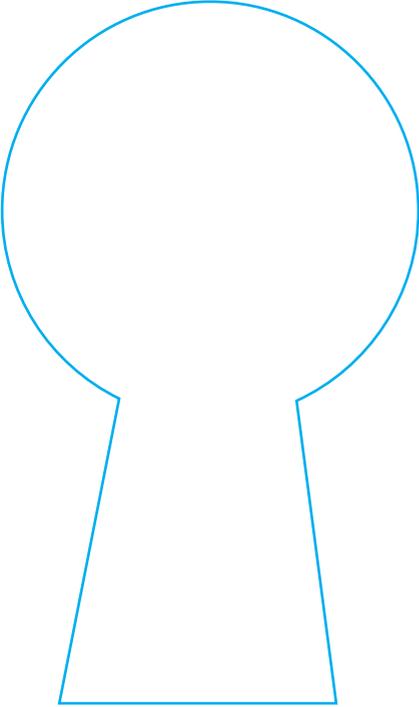


# CCCS Guidelines on Price Transparency





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The Guidelines on Price Transparency aim to provide greater clarity to suppliers on what pricing practices could potentially infringe the Consumer Protection (Fair Trading) Act.



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# 1. Introduction

- 1.1 The Competition and Consumer Commission of Singapore (“CCCS”) administers the Consumer Protection (Fair Trading) Act (Cap. 52A) (“CPFTA”), which seeks to protect consumers against unfair trading practices in Singapore.
- 1.2 Under section 4 of the CPFTA, it is an unfair practice for a supplier –
  - (a) to do or say anything, or omit to do or say anything, if as a result a consumer might reasonably be deceived or misled;
  - (b) to make a false claim; or
  - (c) to take advantage of a consumer if the supplier knows or ought reasonably to know that the consumer is not in a position to protect his/her own interests or is not reasonably able to understand the transaction or any matter related to it.
- 1.3 Suppliers should also note that 27 specific unfair practices have been listed under the Second Schedule to the CPFTA, and there are some unfair practices that relate specifically to price transparency.
- 1.4 CCCS is empowered to apply for an injunction against a supplier who has engaged, is engaging or is likely to engage in an unfair practice or person(s) who knowingly abet, aid, permit or procure supplier(s) to engage in an unfair practice. Under section 18A(1) of the CPFTA, where there is a dispute between a supplier and a consumer, the supplier bears the burden of proving that he/she has complied with section 4 of the CPFTA (i.e. not committed an unfair practice).
- 1.5 These guidelines indicate the manner in which CCCS would interpret the CPFTA in relation to the display/advertisement of prices and pricing practices such as time-limited discounts, free offers and price comparisons. These guidelines indicate some factors and circumstances that CCCS may consider for each case when assessing whether displayed/advertised prices and pricing practices are potentially misleading. These guidelines also include actions that suppliers should take in relation to these practices to ensure that prices and their accompanying terms and conditions are accurate and communicated clearly.
- 1.6 These guidelines are not a substitute for the CPFTA and its regulations. These guidelines do not absolve suppliers of obligations under any other Acts and guidance from any sectoral regulators<sup>1</sup>. Where there is more stringent guidance applied to an industry or sector of the market by other sectoral agencies, suppliers should abide by those. These guidelines may be revised should the need arises. The examples in these guidelines are for illustration and are not exhaustive. These guidelines do not set a limit on the investigation and enforcement actions of CCCS. In applying these guidelines, the facts and circumstances of each case will be considered.

<sup>1</sup> Sectoral regulators or agencies refer to bodies that have been set up to govern a specific industry or sector of the market. Some examples of sectoral regulators include: Energy Market Authority (EMA), Info-communications Media Development Authority (IMDA), Singapore Food Agency (SFA) and the Singapore Tourism Board (STB).

- 1.7 For avoidance of doubt, these guidelines will apply to all suppliers<sup>2</sup>, whether operating online or in physical stores.

