

# annual REPORT

NCCC 2007

# 2007



National  
Consumer  
Complaints  
Centre

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# Contents

I.	The National Consumer Complaints Centre .....	2
II.	Message from the Chief Secretary To The Government .....	3
III.	Message from the President of FOMCA .....	5
IV.	Introduction .....	7
V.	Methodology .....	9
VI.	Statistics on Consumer Complaints .....	11
VII.	Reports	
1.	Housing Developers .....	13
2.	Direct Sales .....	15
3.	Private Higher Education .....	18
4.	Management Corporations .....	20
5.	Telecommunications .....	22
6.	Sub-Standard Products .....	24
7.	Cheap Sales .....	26
8.	Public Transport .....	27
9.	Financial Institutions .....	29
10.	Hypermarkets .....	32
11.	Hire Purchase .....	34
12.	Misleading Advertising .....	37
13.	Time Share Facilities .....	39
14.	Maid Agencies .....	42
15.	Electricity Supply .....	44
16.	Fitness Clubs .....	46
17.	Pawnbroking .....	48
18.	Insurance .....	50
19.	Legal Services .....	53
20.	Food .....	55
21.	Travel and Tour Agencies .....	57
22.	Water Supply Services .....	59
23.	Satellite Television .....	61
VIII.	Annexure 1	
	Complaints Form .....	65

# National Consumer Complaints Centre (NCCC)

## About NCCC

The National Consumer Complaints Centre (NCCC) is a non-profit foundation registered on 17th September 2008. The NCCC is currently funded by the Ministry of Domestic Trade and Consumer Affairs Malaysia.

## Vision

To be an independent and respected organisation which provides a mechanism for consumer complaints and counselling to resolve problems arising from the purchase of goods and services.

## Mission

To provide consumers with an objective and timely resolution of disputes, claims and complaints with regard to their purchase of goods and services.



## Objectives

- Guiding consumers in finding solutions to problems related to the purchase of goods and services;
- Empowering consumers with information on consumer related matters;
- Facilitating consumers in filing claims and complaints against errant goods and Service Providers;
- Highlighting consumers' concerns in the media.

# Message from The Chief Secretary to The Government

*Assalamu'alaikum Warahmatullahi  
Wabarakatuh*

I wish to thank the Federation of Malaysian Consumer Associations (FOMCA) for giving me the privilege to include a message in the annual report of the National Consumer Complaints Centre for the year 2007. I am pleased to be able to say a few words to all the players in the Malaysian economic landscape, namely the manufacturers, wholesalers, retailers and consumers. Consumers are truly the backbone of any economy as without consumer spending there would be little production and of course few jobs. This is commonly called 'consumer confidence' which I believe is a cause for concern at the moment as consumers begin to tighten their purse strings to face the uncertain economic climate affecting Malaysia and the world. I would like to urge consumers to continue spending wisely so that the country can recover faster from the spillover effects of a looming recession in the developed countries.

I would also like to appeal to the business sector to deliver at this moment of need, namely lower the prices of your goods



and services which were raised basically on the increase in the price of fuel. Since the price of fuel is nearly half what it used to be when it was raised, it is only fair that businesses reduce the financial burden on consumers. At the same time the business sector should give consumers value for money spent apart from conducting their activities in a fair and ethical manner. If this happens, the number of consumer grousers registered at NCCC for 2008 and 2009 are likely to reduce.

I would like to urge FOMCA and other consumer oriented organizations to inculcate a sense of awareness of the economic situation among consumers through consumer education. This will help consumers



**NCCC**

**annual  
REPORT  
2007**

reorganize their lives and their lifestyles to accommodate the challenging economic environment. Consumer education remains a cost effective strategy to overcome periodic problems in the national and world economy. To enable the consumer organizations to do this task I would urge the authorities to look into the aspect of funding consumer education activities.

I on my part together with help from various contributors hope to fine tune and iron out problems in the delivery system of organizations that Malaysians have to deal with regularly. Hopefully this will make the lives of consumers easier. Pemudah has achieved some success in its efforts to date.

**YBhg Tan Sri Mohd Sidek Hassan**  
*Chief Secretary To The Government*

# Message from The President of FOMCA



I am pleased to present NCCC Annual Report on consumer complaints for 2007. This report represents our second comprehensive analysis of consumer complaints resulting from their purchase of goods and services.

In 2007 a total of 24,873 complaints were received by NCCC. This is an increase of 33 percent compared to 2006. I would assume that the additional number of complaints reflect greater consumer awareness of their rights. However, I could be wrong as it may also indicate a worse performance by the suppliers of goods and services.

The economic uncertainty facing the world is real and many feel that the worst is yet to come, probably in 2009. The sudden increase in the price of fuel in the early part of 2008 set in motion an upward spiral of price increases for most commodities. With the downward spiral in oil prices world wide the government is now making money from selling fuel to Malaysians instead of losing money through subsidies previously. However Malaysian consumers are not so fortunate. They continue to suffer high prices

which refuse to come down although the justification for the increase was the price of fuel. Manufacturers, wholesalers and retailers must shoulder some responsibility for this.

Price controls of some essential items helped consumers. Some feel that government price controls distort the market and therefore the government should concentrate on improving the supply infrastructure. The price of cheap protein that is chicken, is now higher by one third compared to the controlled price. For the majority of consumers this was a source of affordable protein. Consumer groups have been asked to increase consumer awareness of the economic situation and promote change of lifestyles. We are willing to do this, but the lack of funds is a big stumbling block. Sufficient funds will certainly help.

The experience of other countries indicates that enforcement remains at best an ineffective and expensive means to force



**annual  
REPORT  
2007**

businesses to comply with laws, regulations and guidelines. Malaysia is not short of legislation. In my mind effective laws have four phases. Firstly making and understanding the law, secondly sustained enforcement of the law, thirdly monitoring compliance with the law and fourthly revising the law. It does not make sense having comprehensive laws but which lack enforcement and monitoring. The tendency to act only on reports must end. There must be emphasis on preventive action.

**Datuk Marimuthu Nadason**  
*President*  
*Federation of Malaysian Consumer Associations*  
*(FOMCA)*



**NCCC**

**annual  
REPORT  
2007**

# Introduction



## The NCCC Annual Report 2007

The Annual Report for 2007 by the National Consumer Complaints Centre (NCCC) represents the second in its series initiated in 2006. As in the previous year the report for 2007 contains a review and analysis of consumer complaints lodged with the NCCC. The 23 categories of complaints formulated for the 2006 report have been maintained in the 2007 report without any new category being added. Similarly NCCC has also maintained a 'cut-off' point of 300 complaints of a similar nature to justify the formation of a 'category'.

A total of 24,873 complaints were received in 2007 as against 18,345 complaints reported in 2006. This represents a 33% increase in the number of complaints registered with NCCC. The top seven categories of complaints in 2007 are identical to the top seven in the 2006 report. These top seven categories account for a total of 12,254 complaints or 49.3% of total complaints received in 2007. In 2006 these seven categories accounted for 9,187 complaints or 50.1% of total complaints received in that year. Two other categories have crossed over the one thousand

complaints threshold to join the top seven categories. These are the 'Public Transport' and 'Financial Institutions' categories with 1,254 and 1,044 complaints respectively. The remaining 14 categories have less than 1000 complaints each. The 'Housing Developers' category remains the top scorer as in 2006 with 2,076 complaints compared to 1,578 in 2006 indicating a significant increase of 31.6%

## Purpose of the NCCC Report

The purpose of the 2007 report is to share with all relevant parties NCCC's experience in dealing with varied and complex complaints received from consumers regarding their dissatisfaction with goods and services procured and the organizations responsible. It is also to provide feedback to traders and the business community regarding their responsibility to consumers as well as the need for them to comply with laws and regulations that govern business activities.

The NCCC Report attempts to provide valuable information and feedback from consumers to business organizations. In an era of economic uncertainty all business





**NCCC**

**annual  
REPORT  
2007**

organizations must try to remain relevant in the business environment. To succeed they have to retain the loyalty of their existing consumers while attempting to attract new consumers to their products and services. Consumer empowerment and increasingly vocal customers need the industry as a whole to provide leadership to all players to be accountable and adopt fair trade practices. As value based consumer demand creates trade and product standards, positive engagement with consumers and the consumer movement becomes vital for industry in understanding consumer needs and demands. Industry must take note of any deficiency in their delivery mechanism to improve upon their products and services in line with consumer satisfaction. This is where the NCCC Report would play its crucial role.

### **Structure of the Report**

All complaints have been classified into sector reports. There are 23 sector reports. Each sector report comprises a similar format to facilitate easy reference. The heading of the sector report is followed by a 'summary' of the complaints raised for that sector. Each sector report has sections on 'introduction', 'consumer issues' and ends with 'recommendations'.

# Methodology

## Methodology used for the Report

All complaints received by the NCCC are logged into a database system. Important information about the complainant such as age, gender and race is collected. Complaints are then classified into two main categories namely complaints on goods and complaints on services. All complaints are strictly vetted for clarity, consistency and validity by trained counsellors at NCCC. Each complaint is then examined for its core problem to determine segregation into the category most suitable for it. An arbitrary 'cut-off' point of 300 complaints is adopted before complaints qualify to be placed into a category.

## Consumer Complaints Handling and Counselling Procedure at NCCC

Each complaint received by the NCCC is logged into a database system. Important information about the complainant such as age, gender and race is collected. Details of the complaint are also collected and the complaints are then classified into two main categories namely complaints on goods and complaints on services. The specific nature of the complaint and the organization involved is noted down to facilitate investigation.

The NCCC counsels the complainant by making him aware of the nature of his complaint, the implications arising from the complaint, the various alternative dispute resolution methods available and the legal action that can be taken, should he or she be so inclined. The existence of the inhouse legal team in NCCC greatly facilitates the counselling process on legal remedies.

The NCCC begins its work by investigating the complaint and issues an official letter within 48 hours of the complaint being lodged, requesting the organisation involved to resolve the dispute. A period of seven working days is allowed for the organisation to respond. If there is no response received, reminders are sent out three times, each with a further period of seven days for a reply. Should the organization refuse to respond, the NCCC proceeds with the second step in forwarding the complaint to the relevant regulatory authority. If this too fails to resolve the dispute, then NCCC advises and assists the complainant in filing the claim with the relevant alternative dispute resolution mechanism. Should the complainant prefer to file a legal claim against the organization concerned, NCCC's inhouse legal team will assist the complainant in taking this action.

If the complainant after guidance by NCCC is successful in solving the problem, he is encouraged to inform NCCC of the solution achieved which is then recorded against the complaint lodged. The NCCC on its own volition promotes alternate dispute resolution mechanisms available to the consumer as these are speedy, cheap and fair compared to the costly and time consuming litigation process.

In this manner the NCCC since its inception has successfully enhanced the lives of consumers and it hopes to change the way business is done. While it is an accepted fact that businesses and consumers should exist in harmony, as they need each other, businesses are expected to conduct their affairs in an ethical and fair manner with consumer satisfaction as their priority.



