

## LCQ17: Protecting the rights and interests of consumers

Following is a question by Professor the Hon Priscilla Leung and a written reply by the Secretary for Commerce and Economic Development, Mr Algernon Yau, in the Legislative Council today (October 30):

Question:

It has been reported that a chain fitness and beauty group suddenly announced its "temporary business suspension" last month. As at the middle of last month, the Consumer Council received a total of 3 861 relevant complaints, involving a total amount of nearly \$130 million, with an average amount of about \$33,000 per case, and the largest amount involved in a single complaint was about \$1.81 million. Regarding protecting the rights and interests of consumers, will the Government inform this Council:

(1) whether it will re-activate the legislative exercise to stipulate a statutory cooling-off period for beauty and fitness services consumer contracts; if so, of the details; if not, the reasons for that;

(2) whether it will consider establishing new industry rules for the beauty and fitness industries, so as to protect the rights and interests of consumers; if so, of the details; if not, the reasons for that; and

(3) whether it will consider setting up an interdepartmental task force to roll out publicity and education programmes (especially targeting underprivileged groups such as poor elders), so as to help members of the public become smart consumers and avoid suffering losses; if so, of the details; if not, the reasons for that?

Reply:

President,

The Government of the Hong Kong Special Administrative Region is highly concerned about the recent incident involving the temporary business suspension suddenly announced by a chain fitness and beauty group, and has formed an inter-departmental dedicated investigation team to follow up. The dedicated investigation team, which comprises the Commerce and Economic Development Bureau, the Security Bureau, the Customs and Excise Department (C&ED), the Hong Kong Police Force (Police) and the Consumer Council (Council), continues to closely monitor the developments of the incident. In particular, the C&ED and the Police are conducting intensive investigation from the perspectives of offences regarding the unfair trade practices under the Trade Descriptions Ordinance (Cap. 362) (the Ordinance) and whether other criminal offences are involved respectively.

The reply to the various parts of the question is as follows:

(1) and (2) In view of the unfair trade practices involving prepaid mode of consumption (in particular the situation of fitness centres and beauty parlours using aggressive tactics to sell services that involve large amount of prepayments), the Government conducted a three-month public consultation in 2019 to solicit views on the proposal to stipulate a statutory cooling-off period for beauty and fitness services consumer contracts through legislation. However, shortly after the public consultation, there have been drastic changes in the social environment, economic situation and consumption sentiment since the second half of 2019.

We are aware that different sectors of the community have put forward various suggestions in respect of offering better protection to consumers who make prepayments (including stipulating a statutory cooling-off period, imposing a cap on the length of prepayment contracts and prepayment amounts, and setting up trust accounts), after this incident of the chain fitness and beauty group announcing temporary business suspension. We will conduct an in-depth study into different suggestions and consider their pros and cons and feasibility, with reference to the experience of this incident, other relevant factors (including the economic environment, the operating situation of relevant industries and relevant complaint and enforcement statistics) and the experience in other jurisdictions, with a view to formulating appropriate strategies to strengthen the protection of consumers' rights and interests.

(3) Currently, various laws in Hong Kong protect consumers' rights and interests. Among others, the Ordinance covers goods and services, and prohibits traders from subjecting consumers to unfair trade practices, including false trade descriptions, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment. The Ordinance is applicable to the trade practices of both physical and online traders.

The C&ED is the principal enforcement agency of the Ordinance, and adopts a three-pronged approach, covering enforcement actions, compliance promotion and publicity and public education, to combat unfair trade practices proactively. Meanwhile, the Council endeavours to study and promote the protection of consumers' rights and interests, and carries out its statutory functions in accordance with the Consumer Council Ordinance (Cap. 216), including handling complaints from consumers and resolving disputes between consumers and traders.

The C&ED and the Council have been maintaining close communication with each other, and have been collaborating with other government departments and social service organisations, etc, to jointly promote the protection of the rights and interests of consumers (including the elderly and other vulnerable groups). They also adjust and strengthen the strategies and work in respect of publicity and public education, having regard to the complaints and the enforcement situation. Among others, the relevant publicity and public education work includes:

(i) Conducting talks and workshops for the elderly and other vulnerable groups (and their family members and carers), with a view to enhancing their understanding of common unfair trade practices and sharing with them tips about "smart consumption", so as to prevent them from falling into sales pitfalls.

In particular, targeting common unfair trade practices, the C&ED conducts talks for the elderly and joins hands with the Police, District Councils and District Fight Crime Committees to carry out promotion by distributing promotional leaflets to the elderly, with a view to enhancing the elderly's understanding of the Ordinance and awareness of "smart consumption".

(ii) Conducting dedicated educational programmes to enhance the capability of the elderly and other vulnerable groups to guard against unfair trade practices.

In particular, the Council conducts the Educator Scheme for Senior Citizens, which provides consumer education training to soon-to-be retirees and retirees so as to equip them to host consumer educational talks for other elderly in the community. The Council's Support Programme for Persons with Special Needs, through virtual reality role-play simulations that cover different scenarios (for example those about the sales pitfalls of fitness and beauty centres), allows persons with special needs to better grasp the skills for guarding against common sales pitfalls.

(iii) Disseminating consumer information to facilitate consumers to make informed consumption decisions.

In particular, the Council publishes product tests, service surveys, consumption tips and complaint case sharing, etc, in its CHOICE magazine, providing practical consumer information to different groups of consumers (including the elderly and other vulnerable groups).