## 2. The Effects of Misleading Pricing Practices on Consumers

- 2.1 Transparent prices allow consumers to make informed purchasing decisions and are essential to a well-functioning market. The way suppliers display and advertise prices can have significant impact on consumers' behaviour and decision to purchase. For example, consumers are likely to perceive the price benefit of two identically priced products differently, if one of them is presented as having been previously sold at a higher price. With the higher "pre-sale" price acting as a reference point, consumers tend to perceive a greater price benefit, and are more likely to purchase the product. This manner of influencing consumers could be misused when a supplier displays a higher reference price to create an impression of a greater price benefit, even though the product or service has not been sold at this higher price for a reasonable length of time.
- 2.2 Consumer behaviour and perception are influenced by various pricing practices/strategies. For instance, time-limited sales target consumers' aversion to losses, i.e. fear of losing out on a promotion, and place pressure on consumers to complete the transaction within a stipulated time. This means less time for consumers to consider the purchase, and search for alternatives and/or make price comparisons between alternative brands and products. This could result in impulse purchases or purchases which are priced higher than alternatives they might have considered. Another way where consumers can be influenced is through the use of drip pricing – which refers to the conduct of adding mandatory or optional fees and charges along the transaction/payment process. This practice has a lock-in effect on consumers' decisions to purchase and taps on consumers' inertia to repeat the search and payment process, thereby increasing the likelihood that consumers would end up paying more for goods and services.
- 2.3 Given the significance of price transparency, the key principle behind these guidelines is that suppliers should ensure prices and their accompanying conditions are accurate and communicated clearly and prominently, so that consumers can make informed choices. The subsequent sections of these guidelines will describe certain pricing practices/strategies, set out CCCS's position in relation to such conduct, provide some examples of how the use of such pricing practices/strategies could potentially infringe the CPFTA, and recommend good practices that suppliers could adopt to be more transparent in their communication with consumers.

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<sup>2</sup> The definition of "supplier" can be found in section 2(1) of the CPFTA.

## 3. Ensuring Price Transparency

### 3.1 Drip Pricing

#### A. Background

3.1.1 “Drip pricing” refers to the practice of advertising a product or service at a lower headline price (i.e. displayed/advertised) than the final price that a consumer would pay. The increase in total price is usually a result of disclosing additional mandatory or optional fees and charges during the transaction/payment process. Drip pricing can occur on some online platforms.

3.1.2 A common method to “drip” optional charges is through the use of pre-ticked boxes. Pre-ticked boxes are checkboxes to purchase additional goods or services that suppliers have pre-selected for consumers. In cases of pre-ticked boxes, consumers would have to uncheck or opt-out of the pre-selection if they do not wish to purchase that good or service. Without clearly communicating and indicating to consumers the existence of pre-ticked boxes, consumers may end up buying unwanted goods or services as a result of failing to uncheck such boxes.

#### B. CCCS’s Position

3.1.3 Suppliers should ensure that any unavoidable or mandatory fees/charges (e.g. taxes, surcharges, service fees) are included in the total headline price. Where any mandatory fees/charges cannot be reasonably calculated in advance, suppliers should disclose the existence of such fees/charges in a clear and prominent manner together with the headline price. The disclosure should also include any subsequent fees that a supplier or any third parties may impose on a consumer.

3.1.4 The Goods and Services Tax (“GST”) Act mandates GST-registered businesses (except businesses in the hotel, and food and beverage industries) to display prices that include the GST. The GST-inclusive price must be displayed at least as prominently as the GST-exclusive price<sup>3</sup>.

3.1.5 When prices are displayed to consumers in Singapore dollars but payments are processed outside Singapore, suppliers should clearly and prominently disclose that the transaction is a cross-border one that may involve unavoidable additional fees associated with currency conversions or cross-border payments that may only be disclosed to the consumer when he receives his bill. Where any of these charges are imposed directly by the supplier, and the supplier is aware of the amount payable, these additional fees and charges should be stated clearly and prominently, before a consumer enters into the transaction.

