



MEDIA RELEASE

22 July 2024

CCCS REMINDS CAR DEALERS TO REMOVE WARRANTY RESTRICTIONS

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has been monitoring the motor vehicle repair and servicing industry. As part of this effort, CCCS sent letters to authorised car dealers in February 2024 directing them to remove any restrictions that might require their customers to repair or service their cars exclusively at the car dealer’s authorised workshops (“**Warranty Restrictions**¹”). These Warranty Restrictions are usually contained in the warranty terms and conditions and car owners have to comply with these restrictions to maintain the validity of their car warranties. Following CCCS’ earlier intervention, the authorised car dealers are required to remove Warranty Restrictions in respect of all car brands which the authorised car dealers are either already distributing or planning to distribute in Singapore.²

Car dealers are reminded not to use Warranty Restrictions

2. In December 2017³, CCCS completed a market inquiry into the supply of car parts (the “**Car Parts Market Inquiry**”) which identified concerns that Warranty Restrictions deterred car owners from using third-party workshops, thus restricting the ability of third-party workshops to compete effectively with authorised workshops.⁴ This restriction on competition may in turn allow authorised workshops to charge customers higher prices for car servicing, repairs and parts. CCCS engaged major authorised car dealers⁵, and worked with them to amend their respective warranty terms and related documents to

¹ These Warranty Restrictions may include terms such as requiring repairs or servicing to be done solely at the authorised workshop or allowing a warranty claim over a defect or malfunction to be rejected solely on the basis that any part of the car has been repaired or serviced by a third-party workshop.

² Please refer to Annex A for the list of authorised car dealers whom CCCS approached in February 2024 to highlight Warranty Restrictions concerns.

³ Please refer to <https://www.cccs.gov.sg/media-and-consultation/newsroom/media-releases/major-car-dealers-amend-warranty-terms> for the media release on CCCS’s Car Parts Market Inquiry dated 11 December 2017.

⁴ Annex B sets out the type of warranty terms which CCCS did not raise any concern with during the Car Parts Market Inquiry.

⁵ Annex C provides the list of major authorised car dealers which CCCS approached during the Car Parts Market Inquiry, and the respective car brands which they distribute in 2017.

remove such Warranty Restrictions to ensure compliance with the Competition Act 2004 (the “**Competition Act**”).

3. Since the conclusion of the Car Parts Market Inquiry, CCCS has from time to time received a small number of reports that some car dealers continue to impose Warranty Restrictions.
4. Following the reminder letters sent to authorised car dealers in February 2024, CCCS expects these car dealers to remove all Warranty Restrictions from their websites, marketing materials/related documents and any legal documentation associated with the sale or servicing of cars. All car dealers, including parallel importers, should review their warranty terms and practices to ensure compliance with the Competition Act.

Car dealers must not mislead consumers on their warranty

5. Car dealers are also reminded that misleading consumers on their rights under the warranty may constitute an unfair practice under the Consumer Protection (Fair Trading) Act 2003 (the “**CPFTA**”). This includes the making of representations to consumers (e.g., by car salespersons) that they are required to exclusively repair or service their cars at their authorised workshops to ensure that their warranties remain valid when it is not true.

Consumers are advised to check on warranty terms prior to purchase, and keep proper servicing and repair records

6. Consumers should be mindful of warranty terms and conditions affecting their rights and obligations in relation to repairs and servicing when purchasing cars and seek clarifications from car dealers if they are unsure.
7. Where documentation is required under the warranty terms⁶ for repair and servicing work carried out at third-party workshops, consumers are advised to safekeep relevant documentation to avoid disputes over compliance with repair and servicing requirements when making warranty claims.

CCCS continues to monitor the motor vehicle repair and servicing industry

8. With increasing digitalisation and electrification of vehicles, CCCS notes that industry challenges may evolve, especially for hybrid and electric vehicles. One such challenge relates to access to inputs⁷, particularly technical information,

⁶ For example, some warranty terms may require car owners to provide details such as dates of servicing and specifications of parts used to ensure that they meet the manufacturer’s recommendations.

⁷ Annex D sets out the types of essential inputs for repair and servicing of vehicles.

and diagnostic tools and software, essential for third party workshops to repair or service vehicles in Singapore. Competition concerns may arise if these essential inputs become more important for repair and servicing as vehicles become more digitalised, and if viable third-party alternatives to such essential inputs become less accessible for third-party workshops. Car manufacturers and authorised car dealers are encouraged to review their practices with respect to the provision of essential inputs to ensure compliance with the Competition Act and the CPFTA.

9. CCCS will continue to monitor developments in the industry and review the impact of Warranty Restrictions and access to essential inputs for the repair and servicing of vehicles in Singapore. CCCS will not hesitate to take enforcement action to ensure that the relevant markets remain competitive, and that consumers are protected from unfair practices in Singapore.