## annual REPORT 2007

### **Positive Response from Consumers, Industries and Government Agencies**

In 2007, NCCC moved ahead in strength in co-operation with all the regulatory agencies and partners (private and government sector) in resolving consumers' problems effectively. NCCC has moved along the needs of the times where the ground work of advocating consumer empowerment and advocating the rights and responsibilities of the industries to a wider span of consumers is seeing results.

The media played a major role in highlighting the severity of certain consumer issues among the Malaysian public. As a result, consumers began to take notice and came forward to lodge their complaints and at the same time became more aware of their rights.

As a result, in 2007 NCCC was able to work with the Government to ban the Scratch & Win Scam activities and to institute itemised billing for pre-paid mobile services to Malaysian consumers.

NCCC has collaborated extensively with the media in promoting consumer awareness for example through the monthly campaign with the Malay Mail on several issues affecting the public such as unsolicited SMS charges, bank charges, private higher education and housing developers. The News Straits Times (NST) has been very co-operative with NCCC in highlighting these and other consumer issues such as foreign exchange scams and PTPTN loans where students were told to pay up despite not applying for such loans.



**Table 2 Ethnicity of Complainants**

No.	Race	No. of Complaints	%
1	Malay	16,612	67.0%
2	Chinese	5,686	23.0%
3	Indian	2,354	9.0%
4	Others (locals)	172	0.7%
5	Tourist	49	0.2%
<b>Total</b>		<b>24,873</b>	<b>100%</b>

**Table 3 Channels Used for Lodging Complaints**

No.	Channel	No. of Complaints	%
1	Phone Call	8,783	36%
2	Email	4,511	18%
3	Letters	3,901	16%
4	Walk-In	3,501	14%
5	Website	3,648	14%
6	Fax	529	2%
<b>Total</b>		<b>24,873</b>	<b>100%</b>

**Table 4 Proportion of Complaints Handled by NCCC and those Channeled to Other Organizations**

No.	Organization	No. of Complaints	%
1	National Consumer Complaints Center	20,477	82.1%
2	Tribunal for Consumer Claims	2,244	9.2%
3	Public Sector Bodies	1,601	6.5%
4	Financial Mediation Bureau	551	2.2%
<b>Total</b>		<b>24,501</b>	<b>100%</b>



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annual  
REPORT  
2007

# Report 1

## Housing Developers

### No. Types of Complaints

1. Poor workmanship
2. Late Delivery
3. Abandoned housing projects
4. Booking fee
5. Misleading Advertisements



## 1.0 Introduction

Owning a perfect house or dream house brings joy to many. Buying a house is the first most important investment apart from buying a car because owning a perfect house is a good investment for the future. However the whole process of signing the Sale and Purchase agreement (S&P), involving solicitors, legal fees and stamp duty can be confusing.

National Consumer Complaints Centre (NCCC) received 2,076 complaints in 2007 related to housing. The number of cases recorded in 2006 was 1578 complaints. The increase reflects that there are errant developers who are flouting the law with buyers unable to resolve problems with developers.

## 2.0 Consumer Issues

### 2.1 Poor workmanship

Generally buyers inspect their houses during the defect liability period (18 months) and inform the developers for rectification. Often the developers rectify the defects hurriedly thus further ignoring the safety of the house as well as doing poor patch up work. This shows the heavy cost involved in housing development and disregard for safety and welfare of house buyers.

According to **Housing Developers (Control and Licensing) Regulations 1989, Regulation 26 [Defect Liability Period]** any defect or other faults in the building during the first 18 months after the date of handing over of vacant possession, shall be repaired at the developer's own cost within 30 days of having received written notice from the purchaser. In the event the developer fails to do so, then the buyer has the right to recover from the developer the cost of repairing and also rectifying whatever defects found and that the buyer may deduct such costs from any sum which has been held by the developer's lawyers.

### 2.2 Late delivery

In the event of late delivery, the law provides the developer must pay liquidated damages to the house buyer however in reality this is not the case. This act is in direct contravention of the Regulation provided under **Regulation 23(2) [Manner of delivery of vacant possession]** of **Housing Developers (Control and Licensing) Regulations 1989** which provides that if the developer fails to deliver vacant possession of the said building within the stipulated time given, then the developer shall be liable to pay a sum to the buyer (liquidated damages).

Furthermore **Regulation 23 (4)** states that "for the purpose of claiming any liquidated damages in the Tribunal for Homebuyers

Claims such claim shall be made not later than 12 months from the date of issuance of the certificate of fitness for occupation; or the expiry date of the defect liability period”.

### 2.3 Abandoned housing projects

The issue of abandoned housing projects has always been a serious concern for the house buyers. Many have been affected with the burden of paying up their housing loan all due to the fact that some of these developers are facing financial difficulties and are in the process of winding up.

As was highlighted in the 2006 Annual Report, for 2007 this issue still persists without having any solution to it. The authorities involved must take proactive action in curbing or minimising such problems. The concept of “build and sell” can overcome this problem but to date developers have not been actively promoting this concept hence the issue of abandoned projects is still prevalent.

### 2.4 Booking fee

Booking fee connotes the presumption of a per-contractual agreement which has a binding effect on those who have entered into the agreement (payment made). Booking fee basically secures a property or secures a sale of a particular property. Among the complaints that NCCC received from house buyers are that many developers refuse to refund the booking fee paid in the event the prospective buyer decides to cancel the purchase of the said property. The developers refusal to refund goes against the law since the **Housing Developers Regulations 1989** provides that there shall not be any collection of payment in relation to housing apart from the S&P agreement. Hence such collection is indeed against the law. This is in accordance

with **Regulation 11(2)**.

Another problem encountered is that often when the buyer fails to get the housing loan approved, even after signing the S&P agreement, the developer refuses to refund the money initially paid. Under **Regulation 5(3) Housing Developers (Control & Licensing) Regulations 1989** states that in the event the purchaser fails to get a loan facility due to the ineligibility of income and proof have been shown, the purchaser would only need to pay the developer 1% of the purchase price.

## 3.0 What can be done

- 3.1 The NCCC and FOMCA since 2004 have stressed to the Government on the importance of “build and sell” concept in order to avoid the problem of abandoned housing projects. Ministry of Housing and Local Government must initiate programs and policies for the adoption of the “build and sell” concept and ultimately introduce a new legislation to adopt the “build and sell” system to reduce the burden of many house buyers in Malaysia.
- 3.2 Many complaints received against developers for failing to rectify the defects and accountable for poor workmanship of buildings and houses yet no action seems to have been taken against these developers. The Ministry of Housing and Local Government must initiate specific legislation which will be ancillary to the present law governing developers in enforcing their responsibility for repairing defects upon completion these housing projects.



**NCCC**

**annual  
REPORT  
2007**

## Report 2

# Direct Sales

### No. Types of Complaints

1. Targeting vulnerable consumers
2. Lack of exit provision
3. Lack of information
4. Non-Performance and non-delivery
5. Telemarketing
6. Cooling-off Period

## 1.0 Introduction

Direct selling has given rise to a range of recurring consumer problems. The volume of complaints received by NCCC about direct selling indicates that it is a major problem for consumers. A total of 1,933 of cases were received in 2007 compared to 1,499 in 2006. This is an increase of 434 cases or 29%. The high number of incidences prompted NCCC to propose a prohibition on the sale of products worth more than RM500 via direct selling. It also called for scratch-and-win transactions to be made illegal.

## 2.0 Consumer Issues

### 2.1 Targeting vulnerable consumers

Some door to door sellers tend to target vulnerable consumers such as low income, elderly, non English speaking and rural consumers. They are regarded as more susceptible to certain marketing strategies and less aware of their rights.

### 2.2 Lack of exit provision

If the transaction is a cash sale, the consumer does not have any right to cancel the contract even where a cancellation right does apply. There have been cases of sellers across all technologies failing to give information about the mandatory cooling-off period. The **Direct**



**Sales Act 1993** mandates direct sale contract consumers to be advised of the cooling-off period of ten working days.

### 2.3 Lack of information

Lack of appropriate information appears to cause the greatest concern and frustration to consumers. The main problems reported by consumers are misleading or insufficient description of the seller or product or service, omission on the description of the terms especially in relation to prices and warranties. **Section 3 of Trade Description Act 1972** states that any seller or trader who gives a false description for any goods or services supplied are guilty of an offence.

Information is crucial to consumers in all transactions whether made face to face in a high street shop, in the customer's home or remotely via telephone, mail- order or fax.





**NCCC**

**annual  
REPORT  
2007**

With full and accurate information consumers can be made aware of products, services and opportunities that are available.

### **2.1 Non-performance and non-delivery**

In many forms of direct selling, delays may occur between the placing of an order by the consumer and the fulfilment of the order by the seller. In some forms, delivery may take place within days of the order being placed and in others fulfilment period may be extended and in most cases consumers are warned in advance that delivery can be expected within 30 days of the receipt of the order. However, many direct sellers fail to meet the timelines stipulated in their contracts and marketing material.

### **2.5 Telemarketing**

Calls from sellers are sometimes made early in the morning or late in the evening. Telemarketers do not habitually inform the consumer that the call is a sales call. The telephone approach is often used as the first approach for door to door selling. The seller may solicit interest through telephone before visiting house to show the goods and take the order. Telephones are used to identify the prospects. Normally prizes are offered to lure the unsuspecting consumers and once these vulnerable consumers reach the premise various products are offered. Pressure is mounted onto the consumer and products are sold.

### **2.6 Cooling off period**

A cooling-off period allows a consumer time to reconsider a purchase. A cooling-off period may be desirable for certain types of trade where the consumer is subjected to heavy sales pressure as a captive in response to a

direct response television commercial or telephone call. During a cooling-off period the consumer gets an opportunity to reconsider the purchase without being distracted by the seller's sales talk. There is also an opportunity to shop around and ensure the bargain is fair and competitive. Many consumers complain that they were not given sufficient notice by the seller or traders regarding the cooling-off period.

**Section 23 of the Direct Sales Act 1993 (DSA 1993)** states that for any direct sales contract valued RM 300 and above, the contract must include a statement which carries, "*subject to a cooling-off period of ten (10) working days*". Also **Section 25(4) and (5) of DSA 1993** provides a ruling that the seller or trader must not accept any payment made by the purchaser during the cooling-off period and whoever still accepts the payment shall be guilty of an offence.

## **3.0 What can be done**

- 3.1 NCCC believes that tighter regulations for direct selling are necessary as the current Direct Selling Act 1993 does not provide enough protection for consumers. It merely provides regulations within which the industry should operate. NCCC believes that it is high time the provisions protecting consumers are incorporated into the Act.
- 3.2 Problems which are peculiar to direct selling include the lack of information about who to complain to and how and the cost and inconvenience of complaining across distances by telephone or mail. This information should be well advertised and

documented. Customers should be told that it exists, how to use it, and what to do if a complaint is not handled satisfactorily.

- 3.3 A redress mechanism, should be accessible so that customers should be able to get access easily and cheaply, and company staff (direct selling) should be well informed about it. Procedures should be subject to performance criteria in terms of timeliness and quality of outcome. Complaints should be logged and subject to review and appeal procedures.
- 3.4 The Ministry of Domestic Trade and Consumer Affairs (MDTCA) must play a bigger role especially when taking action such as seizure of goods and the power to prosecute any direct selling companies that had violated the law. If possible, the MDTCA must terminate the licenses of those companies which violate the law.