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<sup>3</sup> For more details, see [www.iras.gov.sg/irashome/GST/GST-registered-businesses/Learning-the-basics/How-to-implement-GST/Displaying-and-Quoting-Prices/Displaying-and-Quoting-Prices](http://www.iras.gov.sg/irashome/GST/GST-registered-businesses/Learning-the-basics/How-to-implement-GST/Displaying-and-Quoting-Prices/Displaying-and-Quoting-Prices)

3.1.6 If pre-ticked boxes are used, suppliers must provide disclosures of the goods or services offered, their corresponding prices and material terms and conditions. For instance, “opt-out”, cancellation and refund options, as well as any subsequent one-off or recurring charges, must be disclosed in a clear and prominent manner together with the pre-ticked boxes. The cost of pre-ticked optional add-ons should be included in the headline price listed/displayed. Suppliers should ensure that pre-ticked boxes are noticeable and prominent through appropriate design, layout and font size. Disclosures should be written in a manner that is easy for the intended audience to understand.

### **C. Potential CPFTA Infringements**

3.1.7 Suppliers that use drip pricing could potentially engage in unfair practices<sup>4</sup>.

#### ***I. Charging a Substantially Higher Price than the Advertised Price<sup>5</sup>***

##### *Example of Possible Infringement*

3.1.8 A consumer sees an advertisement by Comfy Hotel for a deluxe room that costs \$200 per night. Based on this price, he decides to book a deluxe room for one night on their website. At the payment page, he was required to pay a total of \$300, as a mandatory \$100 charge for cleaning had been added or “dripped” during the transaction.

3.1.9 In the example, Comfy Hotel should have included the mandatory fee of \$100 in the headline price on the advertisement. By omitting the mandatory cleaning fee, Comfy Hotel had misled consumers into thinking that the deluxe room is cheaper than what it really is.

#### ***II. Omission and Concealment of Material Facts<sup>6</sup>***

##### *Example of Possible Infringement*

3.1.10 A platform advertised a 3-month subscription at \$9 for new subscribers. However, on the payment page, there is a small pre-ticked box accompanied by the following text in fine print: “I consent to paying \$27 every 3 months to renew my subscription after the first 3 months.” In addition, a pop-up that listed the benefits of the subscription obscured this pre-ticked box.

3.1.11 The key terms and conditions for the purchase of any product or service should be stated clearly and prominently. They should not be stated in fine print as this makes it likely that consumers would miss material information. For example, if a supplier offers membership subscription with recurring fees, material information such as whether fees are recurring until cancellation and how to cancel the monthly subscription should not be stated in fine print. The use of fine print makes it likely that consumers would miss material information and continue to incur the recurring fees, even if they wish to terminate the subscription.

<sup>4</sup>Please refer to section 4 of the CPFTA for the meaning of unfair practices and Second Schedule to the CPFTA for the 27 specific unfair practices.

<sup>5</sup>**Unfair Practice #8** – “Charging a price for goods or services that is substantially higher than an estimate provided to the consumer, except where the consumer has expressly agreed to the higher price in advance.”

<sup>6</sup>**Unfair Practice #20** – “Omitting to provide a material fact to a consumer, using small print to conceal a material fact from the consumer or misleading a consumer as to a material fact, in connection with the supply of goods or services.”

3.1.12 The use of design elements such as pop-ups and flashing banners that conceal, reduce prominence and compete for attention with pre-ticked boxes divert the consumers' attention and increase the likelihood that consumers would miss the material information.

### ***III. Supply of Unsolicited Goods or Services<sup>7</sup>***

3.1.13 The supply of unsolicited goods or services refers to goods or services provided to a consumer who did not request for them. This may include cases where consumers did not notice a pre-ticked box that is located in an inconspicuous place and/or is in fine print and hence, failed to uncheck it.

3.1.14 Under the Consumer Protection (Fair Trading) (Opt-Out Practices) Regulations 2009 ("CPFTOP")<sup>8</sup>,

(a) where the supplier did not obtain the consumer's agreement in writing to accept and pay for the unsolicited goods or services, the consumer may regard the goods or services as an unconditional gift from the supplier; and

(b) consumers have private remedies against unsolicited goods or services. A consumer can refuse to make payment for the unsolicited goods or services, or if payment had been made, to demand a refund from the supplier.

