



## CONSUMER ADVISORY

2 September 2021

### CASE and CCCS Advisory on Online Consumer Transactions

1. The Consumers Association of Singapore (“CASE”) and the Competition and Consumer Commission of Singapore (“CCCS”) would like to alert consumers to common tactics used by errant online retailers to mislead consumers into purchasing products. From January 2020 to 2 August 2021, CASE received 52 complaints related to transactions with overseas online retailers where consumers were misled into making purchases. Attempts to get a refund of money paid to such online retailers may be difficult as they may not have any presence in Singapore.
2. Consumers are advised to adopt certain precautions in order to minimise the risk of falling prey to some of these tactics. These are detailed below.

#### Commonly Used Online Tactics

3. Common examples of the kinds of tactics used by errant online retailers are as follows:
  - a. **False or misleading information on business location:** Online advertisements may allege that the retailer’s business has a physical presence in Singapore when that is not true. Alternatively, the URL of the retailer’s website could deliberately contain the abbreviation “sg” (e.g. “productssg.com”) to give the impression that the retailer is based in Singapore, when that may not be the case.
  - b. **False or misleading claims about the product sold:** The errant retailer may include claims in its advertisements or websites relating to the product, such as the brand, quality, country of origin or accreditation/awards received. The product eventually delivered may turn out to be different.
  - c. **Seemingly large discounts:** Errant retailers may advertise extremely low prices as “special” discounts for purportedly branded products, citing reasons such as warehouse clearance or closing down sales, when the discounts may not be genuine.
  - d. **False contact information for consumer refunds and redress:** Errant retailers may attempt to mislead consumers by giving them fictitious contact information (e.g. hotlines or email addresses) to seek consumer refunds or redress.

## Advice to Consumers

4. When shopping online, consumers are advised to adopt the following precautions:

**a. Before making a purchase:**

- i. Look out for inconsistent or questionable claims about the retailer's business premises. Compare claims on a retailer's business premises stated in its advertisements or country abbreviations used in a retailer's website address (e.g. "sg") with the address or other contact information listed on the retailer's website.
- ii. Research the claims made by the retailer about accreditation/awards received by the product sold. When in doubt, verify the authenticity of the accreditation/awards against official sources, such as the website of the organisation that purportedly issued the certification or award. Be wary of accreditation/awards that are purportedly issued by organisations that do not appear to be related to the same industry or market as the product sold.
- iii. Check whether any claims made by the retailer about itself or its product can be separately verified. For example, if a retailer claims to be a registered company in Singapore, this can be verified through the Bizfile+ portal<sup>1</sup> maintained by the Accounting and Corporate Regulatory Authority. If the claims made by a retailer cannot be separately verified, a consumer should exercise greater caution when deciding whether to make a purchase.
- iv. Check and understand the terms and conditions, and return/refund policy listed on the retailer's website or advertisement.

**b. When making a purchase:**

- i. Make purchases through e-commerce websites that are verified, safe and secure. Look out for a padlock symbol, "🔒", in the address bar, which indicates that the connection is encrypted. An encrypted connection would ensure that information transmitted to the website, such as credit card details, will be secure.
- ii. Where the option is available, consumers should use escrow payment arrangements<sup>2</sup> when making purchases with e-commerce sites.

**c. Receiving the goods:**

Check the products as soon as they are delivered. Reject products and do not make payment if the products do not match the description given by the retailer. If payment was made via credit card, raise a dispute with the retailer through the bank or initiate a return/refund request on the platform where the purchase was made immediately (if applicable). If the retailer or platform does not provide any redress, raise a chargeback request with the credit card issuing bank (if applicable).

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<sup>1</sup> Link: [www.bizfile.gov.sg](http://www.bizfile.gov.sg)

<sup>2</sup> Escrow payment refers to the payment arrangement where a third party holds the money paid by customers, and disburses the money paid to a retailer only after certain conditions are met (e.g. the products received are as advertised). This third party is usually appointed by the retailer.

5. Online shopping has become more prevalent amidst the COVID-19 pandemic. Consumers should be vigilant and exercise due care when buying products online. Paragraph 4 provides some tips which consumers can adopt when shopping online. Consumers who encounter unfair practices by retailers with a presence in Singapore can approach CASE for assistance. For more information, please visit [www.case.org.sg](http://www.case.org.sg) or call 9795 8397.

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## **Encl. Infographic: Be Vigilant When Shopping Online**

### **About the Competition and Consumer Commission of Singapore (CCCS)**

CCCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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### **About the Consumers Association of Singapore:**

The Consumers Association of Singapore (CASE) is an independent, non-profit organisation that is committed towards protecting consumers' interest through information and education, and promoting an environment of fair and ethical trade practices. One of its key achievements is in advocating for the Consumer Protection (Fair Trading) Act (CPFTA) which came into effect on 1 March 2004.

For more information, please visit the CASE website at <http://www.case.org.sg> or follow us on:

Facebook: [www.facebook.com/casesg](http://www.facebook.com/casesg)

Twitter: [www.twitter.com/casesg](http://www.twitter.com/casesg)

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