# Report 3

## Private Higher Education

No.	Types of Complaints
1.	PTPTN Loan Approval
2.	Unaccredited Programs
3.	Misleading Advertisements and Promotions
4.	Inadequate Facilities and Premises

### 1.0 Introduction

In 2007, (NCCC) recorded 1,856 complaint against private higher education institutions compared to 1,453 in 2006. This is an increase of 350 complaints. Among the complaints concerning private higher education identified are PTPTN loan approval, no MQA accreditations, misleading promotions and a lack of facilities and premises for the students.

### 2.0 Consumer Issues

#### 2.1 PTPTN Loan Approval

Private institutions misled students promising that they are entitled to PTPTN loan facilities. Finally the students have to fork out their own money as the respective colleges did not offer such facilities. In some circumstances, student are caught by surprise when they receive a notice from PTPTN for payment which they never utilized. Investigations revealed that their respective colleges received PTPTN loans on behalf of their students but the students were not aware of such facilities.

Perbadanan Tabung Pendidikan Tinggi Nasional Malaysia (PTPTN) was established to help students to gain entry to higher level institutions of education in the public (IPTA) and private (IPTS) sectors.

#### 2.2 Unaccredited Programs

Regarding issues related to unaccredited courses, students enrolling for twining programs are told that their courses were accredited by the Malaysian Qualification Agency (MQA) and recognized by the Public Services Department (PSD) for employment purposes as well. However, it was later found to be untrue and those wishing to withdraw from the courses and the institutions would be refused any refund.

The Malaysian Qualifications Agency (MQA) is the government agency responsible for formulating policies, monitoring, reviewing and overseeing the standard and quality control of courses and accrediting certificates, diplomas and degrees.

#### 2.3 Misleading advertisements and promotions

Section 73 and 74 of the Private Higher Education Act 1996 (Advertisement Guidelines) (PHEA 1996) states that any institutions that advertise misleading advertisements have committed an offence of misleading students or prospective students into believing that the institution has any such goods or services under its purview. The usual complaint concerning misleading advertisements range from advertising or promoting qualified and experienced team of lecturers and staff, offering courses which are approved by the "Jabatan Perkhidmatan



Awam” and advertising facilities which usually do not exist.

#### **2.4 Inadequate Facilities and Premises**

Another issue that consumers’ complaint with regards to private higher institutions are the inadequate and lack of facilities which do not provide conducive learning environment. Students are misled into believing that adequate facilities are available.

The above situation corresponds with the provisions stipulated under **Section 15A of The Trade Description Act 1972 (TDA 1972)**. The Act mentions that it is an offence for any person in the course of any trade or business to make a statement which is known to be false, recklessly make a statement which is false or make any statement which is likely to deceive or mislead the general public.

### **3.0 What can be done**

3.1 **Part XII of the Private Higher Education Act 1996 (Advertisement Guidelines)** provides powers to the Registrar General to inspect Institutes of higher learning registered under the Act. The Registrar General should interview students randomly to ascertain whether an educational

institution is providing satisfactory service. The Ministry of Higher Education (MOHE) must conduct regular visits to all institutions of higher learning for the purposes of examining any irregularities.

- 3.2 The MOHE should provide the full list of registered Private Higher Education Institutions and all advertisements by private higher education institutions must be approved by MOHE prior to advertising.
  - 3.3 All marketing materials by Private Higher Education institutions must be approved prior to printing and distribution.
  - 3.4 All subsidiary companies of public universities operating Private Higher Education institutions must be prohibited from associating the name and facilities of the parent body in anyway to promote or “deceive” prospective students.
3. Any Private Higher Education institution accepting PTPTN study loan without the students applying must be dealt with effectively under the law.

## Report 4

# Property Management Companies

### No. Types of Complaints

1. No transparency in management accounts
2. Collection of fees
3. Oppressive tactics
4. Liabilities of management corporations

## 1.0 Introduction

NCCC received complaints against management corporations (MCs) totaling 1,739 cases in 2007 against 1,325 in 2006. The main issue in contention is that there is a lack of transparency in the manner in which the MCs conduct their activities. Residents living in apartments or condominiums are often the victims due to unscrupulous and high-handed tactics committed by the MCs.

Generally MCs do not allow the management accounts and sinking-fund accounts to be viewed by the residents, often giving reasons that such accounts are privileged and are not for the public to inspect. At the same time, some of these MCs gave justifications for their high-handed tactics in that some of the residents refused to pay their fees which resulted in the services being temporarily halted.

## 2.0 Consumer Issues

### 2.1 No transparency in management accounts

Many MCs currently operating in Malaysia do not allow its management accounts to be viewed by the residents. The with-holding of such accounts from the residents contravenes the **Housing and Development (Control and Licensing) Act 1966**. Section 19 of the Act

stipulates that the developer shall provide the purchaser with a copy of the Annual Audited Accounts.

**Section 20 (3) and (4) of the 1966 Act** also state that the sinking funds are to be made available to the purchaser. Evidently this provision of the law has been neglected by the MCs and the developers themselves, based on the many problems faced by residents in high-rise buildings.

### 2.2 Collection of Fees

Many MCs currently operating, are not registered with the Board of Valuers, Appraisers and Estate Agents. It is by law that any MCs which collect or charge management fees have to be registered with the Board. According to **Section 21 of the Valuers, Appraisers and Estate Agents Act 1981**, it states that for any company wanting to impose charges or collection of fees must be registered with the board.

In situations where apartments and condominiums concerned have not obtained strata titles, it is the duty of the developer to manage the said property by imposing any property management fees. Furthermore developers who outsource the management to a third party must ensure that the company is registered with the Board.



### 2.3 Oppressive Tactics

MCs often use oppressive tactics to recover sums owed by the residents for the payment of their management fees. Among the tactics used are by harassing them or threatening to harm their family if the residents do not pay up the fees owed and by clamping the water meters.

Clamping of the water meter is unfair and oppressive in nature and it is essentially denying the resident's rights to access to drinking water which is already a basic human right. By virtue of **Section 35 of the Strata Title Act 1985**, residents in high-rise apartments or condominiums have the basic right to support services and shelter which includes access to water.

### 2.4 Liabilities of management corporation

If the owners of the high-rise apartment or condominium find that the MC did not discharge their duties accordingly then the affected owners can file their complaints to the Local Authority to appoint a body to discharge the duties of the MCs. Thereafter the Local Authority is to decide on the merit of the complaints received and thereon exercise its powers as provided in **Section 50 of Strata Titles Act 1985** to appoint another body to take over the functions from the current MC. All expenses incurred for this process will be charged to the management fund of the MC.

### 3.0 What can be done

- 3.1 The housing sector has comprehensive legislation but without effective and timely monitoring and enforcement, the victims are burdened. The State Government together with the local council have to combine their efforts to strive for better protection to ensure the residents are given a sense of ownership to their property without fear.
- 3.2 Consumer education plays a vital role in creating awareness among the residents and owners so as to minimize future problems associated with MCs. MCs themselves must be professional and technically competent to provide efficient and cost effective services.
- 3.3 The **Building and Common Property ( Maintenance and Management ) Act 2007** that came into force concerning the maintenance and management of buildings requires every State Government to act within their powers to appoint a Commissioner of Buildings ( COB ) to solve and settle disputes and to ensure smooth management of building even after strata titles are issued. The COB must strive to resolve problems relating to the maintenance and management of subdivided buildings, especially during the time frame of vacant possession and the formation of the MCs.

# Report 5

## Telecommunications

### No. Types of Complaints

1. SMS Spamming and Related Problem
2. Broadband Services
3. Billing Dispute

### 1.0 Introduction

2007 saw a big increase in the number of complaints NCCC received concerning telecommunication services with a total of 1,728 complaints compared to only 1,297 complaints in 2006. The majority of complaints were on unsolicited SMS charges or SMS spamming. Other complaints were on Streamyx broadband services and dispute on the billing system. 2007 also marked NCCC's effort in coming up with a memorandum to the Ministry of Energy, Water and Communication regarding to the issue of unsolicited SMS charges affecting Malaysian consumers.

### 2.0 Consumer Issues

#### 2.1 SMS Spamming and Related Problems

In simple terms, SMS spamming means SMSs' which are received without the users requesting for them. There are two types of SMS spamming. One where advertisement text is sent to users without charge (i.e. free of charge). The other is where SMS spamming comes with a charge namely the users who receive these SMS will be charged. The second type is outright "money snatching". The Service Provider gets away with it, while the culprits are not reported to the police.

NCCC embarked on a month-long campaign

(23rd June – 23rd July 2007) to encourage subscribers to file complaints. This campaign focused on subscribers in the Klang Valley. During this evidence gathering campaign, 20 complaints were successfully received and all of them were on unsolicited SMS charges.

Consumers complained that they had been spammed with charged content via SMS and were billed by the Content Providers (CP). These SMS were never requested for by the consumers. Through NCCC's investigation, many of the CP's had created false "Mobile Originating" (MO) request and by creating a fake MO, rogue CP's successfully create SMS transactions and make it look as if it has been sent by the service providers (SP), to subscribe for a service and subsequently charged RM 2.50-RM 5.00 per week.

NCCC had even received complaints where consumers being billed even without receiving the SMS. Charges levied straight away from consumers' pre-paid credit without even the user being aware of it. These kinds of "spoofing scams" have been acknowledged by the Malaysian Communication and Multimedia Commission (MCMC) who also admitted it was difficult to penalize the culprits.

#### 2.2 Broadband services

Complaints concerning broadband services have increased overall. Among the main grouses by consumers were on the problem



of frequent interruption and breakdown. Many complain that when they have lodged their complaint with the Service Provider of the broadband service, the request for a technician to rectify the problem is not attended to within 24 hours. One of the reasons given by these Service Providers is that there were not enough technicians to rectify the problems.

Other complaints were also on the issue of lack of commitment on the part of the broadband service providers to resolve customers' complaints as soon as possible when a complaint lodged at their customer service centers.

### 2.3 Billing dispute

Complaints on billing disputes have always been an issue concerning telecommunication services. Representations as to "no access fees" and deposits initially nevertheless, consumers were charged. This may be constituted as misrepresentation and is an offence under **Section 18 of Contracts Act 1950**.

## 3.0 What Can Be Done

3.1 The Malaysian Communication and Multimedia Commission (MCMC)

must revoke the licenses of the Content Providers (CPs) who are repeat offenders. Currently only a small compound fine is imposed which does not mean anything to these companies compared to the millions they make.

- 3.2 MCMC must stop subscription service for rich content download (ring tones / games). If a person wants something, he/she should be able to apply it and be billed accordingly. There must also be a cap on text based SMS charge to a maximum of RM0.50 per SMS. Currently CPs are free to impose charge they deemed fit.
- 3.3 The Ministry of Energy, Water and Communication must take proactive measures and to set up a task force to ensure check and balance.
- 3.4 The SPs for broadband service must adhere to strict service quality standards by dispatching round the clock (24 hours) technicians to remedy any faults or disruptions of the broadband service.