### **D. CCCS's Recommended Good Practices to Improve Transparency**

3.1.15 **Adopt "opt-in" or "opt-neutral"<sup>9</sup> approach for add-ons.** The "opt-in" or "opt-neutral" approach would not only bring consumers' attention to the optional add-ons, it would also require consumers to express consent by actively checking the box. This could reduce the likelihood that consumers would seek a refund and/or dispute that they were unaware of the pre-ticked box.

3.1.16 **Clearly display hyperlinks to terms and conditions accompanying pre-ticked option(s).** In most cases, the use of hyperlinks for disclosure of material information/terms and conditions accompanying pre-ticked options of goods or services is unlikely to be sufficient. However, when it is not possible to make clear and prominent disclosure due to space constraints, hyperlinks may reasonably be used provided that –

- i. the hyperlink is placed in an appropriate position in relation to the relevant pre-ticked box(es) so as to be noticeable to consumers;
- ii. the label for the hyperlink appropriately conveys the nature and relevance of the information it leads to; and
- iii. the same hyperlink style is used throughout so consumers know when a link is present.

<sup>7</sup> *Unfair Practice #22* – "Purporting to assert a right to payment for the supply of unsolicited goods or services."

<sup>8</sup> For more details on the CPFTOP regulations, you may visit [www.sso.agc.gov.sg/SL/CPFTA2003-S67-2009?DocDate=20151030](http://www.sso.agc.gov.sg/SL/CPFTA2003-S67-2009?DocDate=20151030).

<sup>9</sup> The "opt-in" approach requires consumers to actively give consent by selecting a checkbox that is unchecked by default. Under the "opt-neutral" approach, or "forced choosing" approach, consumers are required to actively select one of two options (e.g. "yes" or "no") in order to proceed to the next step in the transaction process.

3.1.17 **Provide a final itemised price listing.** Suppliers should consider providing a final itemised price breakdown clearly reflecting all mandatory and optional fees/charges to consumers before they make payment. Consumers will appreciate the opportunity to “de-select” or remove items, especially pre-selected options, without being directed back to the start or previous stage(s) of the transaction.

## 3.2 Price Comparison (to Represent a Price Advantage Over Other Suppliers)<sup>10</sup>

### A. Background

3.2.1 Suppliers are known to make price comparisons with their competitors to indicate a competitive price and/or a price advantage. Typical examples of making price comparisons include, “our price \$20, elsewhere \$30” and “best price in Singapore”.

### B. CCCS’s Position

3.2.2 Suppliers should ensure that any representations and price comparisons with other suppliers’ prices or the use of terms such as cost price, are not false or misleading. In order to reflect prices truthfully, suppliers should conduct their own research which should include comparing prices of goods or services that are accepted to be similar or equivalent by consumers or trade norms. Offering to provide refunds does not absolve the suppliers from the need to conduct research and ensure that price representations are not false or misleading.

### C. Potential CPFTA Infringements

3.2.3 Suppliers making false or misleading representations of comparisons with other suppliers’ prices could potentially infringe the CPFTA.

#### ***I. Misrepresentation of Price Advantage<sup>11</sup>***

##### *Example of Possible Infringement*

3.2.4 An electronics store advertised that its price for model X headphones is \$25 and stated that their competitor’s price is \$50. However, the actual price offered by their competitor is \$25, so there is no actual price advantage.

3.2.5 When suppliers indicate, through the comparison of prices, savings that the consumers can reap, suppliers must be able to substantiate the representation. Suppliers should ensure that any representation made of competitors’ prices, for price comparison, is not false or misleading.

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<sup>10</sup> For comparisons between the original and discounted prices of products/services offered by the same supplier, please refer to Section 3.3 on Discounts.

<sup>11</sup> **Unfair Practice #7** – “Representing that a price benefit or advantage exists respecting goods or services where the price benefit or advantage does not exist.”

