existing contract).

¹Under the Consumer Protection (Fair Trading) (Opt-Out Practices) Regulations, unsolicited goods or services provided by the Contractor, without a consumer's written agreement to pay for such goods or services, may be regarded as an unconditional gift from the Contractor.

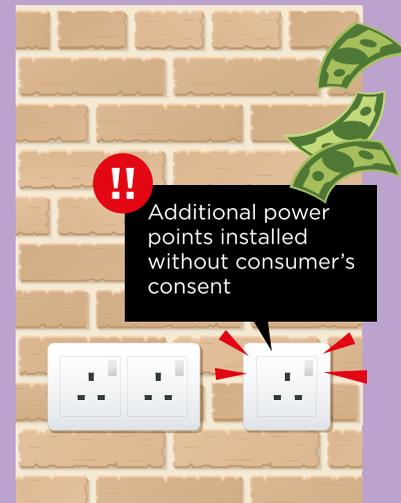


Example

Unfair Practice: Demanding payment for unsolicited goods or services

Contractors who assert a right to payment for the supply of unsolicited renovation goods or services may potentially have engaged in an unfair practice under the CPFTA.

A Contractor installed additional power points as part of renovating a kitchen and demanded payment from the consumer for the additional works done. As the consumer had not requested for, or consented to, the installation of these additional power points, the Contractor has no right to demand for payment for the unsolicited goods and services.



Checklist for Contractors

1. Does your business conduct proper assessment to ensure your ability to complete renovation works within agreed timelines before accepting advance payments from customers?
2. Does your business include a mutually agreed work or payment schedule in the contract so that progress can be tracked and payments made when milestones are met?
3. Does your business ensure that all quotations and invoices accurately state the total cost of the agreed renovation works, including any additional mandatory fees or incidental charges, as well as state the existence and provide a reasonable estimate of any mandatory fees or incidental charges which cannot be calculated in advance?
4. Does your business include an itemised price list of renovation goods and services in the renovation contract?
5. Does your business conduct due diligence before making representations about goods or services?
6. Does your business communicate clearly to the customers on the circumstances for exchange, repair and refund policy pertaining to the renovation works?
7. Does your business set out clearly the scope of warranty coverage on the renovation works and any corresponding terms and conditions?
8. Does your business notify and obtain customers' written approval and consent on the scope of work and pricing before starting work and when changes are required?

CaseTrust Accreditation

Businesses are encouraged to obtain CaseTrust accreditation as an assurance to consumers that they are committed to maintaining high industry standards by demonstrating fair trading and transparency to consumers. For more information on CaseTrust accreditation, visit www.casetrust.org.sg/Home.



Scan here for more information on the unfair practices listed in the CPFTA, or go to <https://go.gov.sg/cpfta>



www.cccs.gov.sg