# Report 6

## Sub-standard Products

No.	Types of Complaints
1.	Delay
2.	Warranties
3.	Unavailability of Spare Parts
4.	Product safety

### 1.0 Introduction

In 2007 NCCC received 1,519 complaints concerning sub-standard products compared to 1,032 complaints lodged in 2006. The increase in numbers centers mainly on products such as electrical and electronic goods. Based on the statistics, it is noted that there are many cases where consumers were denied their rights to return the unsatisfactory products. Complaints were mainly on product replacement, delay in repairs, warranties and safety issues.

### 2.0 Consumer Issues

#### 2.1 Delay

One of the main issues concerning sub-standard products is on the issue of delay. Some of the complaints which are regarding repairs to be done, which take a long time to be fixed. It may take weeks or even a month before the product is given back to the consumer. Consumers are often left with no choice but to wait for the product to be returned. Sometimes, these products do not fully function properly despite having been repaired.

**Section 41 of the Consumer Protection Act 1999 (CPA)** states that faulty product must be repaired within a reasonable time period. Hence reasonable time also means that the product must be repaired as soon as possible.

#### 2.2 Warranties

The **Contracts Act 1950** does not draw any distinction between a condition and warranty. Malaysian courts, however, have drawn a distinction between conditions and warranties as at common law. Most of the complaints highlighted were on the area of warranties of products.

#### 2.3 Unavailability of Spare Parts

The issue concerning the delay in repairs of a particular product may to a certain extent relate back to the problem of unavailability of spare parts. Consumers are sometimes charged exorbitantly for the repairs since the spare parts for the product are unavailable. However **Section 37 of Consumer Protection Act 1999 (CPA 1999)** states that any products supplied to the general public, the manufacturer must repair the product as soon as practicable and to ensure that the supply of spare parts for that particular product must be made available.

In reality, manufacturers and sellers alike often take advantage of consumers by charging excessive charges for repairs of the product. This creates an undue burden on the average consumer.

#### 2.4 Product safety

Issues of product safety have always been a serious issue amongst many consumers in Malaysia. This was highlighted in the 2006



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REPORT  
2007



Annual Report and such issues are still prevalent in 2007. Unapproved or uncertified goods especially electrical and electronic goods poses danger to many consumers of their durability since many of these goods do not come with SIRIM certification. Many of these goods originate from China where pirated goods are sold in open places. In Malaysia, these products are sold in shops and in hypermarkets where consumers are generally tempted to buy these products due to their cheap prices.

**Section 19 (Part 3) of The Consumer Protection Act 1999** deals specifically with the standards of products whereby the issue of standards includes performance, composition, contents, manufacture, processing, design, construction, finish or packaging of the product.

**Section 20 of CPA 1999** states that no person shall supply, or offer to or advertise for supply, any goods or services which do not comply with the safety standards determined under Section 19. **Section 19 CPA 1999** goes on to state that the Minister may by regulation prescribe the safety standards in respect of goods or class of goods and any service or class of services, and may prescribe different

safety standards for different goods or services, or classes of goods or services.

### 3.0 What Can Be Done

- 3.1 The Ministry of Domestic Trade and Consumer Affairs (MDTCA) must strictly enforce laws which provide for stringent checks and investigations on any traders selling imitation products and also products that are of sub-standard quality. Most of the electrical and electronic products that are not approved by SIRIM continue to be sold in the open and this must be stopped.
3. There must be a combined effort between MDTCA and SIRIM to investigate claims from consumers in relation to sub-standard products and these agencies must cancel the licenses of traders from further operating their business since the safety of consumers is at stake. Currently traders defying the law by continuing selling products despite raids being conducted. More must be done by the enforcement department of the MTDCA to put an end on the sale of sub-standard products.

## Report 7

# Cheap Sales

No.	Types of Complaints
1.	Misleading Advertisements
2.	Misleading Information on Price

### 1.0 Introduction

NCCC in 2006 recorded a total of 1,003 complaints on issues pertaining to cheap sales. In 2007, there were 1,410 complaints recorded. This saw an increase of 407 complaints. Complaints are high during festive seasons. Cheap sales in Malaysia are regulated by the Trade Description (Cheap Sale) Regulations 1987. Under these regulations, "cheap sale price" means the price of goods which, in the ordinary course of trade or business, is indicated in any manner to be less than the price at which the goods or goods of the same description were previously supplied or offered to be supplied. Consumer grievances were concentrated in the following issues.

### 2.0 Consumer Issues

#### 2.1 Misleading advertisements

One of the common types of problems concerning cheap sales is on the issue of misleading advertisement. Many of these advertisements merely act as a "invitation" to convince prospective customers to buy their advertised products or services without the intention of supplying them. Most of the cheap sales occur during festive seasons, school holidays and also during annual shopping sales.

**Section 3 of Trade Description Act 1972 (TDA 1972)** states that it is an offence for any person to advertise false or misleading description as to the product or services without the intention of performing it.



Similarly **Section 13 of Consumer Protection Act 1999 (CPA 1999)** makes it an offence for any person to advertise for supply at a specific price product or services without the intention of performing it. In reality many traders continue to flout the law by advertising products or services with the aim of capitalizing maximum profits by cheating unsuspecting consumers.

#### 2.1 Misleading information on price

Although the **Trade Description (Cheap Sale) Regulations 1987 Regulation 6 (1)** requires that during the "cheap sale" there must be an indication of the price at which the goods were previously supplied. In reality sellers prefer to use the percentage symbol when indicating reduction. This tends to confuse and mislead consumers.

### 3.0 What Can Be Done

3.1 During cheap sale events, the Ministry of Domestic Trade and Consumer Affairs (MTDCA) must continuously and constantly enforce regulations governing cheap sales.



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annual  
REPORT  
2007

# Report 8 Public Transport

## No. Types of Complaints

1. Undisciplined Drivers
2. Refusal to Use Meter (Taxi drivers)
3. Lack of Proper infrastructure

## 1.0 Introduction

Public system transportation in Malaysia has always been a problem to many commuters travelling daily. Many complaints have been put up by the public but to date most of the problems highlighted have not been solved by the relevant agencies. In 2007 there were a total of 1,254 complaints filed in NCCC.

Most of the complaints were on the frequency of services, not adhering to time schedules and delays; rude and undisciplined drivers; lack of infrastructure and bad customer service. This cover all types of public transportation services such as buses, taxis, light rapid transport (Putra LRT, Star LRT and Monorail) services and also regular train services (Kommuter and KTM).

## 2.0 Consumer Issues

### 2.1 Undisciplined drivers

The issue of undisciplined bus and taxi drivers is a norm in public transport. Many complaints filed at NCCC claimed that these drivers were rude, not courteous, insulted passengers and threatened to harm passengers if they were to lodge a police complaint against them. Many were fearful since some of these taxi drivers knew where these passengers lived since they have dropped the passengers at their destination.



### 2.2 Frequency of service

The second most complaint against public transport is that of buses and train services do not adhere to the timing schedules announced. In many cases, some of the buses did not arrive at all despite commuters having to wait for hours. This has caused many to be late for work, school, and missing appointments due to the irregularity of the public transport services.

There was no recourse for these commuters to take serious action against these service providers apart from lodging complaints to the hotline numbers provided by the Ministry of Transport.



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REPORT  
2007



### 2.3 Refusal to use meter (taxi drivers)

There have been many complaints to NCCC that taxi drivers charge exorbitant fares upon informing their destination. The usual response given by these drivers would be that some of these destinations are far and inaccessible and that the destination is congested during peak hours.

Complaints concerning these taxi drivers have been highlighted and have been forwarded to the authorities yet until now no stern action have been instituted against these taxi drivers or their operators.

### 2.4 Lack of proper infrastructure

The ageing fleet of buses and taxis that are poorly maintained by their operators must be replaced as soon as possible. Many of these poorly maintained vehicles pose a serious safety threat to passengers. Complaints range

from damaged vehicles to rusty fleet of buses and taxis that are not safe to be used for services. With the increase in public transportation fares, quality of service and infrastructure must also improve

## 3.0 What Can Be Done

- 3.1 Road transport companies must be required to comply with conditions set by the authorities. Failure to adhere to these conditions would mean that they should cease operations.
- 3.2 Consultants should be appointed to conduct depth in research to investigate and recommend effective public transport system in Malaysia.
- 3.3 A National Council should set up to rectify the current problems or deficiencies in the public transport system in the country.
- 3.4 The setting up of a common complaints handling mechanism for the public transport system can help to address complaints effectively.
- 3.5 Stronger enforcement and sustained surprise checks against the operators of taxis must done throughout the year.

# Report 9

## Financial Institutions

### No. Types of Complaints

1. Misleading advertisements
2. Excessive interest and unfair bank charges
3. Unethical debt collection
4. Credit Tip Off Services (CTOS)
5. Unfair contract terms

### 1.0 Introduction

NCCC received 1,044 cases in 2007 compared to 809 cases in 2006. Despite the report in 2006, many complaints in 2007 still centered on excessive fees, interest, penalty charges which created an undue burden on the average consumer who was already feeling the pinch due to the economic slowdown. Some of the issues identified concerning financial institutions are misleading advertisements; ones-sided agreements, methods used by debt collection and also complaints concerning CTOS.



misleading, false or deceptive or to conceal any material fact in relation to deposit taking. The offence is committed for recklessness whether made dishonestly or not.

### 2.0 Consumer Issues

#### 2.1 Misleading advertisements

This method is the common ploy to entice the public and when such misleading advertisement or promotions occur, the consumers are at the losing end. Usually when financial institutions advertise their services or products, the terms and regulations are in fine print that not everyone is bothered to read or statements such as “*terms and conditions apply*” are used. This is one of a ways to limit the liability of the banks when a certain product or service ceases to exist.

**Section 28 (a)-(c) [Marketing and Advertisement] Banking and Financial Institutions Act 1989 (BAFIA)** states that it an offence to publish any statement which is

**Section 35(1)(a)-(c) (Control over advertisements produced by the financial institutions) BAFIA 1989** Bank Negara with wide and specific powers in taking action against other banks which are under its purview and control with regards to misleading or false advertisement.

#### 2.2 Excessive interest and unfair bank charges

Unfair bank charges, interest and penalties have been imposed on the general public in Malaysia. Customers have been charged from RM5.00 right up to RM40.00 for unauthorized overdrafts, bounced cheques, or failed direct debits. Financial institutions have long been accused of cheating customers with high charges they impose for minor account problems. Customers who slip into minor

difficulties can see a mountain of debt pile-up, as banks charge several ringgit or more to send a letter and charge large amounts for going into overdrafts and missing direct debits.

In relation to credit card interest which is very high whereby consumers have made complained to NCCC regarding hidden charges which they were not informed of in the first place when they signed up for a particular product or service with the banks. The current practice of imposing a rate of 18% per annum coupled together with other miscellaneous charges adds up to a considerable amount which the average consumer may not be able to pay when all the prices of goods and services have gone up. In the case of hidden fees or charges, customers have been charged for services which supposedly to be provided for free. Such blatant disregard of the guidelines set by Bank Negara on the context of fees and charges goes to show that banks in general do not care about the interests of customers.