## II. Omission and Concealment of Material Facts<sup>12</sup>

### *Example of Possible Infringement*

- 3.2.6 An electronics shop represented in an advertisement that the price of its inkjet printer is cheaper than its competitor's. However, the advertisement did not mention that it was comparing the price of an older model of inkjet printer with its competitor's latest model, which has better specifications such as faster printing speed<sup>13</sup>.

### D. CCCS's Recommended Good Practices to Improve Transparency

- 3.2.7 **Record reference prices.** By keeping records and capturing evidence (where possible) to indicate that prices have been compared on a fair basis and that due diligence has been done, suppliers would be able to prove that the representation (of price advantage) is not false or misleading.
- 3.2.8 **Keep reference prices updated.** As good practice, suppliers should check the referenced price periodically to see if there is any change. Suppliers who are subsequently aware that there has been a change in the referenced price, for example, a competitor's price, should withdraw or amend the relevant price comparison made accordingly.

## 3.3 Discounts (to Represent a Price Benefit)<sup>14</sup>

### A. Background

- 3.3.1 Discounts may be offered for different reasons and time periods. Unlike price comparisons, discounts are price benefits arising from a supplier's comparison to its usual price, rather than against other suppliers' prices. For example, "clearance sales"; "moving out sales" and "Black Friday sales".
- 3.3.2 A common way to represent a discount on a price tag or advertisement is the use of strikethrough pricing (e.g. \$75) which is contrasted with the discounted price. Other common methods include the use of percentage reduction in prices, and/or qualifying terms for the percentage reduction, such as "at least" or "up to" (e.g. up to 50% off).

### B. CCCS's Position

- 3.3.3 When suppliers offer a discount and/or make comparisons with a previous price (e.g. through strikethrough pricing) to represent a price benefit, they should use a bona fide previous price to provide a basis for the price comparison so that consumers are not misled by the savings they may achieve from purchasing the discounted product/service.

<sup>12</sup> *Unfair Practice #20* – "Omitting to provide a material fact to a consumer, using small print to conceal a material fact from the consumer or misleading a consumer as to a material fact, in connection with the supply of goods or services."

<sup>13</sup> This example is adapted from an example stated in the Korea Fair Trade Commission's Guidelines for Examination of Deceptive Labelling and Advertising 2015.

<sup>14</sup> For comparisons between prices offered by one supplier and other suppliers, please refer to Section 3.2 on Price Comparison.

## C. Potential CPFTA Infringements

3.3.4 Suppliers that mislead consumers about a potential price benefit or make false/misleading representations about the prices being compared could potentially infringe the CPFTA.

### I. Misrepresentation of Price Benefit <sup>15</sup>

#### *Example 1 of Possible Infringement*

3.3.5 A retailer had bundled two packets of instant noodles and priced it at \$6 during a “buy-one-get-one-free” promotion. However, it was found that the retailer had been selling the instant noodles for \$3 per packet<sup>16</sup>.

3.3.6 By falsely representing that consumers can enjoy a price benefit of two packets of instant noodles for the price of one, the retailer had engaged in an unfair practice under the CPFTA.

#### *Example 2 of Possible Infringement*

3.3.7 A product is priced at \$30 and the supplier advertised that there is a \$70 discount as the usual price is \$100. However, the product is usually priced at \$50 and was only priced at \$100 the day before. Hence the actual price benefit is only \$20. If suppliers make representations about the usual price of their goods or services, the represented usual price must not be a price that they have never offered or a price that they have offered for an insignificant period of time prior to offering the discount. Doing so could mislead consumers about the amount of savings that they can achieve and to perceive a greater price benefit than actually exists.

### II. Misrepresentation of the Duration of a Sale <sup>17</sup>

#### *Example of Possible Infringement*

3.3.8 A restaurant advertised that discounts for its lunch sets were for a “limited period only”, but these discounts continued to be available for two more years<sup>18</sup>.