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Authorised car dealers approached by CCCS in February 2024

S/N	Authorised car dealers
1	Alpine Motors Pte. Ltd.
2	Auto Germany Pte. Ltd.
3	Borneo Motors (Singapore) Pte. Ltd.
4	Cycle & Carriage Industries Pte. Ltd. Cycle & Carriage Automotive Pte. Ltd. Cycle & Carriage France Pte. Ltd. Cycle & Carriage Kia Pte. Ltd.
5	Champion Motors (1975) Pte. Ltd.
6	Capella Auto Pte. Ltd.
7	Eurokars Group of Companies Eurokars Auto Pte. Ltd. Eurokars EV Pte. Ltd. Eurokars Habitat Pte. Ltd. Eurokars Pre-Owned Pte. Ltd. Trans Eurokars Pte. Ltd.
8	Euroautomobile Pte. Ltd. Eurosports Auto Pte. Ltd.
9	Ital Auto Pte. Ltd.
10	Kah Motor Company. Sdn. Bhd.
11	Komoco Motors Pte. Ltd.
12	Motor Image Enterprises Pte. Ltd.
13	Motorway Ssangyong Pte. Ltd.

14	NB Auto Pte. Ltd.
15	Prosper Auto Pte. Ltd.
16	Perocom Auto Pte. Ltd.
17	Performance Munich Autos Pte. Ltd. Vantage Automotive Limited
18	Performance Motors Ltd.
19	Premium Automobiles Pte. Ltd.
20	Rev Ecodrive Pte. Ltd.
21	Tan Chong Motor Sales Pte. Ltd.
22	Tesla Motors Singapore Private Limited
23	Tridente Automobili Pte. Ltd.
24	Vertex Euro Motors Pte. Ltd.
25	Volkswagen Group Singapore Pte. Ltd.
26	Wearnes Automotive Pte. Ltd.

Annex B

1. In the 2017 Car Parts Market Inquiry, CCCS did not raise any competition concern with respect to the following kinds of warranty terms:
 - a. warranty terms which require customers to perform at authorised workshops warranty repairs i.e., repairs to correct manufacturing defects or damages within the scope of coverage of the car warranty and whose costs are borne by the warranty provider;
 - b. warranty terms that allow car dealers to reject a warranty claim over a defect or malfunction if it can be established that the defect or malfunction is caused by:
 - i. any repair, servicing or other action carried out by a third party; or
 - ii. the failure of the car owner to ensure that the car receives proper and periodic servicing in accordance with the manufacturer's recommended servicing schedule; and
 - c. warranty terms that allow car dealers to reject warranty claims in respect of parts that have been replaced or modified by a third party.

2. CCCS also did not have concerns with regard to car dealers recommending the use or promoting the merits of their authorised workshops. However, CCCS would be concerned if car dealers cast negative aspersions on the capability and integrity of independent workshops, beyond advising car owners that they will bear the cost of any defect, damage or malfunction to the car that is caused by servicing or repairs by third parties.

Annex C

Major authorised car dealers approached by CCCS during Car Parts Market Inquiry (2017)⁸

S/N	Major authorised car dealers	Car brands
1	Alpine Motors Pte. Ltd.	Chevrolet
2	Borneo Motors (S) Pte. Ltd.	Lexus Toyota
3	Cycle & Carriage Industries Pte. Ltd.	Citroen Kia Mercedes-Benz Mitsubishi
4	Eurokars Group of Companies	Mazda MINI Porsche Rolls-Royce McLaren
5	Kah Motor Co. Sdn. Bhd.	Honda
6	Komoco Motors Pte. Ltd.	Hyundai
7	Motor Image Enterprises Pte. Ltd.	Subaru
8	Performance Motors Ltd.	BMW
9	Premium Automobiles Pte. Ltd.	Audi
10	Tan Chong Motor Sales Pte. Ltd.	Nissan
11	Volkswagen Group Singapore Pte. Ltd.	Volkswagen

⁸ The car brands that these car dealers distribute made up more than 90% of cars in Singapore in 2016.

TYPES OF ESSENTIAL INPUTS

- a) Technical information e.g., repair manuals, technical specifications and wiring diagram
- b) Diagnostic tools and software e.g., tools to interface with vehicle's on-board diagnostic systems to interpret fault codes and reprogram electronic vehicle components. Diagnostic software and programming codes can be accessed by:
 - a. Using manufacturer's own brand diagnostic tool;
 - b. Using generic multi-brand diagnostic tool; or
 - c. Connecting directly to manufacturer's web servers through a separate device
- c) Mechanical and engineering tools e.g., tools to dismantle, fit or repair certain vehicle parts
- d) Training e.g., to ensure repair and servicing are carried out correctly to manufacturers' specification to assure consumer safety
- e) Spare vehicle parts e.g., vehicle replacement parts

About the Competition & Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore (“CCCS”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004, which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act 2003, which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for businesses and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

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