### **2.3 Unethical debt collection**

As a general rule when someone defaults on payment, debts collection is imperative so as to collect the amount which is due. In reality, some of the methods used by the banks or debt collection agencies amounts to criminal intimidation or harassment. There have been cases where the loan defaulter and their families were threatened that they will lose everything if payment is not made. Although collection agencies are allowed to collection sums owed, however the manner in which it is done must be stopped at all cost. Usually in this scenario the complainants are advised to make a police report to safeguard their interest.

### **2.4 Credit Tip Off Services (CTOS)**

CTOS, which has been operating since 1988, provides information on bankruptcies, civil suits, winding-up of companies, proclamations of sale and directorships. Such a move is in fact illegal and was of a great concern for NCCC in 2006 and similarly in 2007. The search of financial records of customers through CTOS has been declared illegal by the Government in June 2007 yet until now there have been instances where applicants for a particular loan have been rejected based on such information. Among the complaints were that CTOS included in its credit listing summonses from the police or local authorities, delayed installment payments on household appliances and unsettled hospital bills.

### **2.5 Unfair contract terms**

Unfair agreements are commonly used in the banking industry and such business practices must be stopped. There are many ways financial institutions imposes unfair agreements on their customers. These financial institutions would incorporate provisions such as the following; “..the interest rate will be automatically changed to a higher rate in the event there has been default of payment or failure to pay.”

In relation to issues concerning “easy payments”, which basically means purchase of products from outlets that carry special rates if a customer pays by way of a credit card, it has been highlighted in the 2006 Annual Report that when a person defaults on such payments, the transaction will be transferred into a typical credit card loan which is very burdensome to the average consumer.



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**annual  
REPORT  
2007**

### **3.0 What can be done**

- 3.1 Bank Negara must strictly regulate all the financial institutions in Malaysia. Issues that need to be addressed specifically are the conduct of banks in issuing credit cards and terms and regulations which are biased against consumers.
- 3.2 Changes must be made to BAFIA 1989 to place importance on consumer protection as in the United Kingdom. For example, if the level of overdraft charges fails to comply with the “reasonableness” criterion required for service fees under the **Supply and Services Act 1982**, you may be entitled to your money back.
- 3.3 Action must be taken to revise **Section 104(a)&(b)-Part 14 [Offences] BAFIA 1989** which deals very generally with penalties. This is because the section makes no mention as to the types of offences committed under the Act.
- 3.4 The government must introduce legislation governing unfair contract terms in order to protect consumers. This legislation has been advocated by FOMCA since 1990.



# Report 10

## Hypermarkets

- | No. | Types of Complaints                     |
|-----|---|
| 1.  | Misleading advertisement and promotions |
| 2.  | Poor customer service                   |
| 3.  | Expired, damaged products sold          |
| 4.  | Ambiguous pricing of goods              |

### 1.0 Introduction

NCCC recorded 975 cases against hypermarkets in 2007 as compared to 800 cases in 2006. The increase shows that many people are aware of their rights and lodge complaints with regards to dissatisfaction with products and services offered by hypermarkets. Some of the complaints against hypermarkets are on the issue of misleading advertisements and promotions; poor customer service; expired products; and ambiguous pricing of products.



### 2.0 Consumer Issues

#### 2.1 Misleading advertisements / promotions

Consumers usually would find that terms and conditions are printed in fine print at the bottom of advertisements or pamphlets, which indicate that discounted prices or promotions are only for a "specific time period" or "while stocks last". However when consumers choose discounted products at the shelf and proceed to the counter to make payment, it is discovered that the products are rated at normal price due to different pricing or consumers were given lame excuses that the products was wrong labeled.

The **Trade Description Act 1972 (TDA)** states that any person offering to supply goods of any description gives false indication to the price of the goods shall be guilty of an offence. A similar provision is found in the Consumer

Protection Act 1999.

#### 2.2 Poor customer service

There is a lack of awareness regarding consumer complaints among hypermarket staff. Some of the complaints are; lack of courtesy (rude staff), poor handling of consumer grouses etc. Proper customer service must be provided professionally to every complaint because if hypermarkets fail to do so hypermarkets will lose their customers in the long run.

#### 2.3 Expired / damaged products sold

The sale of expired or damaged products in hypermarkets is serious and dangerous to health and well being of consumers and the authority concerned must act promptly in investigating and conducting tests on these products. Many consumers have encountered this problem but many choose to ignore or

pursue further due to lack of commitment or ignorance.

The Food Regulation 1985, (Part VI Packages For Food) Regulation 35 [Use Of Damaged Package Prohibited ] states that no person shall import, prepare or advertise for sale or sell any food contained in any damaged package or container. This means any supermarkets found to be selling such damaged products are liable for actions under the Food Regulations 1985.

In relation to expired products being sold, Regulation 14 [Part IV Labeling] (Date Marking) of Food Regulation 1985 specifies the conditions of "expiry date", in relation to a packaging of food which must include for the purposes of sub-regulation (4) – the expiry date in respect of any food shall be shown in one of the following form;

- "EXPIRY DATE or EXP DATE
- "USE BY (here insert the date, expressed in day, month and year or in month and year)"; or
- "CONSUME BY or CONS BY

Therefore supermarkets which are found to be selling such expired products should be dealt with severely since it concerns on public health and safety.

#### 2.4 Ambiguous pricing of goods

Section 14 of Trade Description Act 1972 (TDA) states that if any person is found to have offered supply of goods and if there has been any false indication with regards to the price at which the goods are being offered is equal to or less than the recommended price, shall be guilty of an offence. Under the Consumer Protection Act 1999, such person

if a body corporate, can be fined not exceeding RM 250,000, and for a second or subsequent offence, to a fine not exceeding RM 500,000.

### 3.0 What can be done

- 1.1 The Ministry of Domestic Trade and Consumer Affairs (MDTCA) should conduct investigations and impose punitive action against any supermarkets found to be guilty of offences. Price monitoring of goods must constantly be advocated not only by FOMCA and the MDTCA but also the general public at large.
- 3.2 Emphasis on consumer awareness must be given at all times and certain industry practices must be introduced in Malaysia so as to gain consumer confidence. For example, in the United Kingdom there is a common policy used by certain supermarkets whereby if the barcode reading differs from the price displayed, you will get the item for free if you complain where all the consumer has to do is to sign a form and the person gets the product for free.
- 3.3 Consumer education concerning products must be given prominence at all state levels. A common website or blog must be introduced specifically for consumers who want to complain against supermarkets. "Consumer Empowerment" is the way forward if we want to be on par with industrialized countries abroad. One similar concept can be found in Malaysia is the Food Safety Information System of Malaysia (FOSIM) which educates consumers on issues pertaining to food safety, which must be introduced at all levels.

## Report 11

# Hire Purchase

### No. Types of Complaints

1. Defective cars
2. Misrepresentation on delivery date / late delivery
3. Deposit payment
4. Failure to inform additional obligation
5. Repossession of vehicles
6. Signed blank agreement

## 1.0 Introduction

The hire-purchase industry in Malaysia is governed by the **Hire Purchase Act 1967 (HPA 67)**. The NCCC received a total of 946 complaints in 2007 compared to only 703 complaints in 2006. The increase might have been caused by lack of ethical practices in the industry and also due to many consumers being aware of their rights compared to previously. Many of the complaints were on defective cars, elements of misrepresentation or failure to inform added obligation on the part of the hirer. Other complaints were that the hirer was induced to sign a blank agreement, dispute as to deposit payment and high handed tactics by car re-possessors.

## 2.0 Consumer Issues

### 2.1 Defective cars

In 2007 the issue of defective cars formed the majority of complaints under hire purchase agreement. Many complaints were on vehicles that were of poor quality. Under **Section 7 (2) HPA'67** clearly provides that a vehicle has to be of merchantable quality and **Section 7 (3)** provides that the vehicle must be fit for its purpose.

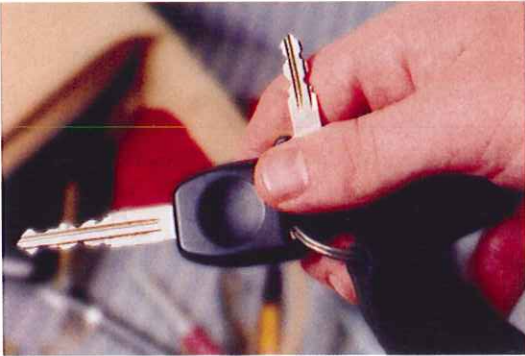
The dealers must provide cars of good quality to the hirer and when a fault is lodged with the manufacturer, the manufacturer usually

requires the hirer to send the car for repairs or servicing. However the catch is that many of these cars come with their own warranty and normally the car manufacturer will require the owners to send in their cars for proper service.

The Hire Purchase Act 1967 lacks specific provisions in terms of compensation to be paid to the owners of the car for loss of use of the said vehicle. This issue needs to be addressed immediately so as to protect the interest of the consumers.

### 2.2 Misrepresentation on delivery date / Late delivery

Late delivery of vehicles has been one of the problems faced by consumers when buying a new car. This normally happens when a particular model is a hot seller. Dealers would normally promise delivery of cars within a specific date when they very well know that delivery would not be possible and this is normally done without the knowledge of the manufacturers. One of the reasons for such occurrence is that majority of sales agents work on commission. The sales agents do this to fulfill their quota of sales as stipulated by their management. To secure a sale, the dealer would require the purchaser to pay a booking fee. When the delivery date is not met and the purchaser intends to cancel the transaction, the booking fees in forfeited by invoking the no refund policy. A purchaser



would have been deemed to breach the contract by not performing his part of the bargain where in actual fact it would have been the dealer who had failed to deliver as promised.

**Section 8 (3) HPA '67** basically states that the hirer or owner can claim for damages for any statement or promise made by the agents on which the owner has relied. However to prove that a misrepresentation had occurred is very difficult since such statement or promise made is verbal and not written. Hence the buyer or hirer would find it difficult to provide any evidence of such promises.

**Section 19 (1)&(2) of the Contracts Act 1950** states that the buyer has the right to cancel the contract provided the buyer can prove that there were elements of misrepresentation as to the contract.

### 2.3 Deposit payment

The **Hire Purchase Act 1967 in particular Section 31 (1) (Minimum Deposit)** states that a minimum of 10% payment must be paid and it is an offence to enter into a HP agreement without the initial deposit. In reality many car dealers offer zero down payment to buyers to entice prospective buyers and this is a direct violation of the law.

### 2.4 Failure to inform additional obligation

Failure to inform any additional duties or obligation to the buyer by the sales agent constitutes an act which is against the HP Act. Under the **Second Schedule of Section 4(1) (Requirements relating to hire-purchase agreements) [PART II-FORMATION & CONTENTS OF HIRE-PURCHASE AGREEMENTS]** HP Act 1967 makes note that a copy of a notice must be given to the buyers / hirers to inform them of any obligation specifically financial matters upon entering a hire purchase agreement.

### 2.5 Repossession of vehicles

Car buyers sometimes face difficulty in paying up and end up defaulting on their car loan payments which often has serious consequences. Financial institutions who are the "rightful owners" of the car (in HP agreements) hire repossessioners to reclaim the cars. The most common method used by the re-possessors is by using threats and intimidation. Normally these car repossessioners are thugs or act like gangsters whose conducts is in direct violation of the law.