3.3.9 Suppliers must not make representations that there is a discount if they do not in good faith expect to increase the price at a later date, i.e. after the stipulated discount period, or after a reasonable period of time. Such misrepresentations mislead consumers into believing that there is a price benefit and scarcity in the availability of the promotional prices. This could create unwarranted pressure or a sense of urgency for consumers to make an immediate purchase/booking. In addition, this gives the errant supplier an unfair advantage over suppliers who do not make such misrepresentations.

<sup>15</sup> **Unfair Practice #7** – “Representing that a price benefit or advantage exists respecting goods or services where the price benefit or advantage does not exist.”

<sup>16</sup> This example is based on the South Korean Fair Trade Commission’s lawsuit against discount chains (E-mart, Homeplus and Lotte Mart) in 2017 for offering deceptive “Buy one, get one free” promotions. Source: [www.koreatimes.co.kr/www/tech/2017/11/694\\_228901.html](http://www.koreatimes.co.kr/www/tech/2017/11/694_228901.html)

<sup>17</sup> **Unfair Practice #18** – “Representing that goods or services are available at a discounted price for a stated period of time if the supplier knows or ought to know that the goods or services will continue to be so available for a substantially longer period.”

<sup>18</sup> This example is adapted from the pricing practices of an entity investigated by CCCS. For more details, see [www.ccs.gov.sg/media-and-consultation/newsroom/media-releases/charcoal-thai-1-ends-unfair-practice-16-aug-19](http://www.ccs.gov.sg/media-and-consultation/newsroom/media-releases/charcoal-thai-1-ends-unfair-practice-16-aug-19)

### **III. Misrepresentation of Discount Terms<sup>19</sup>**

#### *Example of Possible Infringement*

- 3.3.10 A supplier represents that prices start from \$5. However, there are no goods priced at \$5.
- 3.3.11 Suppliers must ensure that qualifying terms stated are not false or misleading. If qualifying terms such as “up to”, “as low as” and “from” are used, they should be stated clearly and prominently together with the display/advertisement for the price benefit.

#### **D. CCCS's Recommended Good Practices to Improve Transparency**

- 3.3.12 **Use bona fide prices.** When making comparisons with usual past prices, suppliers should ensure that the previous price has been offered for a reasonable period. This price should have been provided openly and actively in the recent, regular course of business of the supplier.
- 3.3.13 **Record evidence of past sales and prices.** It is good practice for suppliers to retain records of prices, stocks and sale histories.
- 3.3.14 **Where specified, time period of discounts should not be false or misleading.** Where suppliers specify a time period during which the product/service will be sold at the discounted price, it is good practice to state the time period clearly and prominently to avoid misleading consumers. If suppliers have legitimate reasons to change the time period of the sales, they should amend or withdraw their advertisement as soon as possible.

## **3.4 Use of the Term “Free”**

### **A. Background**

- 3.4.1 Suppliers are known to provide consumers with “free” products and services. This usually happens when suppliers are trying to entice consumers to try a product/service, so that they may eventually buy it.

### **B. CCCS's Position**

- 3.4.2 Suppliers should ensure that any representation that the price is \$0 or “free” is not false or misleading. Any qualifiers, terms and conditions, and subsequent/deferred charges should be stated in a clear and prominent manner together with the “free” representation.

### **C. Potential CPFTA Infringements**

- 3.4.3 Suppliers using the term, “free”, could mislead consumers and potentially infringe the CPFTA, should suppliers seek compensation, whether partial or in full, or in other ways to recover the cost.

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<sup>19</sup> **Unfair Practice #5** – “Representing that goods or services are available or are available for a particular reason, for a particular price, in particular quantities or at a particular time if the supplier knows or can reasonably be expected to know it is not so, unless the representation clearly states any limitation.”

- 3.4.4 Suppliers should ensure that the price of a product/service is not increased to cover the cost of a free gift/trial. Any “incidental cost” (e.g. shipping fees for the free gift) should be clearly stated at the outset<sup>20</sup>. Suppliers should not try to recover costs by reducing the quantity, quality or composition of the product/service.

