

## **MEDIA RELEASE**

29 November 2019

### **CCCS SEEKS COURT ORDER TO STOP E-COMMERCE RETAILER FASHION INTERACTIVE FROM USING “SUBSCRIPTION TRAPS”**

1. The Competition and Consumer Commission of Singapore (“CCCS”) has applied to the State Courts for an injunction<sup>1</sup> under the Consumer Protection (Fair Trading) Act (“the CPFTA”) against Fashion Interactive Pte. Ltd. (“FI”) and its owner Mr. Magaud Olivier Georges Albert<sup>2</sup>, for engaging in an unfair practice known as “subscription trap” on its footwear e-commerce website, myglamorous.sg.

#### **Background**

2. Since April 2016, the Consumers Association of Singapore (“CASE”) has received various consumer complaints about alleged unfair practices carried out by FI and has requested for full refunds of charges which these consumers were not able to obtain from FI. The consumers alleged that they were charged a recurring monthly “VIP Club” membership fee ranging from \$49.95 to \$59.95 on their credit/debit cards, without their knowledge or consent. From the design of the website, consumers were under the impression that they were making a one-off purchase of footwear. Details of the membership programme were hidden on the website in fine print.
3. Following CASE’s intervention, affected consumers were able to obtain refunds for the charges made by FI to their credit/debit cards. However, CASE continued to receive new complaints about FI automatically charging consumers recurring monthly membership fees without their knowledge or consent and issued a Consumer Advisory<sup>3</sup> highlighting the complaints against FI in January 2019.

#### **Redress for consumers**

4. CASE is the first point of contact for consumers in obtaining redress or compensation. Consumers who have made online purchases on myglamorous.sg

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<sup>1</sup> Under section 9 of the Consumer Protection (Fair Trading) Act, CCCS may apply to the State Courts for a declaration that the practice engaged in by the supplier is an unfair practice; and apply for an injunction restraining the supplier from engaging in the unfair practice.

<sup>2</sup> Under section 10 of the Consumer Protection (Fair Trading) Act, CCCS may apply to the State Courts for an injunction restraining individuals from knowingly abetting, aiding, permitting or procuring the supplier to engage in the unfair practice.

<sup>3</sup> CASE consumer advisory:

[https://www.case.org.sg/consumer\\_guides\\_consumeralerts\\_archive.aspx?month=January&year=2019](https://www.case.org.sg/consumer_guides_consumeralerts_archive.aspx?month=January&year=2019)

are advised to review their bank statements. Consumers should approach CASE (hotline: 6100 0315, website: [www.case.org.sg](http://www.case.org.sg)) should they encounter any difficulty in obtaining their refund from FI. Alternatively, consumers can consider filing a claim at the Small Claims Tribunal<sup>4</sup>.

### **What is a “Subscription Trap”?**

5. Consumer protection regulators worldwide have identified the use of “subscription traps” as an emerging problem in e-commerce. In a “subscription trap”, consumers are misled into signing up for a subscription upon making an online purchase, without being clearly informed of the subscription and its associated fees. If consumers do not cancel the subscription, typically within a grace period, they become liable to make a payment, or recurring payments, as part of the subscription contract.
6. The use of “subscription traps” contravenes the CPFTA which states that it is an unfair practice to omit to provide a material fact to a consumer, use small print to conceal a material fact from the consumer or mislead a consumer as to a material fact, in connection with the supply of goods or services.
7. Retailers are reminded that it is an unfair practice under the CPFTA to make a false claim, mislead a consumer, or take advantage of a consumer if the retailer knows or ought to know that the consumer is not reasonably able to understand the transaction or any matter related to it. Retailers should ensure that adequate information is provided to consumers. Any material information should be disclosed in a clear and prominent manner.
8. Consumers are advised to exercise caution and read through terms and conditions listed on retailers’ websites carefully before making their purchases. To learn more about your rights as a consumer, you may visit [www.case.org.sg/consumer\\_guides.aspx](http://www.case.org.sg/consumer_guides.aspx).

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**Encl. Infographic: What is a “subscription trap”?**

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<sup>4</sup> More information on pursuing a case at the State Courts can be found at [www.statecourts.gov.sg/SmallClaims/Pages/GeneralInformation.aspx](http://www.statecourts.gov.sg/SmallClaims/Pages/GeneralInformation.aspx).

### **About the Competition and Consumer Commission of Singapore**

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS is the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) (“CPFTA”) which protects consumers against unfair trade practices in Singapore. CCCS also administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate on anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. 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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