**Section 16 (Notices to be given to hirer when goods repossessed)** HPA 1967 describes the proper methods of repossessing the hirer's car by giving sufficient notice in the event of default of payment.

The **Hire Purchase (Recovery of Possession & Maintenance of Records by Owners) Regulations 1976** governs the manner in which re-possession must be carried out. The regulation provides that upon taking possession of goods for the purposes of repossession, the owners (banks) or their ancillary agents have to show the hirer their



identity card before taking control of the car. In reality this is not the case. In many instances cars were repossessed illegally with no regard to the law.

## **2.6 Signed blank agreement**

There have been instances where sales agents of the dealers have knowingly made the hirers sign a blank paper which is sometimes included into the agreement or done separately with the false assurance given to the hirers that it is for purposes of office paper work. This is of course in direct violation of the law and the agreement can be revoked. However the law of contract in Malaysia states that, once a person signs his/her signature, that contract is deemed legal and has binding effect on to the person who has signed the paper. Most of these cases occur when the hirers are unaware or their rights or illiterate.

**Section 4B (2) (Hire-purchase agreement to be signed) HPA 1967** states that the HP agreement must be duly completed. Hence it must be noted that under no circumstances a buyer / hirer must sign on a blank paper or agreement without even reading the contents of the contract.

## **3. What can be done**

3.1 The Ministry of Domestic Trade and Consumer Affairs must be responsible for the implementation of the **Hire Purchase Act 1967 and Regulations** as it come under its purview. The Ministry must also come up with the idea of initiating a new provision or regulation to regulate and monitor the conducts of agents of car dealers or a general rule of conduct amongst agents in Malaysia. The reason is that when a particular

agent has resigned, the conduct of the agent made during his / her course of employment with the company is enforceable and the employer (dealers) must be responsible. This would be one legal avenue for the general public.

- 3.2 The implementation of the 10% deposit must take effect accordingly and strict adherence to the law must be applied. This will promote financial prudence among potential hirers who have to raise a minimum of 10 percent of the value of the hire purchase sum.
- 3.3 Regarding the issue of cars being repossessed by gangsters / thugs employed by the financial institutions to recover the vehicle, the Ministry of Domestic Trade and Consumer Affairs together with the banks must come up with a practice guideline as this law and consumers is the responsibility of this Ministry.
- 3.4 Vehicles which are purchased are charged on the full sum for the full term even though the hirer reduces progressively through installments the sum loaned to the hirer by the financial institution. The hirer is therefore made to pay a higher interest rate than that advertised for the purchase of vehicles. This kinds of practice must be stopped. It must be made compulsory for the financial institution to inform the hirer before hand of the Actual Percentage Rate (APR) that he will be charged throughout the full term of the hire purchase. The purpose of this is to enable the consumers to understand their rights and liabilities.

# Report 12

## Misleading Advertisements



### No. Types of Complaints

1. Misleading Advertisements
2. Unfair Advantage Taken Against Consumers

## 1.0 Introduction

In 2007, there are 917 complaints lodged compared to 684 complaints in 2006. The majority of the complaints received are on advertisement offering products or services. Similarly other complaints are about products advertised that do not correspond with the advertisement shown. Other complaints are on non-fulfillment of obligation on the part of the advertiser.

## 2.0 Consumer Issues

### 2.1 Misleading advertisements

In relation to misleading advertisement, the **Trade Description Act 1972 (TDA 1972)**, dictates that deceptive advertisement is where there is misleading information that was conveyed by the advertiser to the general public with or without intention of honoring the services offered.

Elements of misleading advertising includes any misleading or untrue statements and that any such information or omission of any material facts that would ultimately affect the public's decision when purchasing the goods or services advertised.

Under the TDA 1972, 'advertisements' includes all forms of advertising a goods or services either verbally or documented and through publications such as catalogues, labels, cards, exhibition of photographs, broadcasted by television, radio and others.

### 1. Unfair advantage taken against consumers

The TDA 1972 aims to ensure that sellers or traders of goods and services do not take unfair advantage of consumers with misleading and false information as it in an offence under the Act to do so. The Malaysian Code of Advertising Practice seeks to ensure that all advertisements are legal, decent, honest and truthful. Complaints can be made to the **Advertising Standards Authority of Malaysia**. If an advertisement contravenes the code, the authorities can stop the continuation of the advertisement.

Most products or services advertised do not correspond with their descriptions. There have been instances where a particular product was advertised at a lower price but the trader did not disclose other extra charges involved. This amounted to misleading the public through advertisement and had intentionally procured unfair advantage over the public.

The **Code of Advertising Practice Malaysia**, contains general guidelines relevant to all advertisements as well as rules for specific sectors such as medicinal and related products and advertisements containing health claims, children and young people etc. The Code and the self regulatory procedure that exists to administer it, are designed to complement existing regulations.



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REPORT  
2007**



### **3.0 What can be done**

- 3.1 The Ministry of Domestic Trade and Consumer Affairs must play more effective role in enforcing laws under its purview governing false advertisements to prevent consumers from being deceived.
- 3.2 Pro-active role in enforcing rules and regulations whereby terminating the licenses of any companies that practice such trade practices.
- 3.3 The Advertising Standards Authority (ASA) must enforce high ethical standards in advertisements. The ASA should constantly investigate complaints, to identify and resolve problems, to ensure that the system operates in the public interest and to act as a channel for communications with those who have an interest in advertising standards.
- 3.4 Greater emphasis must be given to advertisements that appear online. Guidelines and regulations are provided for in **The Malaysian Communications & Multimedia Content Code** which is under the purview of the **Malaysian**

**Communications and Multimedia Commission (MCMC)** especially under **Part 3 of the Content Code** which deals with advertisements and sets out the principles and specific guidelines on what constitute proper advertising.

- 3.5 To enforce the Trade Description Act 1972 (TDA 1972) and The Consumer Protection Act 1999 (CPA 1999) in order that the existing legislation would compliment with one another and to serve as the basis of prosecution of those involved in misleading advertisements.

# Report 13

## Time-Sharing Facilities

### No. Types of Complaints

1. Misrepresentation
2. Misleading Advertisements/ Promotions
3. Lack/ More Existence of Facilities
4. Cooling – off Period

## 1.0 Introduction

There has been an increase in the number of cases lodged with NCCC since there were about 892 complaints in 2007 as compared to 644 cases in 2006. Many argue that they were treated unfairly by the terms of the contact or unsatisfied over non-availability of hotel accommodation. Albeit there are some genuine time-sharing programs but based on the number of cases reported to NCCC, it represents growing concerns over the time-sharing industry. More regulations must be imposed and enforced on these companies so that they do not gain unfair advantage over consumers just to gain profit.

## 2.0 Consumer Issues

### 2.1 Misrepresentation

Misrepresentation in relation to time share programs often is done with the aim to persuade members to retain the membership so as not to lose out the members upon cancellation. The typical scenario would be that members were assured that they will be able to sell their membership back to the company in the event that they wish to terminate it whereby the time share companies would rent out their shares at suitable rates in the event that the members do not wish to continue with the service. Misrepresentations by agents has always been a concern in time-share schemes. Many consumers are often misled by the information

given by agents of time share companies and end up signing without even reading the contents of the agreement.

### 2.2 Misleading advertisements / promotions

Misleading advertisement or promotions are often used to lure potential customers into buying time share schemes. Sales agents generally rely on these types of misleading advertisements or promotions to generate their quota of commissions. **Section 15A of Trade Description Act 1972 (TDA)** states that it is an offence for any person in the course of any trade or business to make a statement which he knows to be false, which is likely to deceive or mislead. The conditions are:

- i.) the provision in the course of any trade or business of any services, accommodation or facilities,
- ii.) the nature of any services, accommodation or facilities provided in the course of any trade or business,
- iii.) the rates or charges for any service, accommodation or facilities so provided.

### 2.3 Lack / non existence of facilities

One of the major complaints that NCCC have received is that accommodation is not available. In some cases, members have to book these rooms or a facility 6 months in advance. Even if there are such facilities or





accommodation, they located in out of reach places which lack proper transportation facilities. Members in turn feel cheated as in some cases members have paid in excess of RM 50,000 for their membership. In addition to this, members are also required to pay annual fees for maintenance of the facilities.

#### 2.4 Cooling - off period

When selling holiday packages agents of time share companies in most cases fail to inform the members of the cooling - off period requirement. If there is a successful sale achieved and when the member wants to cancel the contract, the time share company would cite that they would forfeit the payments without indicating the requirement of a cooling off period.

Cooling-off periods allow consumers the opportunity to reconsider purchasing decisions. They are particularly appropriate for door-to-door sales and telemarketing where the consumer decides to buy in

response to pressure or on a sudden impulse.

One of the major concerns raised by consumers was the lack of notice given by sellers about the cooling-off period. In most cases, notice is not given because the sellers believe a cooling-off period does not apply. Furthermore, there should not be any transaction within this cooling-off period but how many direct sellers do actually comply. Most of the time a transaction is completed within the first meeting.

**Under Section 23(1)(b) and 25(4) of the Direct Sales Act 1993 (DSA),** no money can be collected in a direct sale transaction for 10 days from the date of the contract. This is called the "cooling-off" period but many companies collect the money upfront. From the time of signing a direct sale contract, the vendor should not accept any money till the end of the 10-day period.

Even if the member waives the right to the 10-day period, money can only be collected



NCCC

annual  
REPORT  
2007

after 72 hours from the date of transaction, as per Section 25(3) of DSA 1993.

Moreover since the transaction was illegal from the start, the member is entitled to the money back. The worst part is that the transaction is concluded via credit cards and these transactions can only be cancelled by the merchant (time share companies).

### 3.0 What can be done

- 3.1 The current Direct Sales Act 1993 provides enough provisions to protect consumers. Part from revoking the time share licenses of these companies; The Ministry should have continuous enforcement units monitoring the activities of these companies.
- 3.2 The MDTCA must also set up a complaints unit specifically to attend to the grouses of specific types of complaints in particular issues pertaining to the public, in line with the increasing number of complaints received by NCCC.
- 3.3 Amendments must be made to the Direct Sales Act (DSA), Consumer Protection Act (CPA) and Trade Description Act (TDA). Presently the CPA serves a secondary role to other laws such as the TDA and the Contracts Act. The Ministry has to include into the CPA certain provisions found in the Contracts Act. By doing so, in the event consumers wanting to rely on the CPA when filling the case in the Consumer Tribunal then they would not have to rely on Contracts Act in addition to the CPA.

- 3.4 The Ministry of Domestic Trade and Consumer Affairs must take a personal approach by going undercover to investigate and if possible to apprehend the culprits who have been cheating consumers. The Ministry must investigate the claims made by consumers who have claimed that they have been tricked into attending seminars with the purposes of getting a free holiday package but ended up paying a substantial amount of money to purchase membership.