### **I. False or Misleading Offers of Free Products/Services<sup>21</sup>**

#### *Example of Possible Infringement*

- 3.4.5 A magazine publisher advertised a “new year special offer” where new subscribers of the magazine would be given a “free electronic tablet worth \$110”. The usual price of the subscription is \$300, but during the “new year special offer”, the price was \$410. Thus, the use of the term “free” is misleading as the publisher had included the cost of the tablet in the subscription fee<sup>22</sup>.
- 3.4.6 When a product/service is part of the package price, suppliers must not represent that the particular product/service is free. The free item should genuinely be additional to what is being sold.
- 3.4.7 Suppliers must not represent any product/service as “free” if they have no intention of providing the product/service, or if they know or ought to know that the product/service will not be provided or provided as offered.
- 3.4.8 Suppliers must not represent a product/service as “free” if a consumer who does not enter into an agreement with a supplier or makes a separate purchase, is charged subsequently for the “free” product/service. For example, if a product/service is represented to a consumer as “free” without any conditions stated upfront, the consumer should not be subsequently charged for consuming it, even if the consumer refuses to make any purchase. The onus is on the suppliers to prove that they have stated any relevant conditions and qualifiers in a clear and prominent manner together with the “free” representation, and before a consumer accepts the “free” product/service.

### **II. Omission and Concealment of Material Facts<sup>23</sup>**

#### *Example of Possible Infringement*

- 3.4.9 An online fashion retailer advertised “free shipping storewide.” However, the retailer had omitted to mention that in order to enjoy the free shipping, consumers have to make purchases amounting to more than \$200. This was only indicated at the payment page, in the total price breakdown.
- 3.4.10 If there are any terms and conditions that consumers must meet to be eligible for free gifts/services, suppliers should state them in a clear and prominent manner together with the “free” representation.

<sup>20</sup> Adapted from paragraphs 7.1 and 7.3(c) of the Singapore Code of Advertising Practice (“SCAP”).

<sup>21</sup> Unfair Practice #17 – “Offering gifts, prizes or other free items in connection with the supply of goods or services if the supplier knows or ought to know that the items will not be provided or provided as offered.”

<sup>22</sup> This example is based on the UK ASA’s ruling on the Herald’s advertisement for a subscription offer in 2018.

Source: [www.asa.org.uk/rulings/newsquest-media-group-ltd-a18-436563.html](http://www.asa.org.uk/rulings/newsquest-media-group-ltd-a18-436563.html)

<sup>23</sup> Unfair Practice #20 – “Omitting to provide a material fact to a consumer, using small print to conceal a material fact from the consumer or misleading a consumer as to a material fact, in connection with the supply of goods or services.”

#### D. CCCS's Recommended Good Practices to Improve Transparency

- 3.4.11 **Inform consumers before free trials end.** When suppliers represent that a service is “free” for a certain period and chargeable after the free trial period has ended, it is good practice for suppliers to notify consumers before the end of the free trial period and provide clear information on the cancellation process.

## 4. Conclusion

- 4.1 These guidelines have discussed various manners of price displays/advertisements and pricing practices such as time-limited discounts, free offers and price comparisons.
- 4.2 The examples in these guidelines are for illustration and are not exhaustive. The examples highlight possible unfair practices under the CPFTA and the good trade practices that suppliers are strongly encouraged to adopt. The intent is to highlight the principles that suppliers should not make false or misleading claims and that suppliers should be transparent and clear in their communication with consumers.
- 4.3 Should suppliers be unsure if a trade practice infringes these guidelines or the CPFTA, they may wish to seek professional legal advice.