## Report 14

# Maid Agencies

### No. Types of Complaints

1. Untrained maids
2. Excessive Charges in Process of Replacing Maid
3. Refusal To Return Deposit Upon Cancellation
4. Biased Contracts

## 1.0 Introduction

NCCC received a total of 805 complaints in 2007 as opposed to 570 complaints in 2006. There has been a big increase in the number of complaints on maid agencies. Nevertheless the main issue still exists, which is poor services offered by these agencies. Some of these maids come with hidden costs and are not cheap to hire and if ever these maids cause problems or fall below expectations then consumers are basically at the mercy of the maid agencies. There are many problems associated with maid agencies without any recourse and consumers are stuck with maids who are not trained properly, those who have serious medical problems or poor attitude to work.

## 2.0 Consumer Issues

### 2.1 Untrained maids

Problems concerning untrained maids are common to those who have encountered incompetent maids. This occurs when the maid agency fails to provide proper training to the maid prior to job assignment. Employers often complain that maids employed do not understand simple Bahasa Malaysia or English language in order to converse with the family or to take instructions. This in turn has caused hardship and difficulty in getting the chores done.

Some complaints are on the issue of maids being unable to take care or attend to infants or the elderly thus making things difficult for the employers to trust the maids care for them, prompting the employers to lodge complaints with NCCC.

### 2.2 Excessive charges

There is a limit of RM 2,500 imposed by the government on the hiring of a foreign maid. In practice this is not the case. There is actually no limit on the fees the agencies are allowed to collect especially from those wanting to hire Indonesian maids.

Some maid agency fees start from RM8, 000 onwards for those wanting to hire Indonesian maids who are properly trained. Currently maid agencies charge RM7,500 for each maid from Indonesia.

The situation in Malaysia currently is that demand exceeds supply and Indonesian maid agencies have increased their fees by 30%. Of the fees charged to the employers, RM2, 415 goes to the maid agency, RM3, 000 covers the maid's salary for the first 6 months and the balance goes to the Indonesian maid agency. (RM2, 415 is the standard rate of Persatuan Agensi Pembantu Rumah Asing Malaysia's registered agency fees.)



**NCCC**

**annual  
REPORT  
2007**

## **1. Refusal to return deposit upon cancellation**

Many maid agencies tend to rely on exclusion clauses in the contract which connote the presumption that the maid agencies “do not accept responsibility” in the event anything goes wrong. The purpose for such exclusion clauses is to limit the maid agency’s liabilities in the event of difficulties during the duration the maid is working for the employer. This situation has serious repercussions on consumers whereby it creates inequality and oppression for the employer.

### **2.4 Biased contracts**

Contracts signed between the maid agencies and the employer, include certain clauses which favour the agencies. Employers are basically left with no choice since the contract itself has elements of “undue influence” on the employer, thus rendering the employer with no choice but to continue with the contract. Undue influence is where one party has an unfair advantage over the other party.

## **3.0 What can be done**

3.1 The Malaysian Association of Foreign Maid Agencies (PAPA) must be proactive to ensure the registration of every maid agency currently operating in Malaysia as a mandatory requirement. The purpose is to ensure that all maid agencies are accountable for their actions whilst supplying maids to employers. Authorities must also be actively involved to increase punitive measures and double the effort in curbing errant agencies.



- 3.2 Action must be taken by the Ministry of Human Resources against maid agencies that have committed offences in relation to capped rates in the intake of any foreign maids in particular maids from Indonesia especially since a large percentage of the foreign maids in Malaysia are Indonesians.
- 3.3 The Immigration Department must take pro-active action in dealing with complaints against any maid agency who have committed offences under the law in particular regarding charges imposed by the maid agencies.
- 3.4 A standardized\* between maid employment agencies and employers must be enforced by the Government in order to eliminate elements of unfair contract terms favouring the agencies. The current practice of liability or indemnity period is only for three months and steps must be taken to extend this period to six months.



**NCCC**  
annual  
REPORT  
2007

# Report 15

## Electricity Supply

No.	Types of Complaints
1.	Billing Disputes
2.	Disconnecting Supply To Tenants
3.	Defective Meters
4.	Bad Customer Service
5.	Damage Caused by High Voltage
6.	Meter Tampering
7.	Frequent Power Disruption

### 1.0 Introduction

In 2006, NCCC recorded a total of 793 complaints on electricity supply provided by Tenaga Nasional Berhad (TNB). For 2007 however the number has increased to 581 complaints. Reports were regarding billing disputes, overcharging, bad customer service, damage due to high voltage, tenant bill disputes, overcharging due to defective meter, meter tampering and frequent power disruption.

### 2.0 Consumer Issues

#### 2.1 Billing disputes

Overcharging in one case reached nearly RM 13,000 for a household. There were business premises that faced higher charges after change of meter. There were also complaints on actual meter reading and projected meter reading.

#### 2.2 Disconnecting Supply to Tenants

Owners of houses were charged due to tenants who used electricity but did not pay up. There were vice versa disputes as well. Rented premises need special consideration as it involves a few parties.

#### 2.3 Defective Meters

Defective meters give higher readings and thus higher charges to the consumer. Quality check on electricity meters is not frequently done. Usually once it is fixed, it stays for a long time. Meters must be checked and recalibrated. This is to ensure proper readings are taken.

#### 2.4 Bad customer service

There were complaints regarding bad customer service during payment of bills. Customer service agents were very rude or non responsive to certain complaints made.

#### 2.5 Damage caused by high voltage

Complaints on damaged electrical and electronic goods were also recorded. This is due to higher voltage flow compared to equipment's operational capacity. As a service provider compensation must be paid if the claims are true. It should not be blamed solely on consumers.

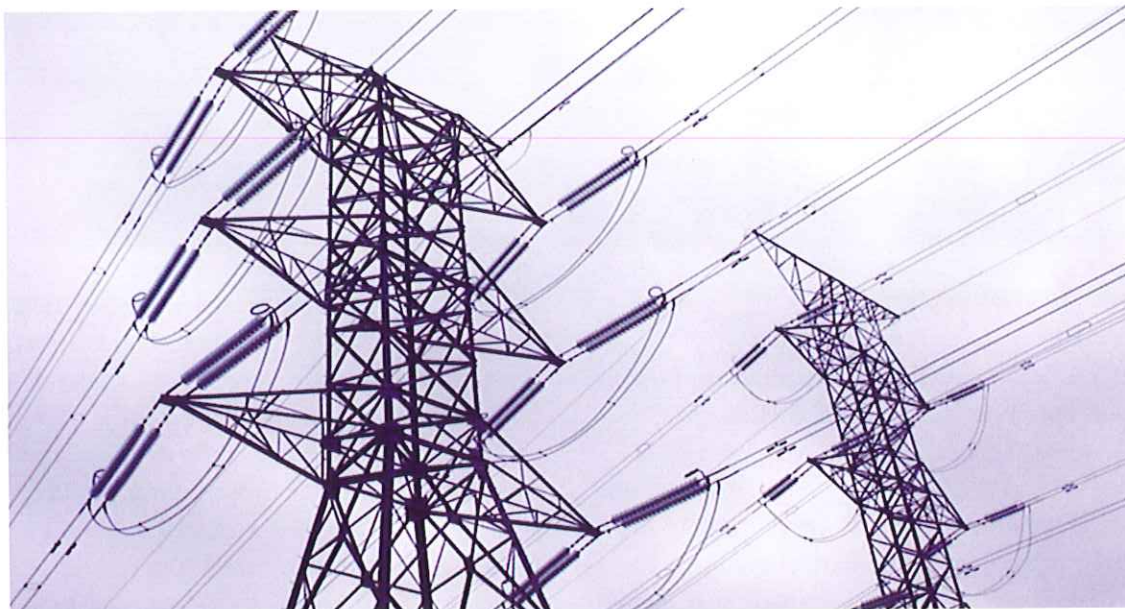
#### 2.6 Meter tampering

Complaints regarding this category placed consumers at fault. The consumer is not aware that the meter that they were using is tampered. However, they also pointed out that the meter had TNB's seal still attached.



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**annual  
REPORT  
2007**



Tempering can only be done by the authorized personnel not the consumer. This category leads to overcharging as well.

### **2.7 Frequent power disruption**

There were also reported cases of frequent power disruption. It is important to resolve reoccurring issues. This is to ensure that consumer satisfaction and daily routines are not interrupted.

## **3.0 What can be done**

- 3.1 The energy Commission should form a consumer consultative body to hear problems faced by energy users. It is high time energy consumers share their views on the infrastructure put in place. The energy sector needs serious public participation.
- 3.2 TNB must decide on a case by case basis in charging landlords who have rented out their premises to their tenants. This can be done by issuing warning letters

to premise occupiers and disconnecting supply to them when outstanding bills are equal to or exceed the amount of deposit paid for connecting supply. Landlords must not be left with the burden of paying the bills of absconding tenants. TNB should disconnect power supply when bills are not paid by tenants on time, instead of letting them accumulate and be burdened to the owner.

# Report 16

## Fitness Clubs

No.	Types of Complaints
1.	Uncertainty of terms
2.	Inexperienced trainers
3.	Misleading advertisements
4.	Misrepresentation by sales agents

### 1.0 Introduction

NCCC has received numerous complaints from members against fitness clubs. In 2007 947 cases were received as compared to 547 cases received for 2006. Essentially the complaints centre mainly on the ambiguity and unclear terms of cancellation in the contract of the membership and also misrepresentation made by the sales department when promoting these programs.

From NCCC's observations, there are serious issues concerning the attitude of the management of these fitness centres. They refuse to admit faults especially when their members complain about services. This leaves no choice for some of the members to cancel their contracts for fear of being sued for breach of contract brought about by the fitness centres.

### 2.0 Consumer Issues

#### 2.1 Uncertainty of terms

The manner in which the membership agreements are drafted out tends to be biased and in favour of the fitness clubs. However consumers are urged to be prudent by reading the terms of the contract carefully. Fitness centers tend to rely on the exclusion clause provided under the contract and normally threaten the members with legal action by issuing a lawyer's notice upon failure to pay up the balance of the annual payments.

Section 17(5) Consumer Protection Act 1999 states that a person can cancel a contract through documentation or verbally. In the event the fitness centre insists that upon cancellation of the contract the member pays the balance sum (for those who paid lump sum payments) members are entitled to claim for the balance for the remaining services in the contract, provided it is done within 14 days of the cancellation.

#### 2.2 Inexperienced trainers

There have been complaints concerning failure by the centres to provide trained trainers for the members. This tantamounts to failure to fulfill the centers' part of the obligation under the contract. Therefore members have the right to terminate the contract and claim for compensation.

#### 2.3 Misleading advertisements

The Consumer Protection Act 1999, Section 13 (1) (a) & (b) states that no person may advertise for the purposes of supplying any product or services with a stipulated price without the intention of providing the services.