## SECOND SCHEDULE TO THE CPFTA

### SPECIFIC UNFAIR PRACTICES<sup>24</sup>

1. Representing that goods or services have sponsorship, approval, performance characteristics, accessories, ingredients, components, qualities, uses or benefits that they do not have.
  - 1A. Representing that the supplier has a sponsorship, approval or affiliation with respect to the supply of goods or services that the supplier does not have.
  - 1B. Making a false or misleading representation concerning the need for any goods or services.
2. Representing that goods or services are of a particular standard, quality, grade, style, model, origin, weight, volume, length, capacity or method of manufacture (as the case may be) if they are not.
3. Representing that goods are new or unused if they are not or if they have deteriorated or been altered, reconditioned or reclaimed.
4. Representing that goods have been used to an extent different from the fact or that they have a particular history or use if the supplier knows it is not so.
5. Representing that goods or services are available or are available for a particular reason, for a particular price, in particular quantities or at a particular time if the supplier knows or can reasonably be expected to know it is not so, unless the representation clearly states any limitation.
6. Representing that a service, part, repair or replacement is needed or desirable if that is not so, or that a service has been supplied, a part has been installed, a repair has been made or a replacement has been provided, if that is not so.
7. Representing that a price benefit or advantage exists respecting goods or services where the price benefit or advantage does not exist.
8. Charging a price for goods or services that is substantially higher than an estimate provided to the consumer, except where the consumer has expressly agreed to the higher price in advance.
9. Representing that a transaction involving goods or services involves or does not involve rights, remedies or obligations where that representation is deceptive or misleading.

<sup>24</sup>The unfair practices in blue font are the ones mentioned in these guidelines.

10. Representing that a person has or does not have the authority to negotiate the final terms of an agreement involving goods or services if the representation is different from the fact.
11. Taking advantage of a consumer by including in an agreement terms or conditions that are harsh, oppressive or excessively one-sided so as to be unconscionable.
12. Taking advantage of a consumer by exerting undue pressure or undue influence on the consumer to enter into a transaction involving goods or services.
13. Representing that another supplier will, on the presentment of a voucher to that other supplier —
  - (a) supply certain goods or services; or
  - (b) supply certain goods or services at a discounted or reduced price,when the supplier knows or ought to know that, on presentment of the voucher to that other supplier, such goods or services will not be supplied, or will not be supplied at a discounted or reduced price (as the case may be).
14. Making a representation that appears in an objective form such as an editorial, documentary or scientific report when the representation is primarily made to sell goods or services, unless the representation states that it is an advertisement or a promotion.
15. Representing that a particular person has offered or agreed to acquire goods or services whether or not at a stated price if he has not.
16. Representing the availability of facilities for repair of goods or of spare parts for goods if that is not the case.
17. Offering gifts, prizes or other free items in connection with the supply of goods or services if the supplier knows or ought to know that the items will not be provided or provided as offered.
18. Representing that goods or services are available at a discounted price for a stated period of time if the supplier knows or ought to know that the goods or services will continue to be so available for a substantially longer period.
19. Representing that goods or services are available at a discounted price for a particular reason that is different from the fact.

- 19A. Making an invitation to a consumer to purchase, or making an offer to sell to a consumer certain goods or services (called in this paragraph the original goods or services) at a certain price and then, with the intention of promoting different goods or services —
- (a) refusing to show or demonstrate the original goods or services to the consumer;
  - (b) refusing to take any order for the original goods or services;
  - (c) refusing to supply the original goods or services in a reasonable time; or
  - (d) showing or demonstrating a defective sample of the original goods.
20. Omitting to provide a material fact to a consumer, using small print to conceal a material fact from the consumer or misleading a consumer as to a material fact, in connection with the supply of goods or services.
21. Accepting payment or other consideration for the supply of goods or services when the supplier knows or ought to know that the supplier will not be able to supply the goods or services —
- (a) within the period specified by the supplier at or before the time at which the payment or other consideration is accepted; or
  - (b) if no period is specified at or before that time, within a reasonable period.
22. Purporting to assert a right to payment for the supply of unsolicited goods or services.
23. Sending to a consumer an invoice or document that states the amount of payment for the supply of unsolicited goods or services which does not contain, as the document's most prominent text, the following (or words to that effect):
- "This is not a bill. You are not required to pay any money.",
- unless the consumer has expressly acknowledged to the supplier in writing the consumer's intention to accept and pay for such goods or services.
24. Where an applicable agreement has been entered into in writing and a copy of the applicable agreement has not been given to the consumer, refusing to give the consumer a copy of the applicable agreement upon the consumer's request.



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