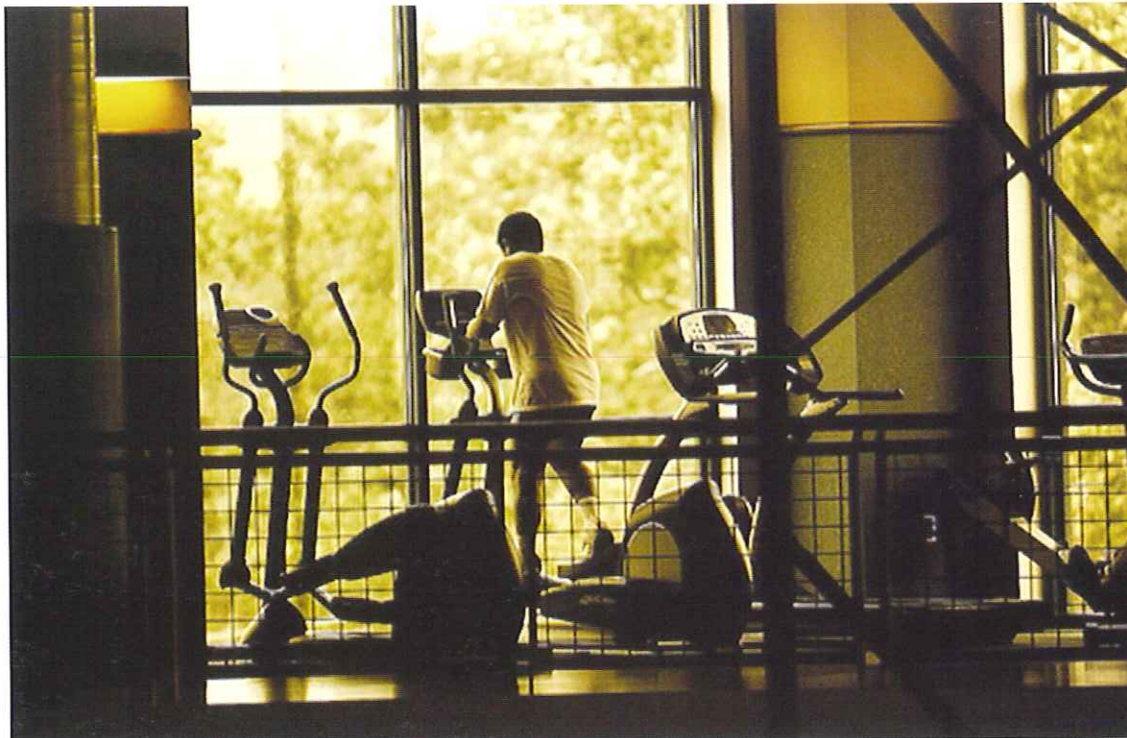
Similarly the Trade Description Act 1972, Section 15A (1) lists down the criteria as to what constitutes false or misleading statements as to services:

1. To make a statement which is known to be false,



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2007



2. Recklessly to make a statement which is false; or
3. To make any statement which is likely to deceive or mislead any person.

Therefore members can take action against the fitness centers to sue for falsely misleading the public as to the services rendered.

#### **2.4 Misrepresentation by sales agents**

Misrepresentation is very common when one wants to obtain an unfair advantage over the other person. This is a common occurrence and happens in many industries in particular the health and fitness clubs. An act of misrepresentation itself is prohibited by law hence when a consumer finds out that there is misrepresentation then the consumer can rely on the provisions available to dispute any facts arising from the conduct of these centres.

### **3.0 What can be done**

- 3.1 The Ministry of Domestic Trade and Consumer Affairs must regulate and monitor fitness clubs to protect the public.
- 3.2 The Ministry of Domestic Trade and Consumer Affairs must introduce proper discussions must be conducted by all parties involved so as to introduce the Unfair Contracts Act as found in United Kingdom to protect rights of consumers.
- 3.3 The public must not be taken in by hyped up advertisements on the services offered by these fitness centres. Although some maybe genuine consumers should be cautious, in choosing the proper fitness centres based on their budget and the facilities offered.



# Report 17

## Pawnbroking

### No. Types of Complaints

1. Auction procedures
2. Unlicensed pawnshops
3. Lost items

### 1.0 Introduction

In 2006, 686 complaints were filed with NCCC. The number of complaints increased to 492 in 2007. The current practice of charging an interest rate of 2% per month or 24% per annum, is very high taking into fact that loans disbursed are more than covered by the value of the collateral.

Pawn shops are governed by the **Pawnbrokers Act 1972 (PA 1972)** which is under the jurisdiction of the Ministry of Housing and Local Government. Basically the Ministry issues licenses to pawn brokers to conduct the business of pawn broking. Many pawnbrokers were openly flouting the law, like failing to buy insurance for items pawned, not sending notices to the owners of the pawned items before auctioning them, and not carrying out the auction exercise as required under the law.

This is not taking into account the operations of unlicensed pawnbrokers. And since many who patronize pawnshops are from the lower income group and not highly educated, they are ignorant of their rights and cannot afford to seek legal redress.

### 2.0 Consumer Issues

#### 2.1 Auction procedures

Proper auction procedures were not being followed by the pawnshop industry. Most of the complaints received through NCCC were



on the auction procedures not being followed where there have been cases where the items that were pawned earlier by the borrowers had in fact been auctioned off without any notice given to the borrowers.

This action by the pawnbrokers is in violation of the Pawnbrokers Act 1972 by virtue of **Section 23(1)(a) and (b)**. The Act basically states that the pawnbroker must inform the borrower by post of the date, time and place of the auction of his pledges. An announcement that an auction will be held must be publicized. The pawnbrokers and borrowers are allowed to buy the articles sold.

Under the Act, the pawnbroker must give sufficient time and notification to the borrower in the event the items have been auctioned for more than the amount borrowed. Similarly under Section 25 (1) of PA 1972, written notice must be sent by way of registered post and it must be done within a week from the time the item was sold.

## 2.2 Unlicensed pawnshops

The issue of unlicensed and illegal pawnshops operating have also been a major concern since many have complained that these illegal pawnshops have been charging an excessive rate for items pawned. There were also cases where goldsmith shops buy pawn tickets from customers despite not being given the license to do so. It is common sense that if a person pawned gold then the loan should complement its market value and not based on the whims and fancies of the pawnbroker. These unlicensed pawnshops often decide on how much to give for a chain worth much more.

## 2.3 Lost items

2007 saw an increase in number of complaints in relation to items pawned in pawnshop which were lost and very little compensation was given to the borrowers. This have caused much hardship to the borrowers since many of these borrowers are from the lower income group and many are not highly educated. This creates an opportunity for the pawnshops to take unfair advantage of these borrowers.

Under **Section 22(3) PA 1972** in the event of items being lost to theft or in the event of a fire, the pawn brokers are only liable to compensate the borrower the amount of the item pawned together an additional sum of 25% of the pawned sum. Complaints have been lodged concerning this situation whereby borrowers argue that the amount of compensation stipulated under the Act has caused severe injustice to the borrower. The reason for this is because the Act does not take into consideration the market value of the item itself. The Pawnbrokers Act of 1972 have been accused of being a pro-pawnbroker legislation.

## 3.0 What can be done

- 3.1 The Ministry of Housing and Local Government must take pro-active steps in reviewing the "rate of profit" and bring it down to a reasonable charge of one per cent per month in line with the banking industry which in turn will lessen the burden of those who seek out the pawnshops as their source of much needed micro-credit. This reduction will be very meaningful especially during these trying times when the cost of living is increasing day by day because of ever rising prices of essential goods and services.
- 3.1 The government must review the present law governing pawnbrokers and start incorporating the Islamic system of pawn broking due to its low interest rates and there must be steps taken to incorporate the conventional system and the Islamic system to make it unified. Under the Al-Murtahin concept for example, borrowers would be paid the current value for any lost or damaged jewellery that the borrowers had pawned.
- 3.2 Steps must also be taken by the government to amend and to include additional legislation especially in protecting the rights of the borrowers many of the whom are from the lower income group. A study conducted by University of Malaya showed that 82.4 per cent of pawnshop borrowers earned less than RM 500 per month, while 61.3 per cent had only primary education.

# Report 18

## Insurance

### No. Types of Complaints

1. Fraud committed by agents
2. Misrepresentation by agents
3. Lack of Professionalism
4. Low surrender value of policies
5. Pressure selling
6. Delay settling claims

### 1.0 Introduction

Services provided by insurance companies are another area which has continued to generate complaints. In 2006, NCCC received 488 complaints and in 2007, 686 complaints. The increase in the number constitutes growing concerns that the service providers are lacking in several areas of the industry. Complaints range from fraud by insurance agents, misrepresentation by agents, lack of professionalism, pressure selling and unreasonable delay in settling insurance claims.

The insurance industry which underwent some changes in the last two decades, saw emerging problems of insolvent insurers, unfair trade practices and inefficient operations as the main catalyst which render growing pressures and criticisms from policyholders against insurance companies

The continued convergence of financial markets, the growing consumers' sophistication of their rights and depressed investment conditions following the current world economic crisis, has resulted in insurance companies undermining the policy holder's rights by resorting to delaying settling insurance claims and practicing unfair claims settlement to the detriment of the policy-holders.

### 2.0 Consumer Issues

#### 2.1 Fraud committed by agents

When a contract have been made between the policy-holder and the insurance company the agent acts with express or implied authority from the insurance company to enter into a contract with the potential policy holder. This is known as the Law of Agency. If there is an element of fraud established against the agent then such agreement resulting from the prescribed contract is deemed to be void.

#### 2.2 Misrepresentation by agents

Cases involve agents making false claims to their clients on the financing of their policies. Agents would promise the clients that if they pay a certain amount of premium for a certain period of time, the policy would automatically finance itself thereon. However, the insurance company still requests for premium beyond the said period and upon checking revealed that the contract was misinterpreted and misrepresented by the agent.

#### 2.3 Lack of professionalism

Complaints concern issues related to the terms or clauses in the contract signed by the policy-holders which are found to be intentionally or negligently drafted leading to ambiguity and giving a negative effect to the insurer /



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**annual  
REPORT  
2007**



policy holders. Insurance agents must adhere to the code of ethics of the insurance industry. Those insurers / policy holders in the rural areas or illiterate policy holders are at a disadvantaged position. According to the **Code of Ethics and Conduct for the Life Insurance Industry**, all life insurance agents must make it clear to their prospective policyholders that they are selling policies, the life insurance company they are representing, and what life insurance products they are selling.

#### **2.4 Low surrender value of policies**

Complaints concern the surrender value of policies which is of low. In Malaysia, a policy must be in force for a minimum period of three years to have some surrender value. The surrender value is less than 10 %. If the life policy is less than three years old then it has no surrender value at all and all the premium paid will be forfeited.

Usually the amount of money that an insurance company pays an insured upon cancellation of a life insurance policy before death is a specific figure assigned to the policy at that particular time, reduced by a charge for administrative expenses.

#### **2.5 Pressure selling**

Unscrupulous insurance agents are known to resort to pressure selling in order to achieve their sales target and increase their income. Instead of promoting the benefits and advantages of insurance, they resort to using various tactics such as incessant telephone calls and relentless marketing pursuits which results in frustration and nuisance to consumers. Under such harassment, some consumers are unwillingly coerced into buying an insurance policy they do not need or duped into signing unfavourable policy terms and agreements. Pressure selling also tantamounts to undue influence with elements of coercion.

#### **2.6 Delay settling claims**

Numerous complaints regarding the delay in processing of the insured's claims has led to many complaints against the agents and the company itself. This reflects the poor quality of service from the insurance sector where some of the claims procedures and unnecessary delays can take up to several years before the policy holder can actually finalize their claims.

### **3.0 What can be done**

- 3.1 Consumers have the right to be compensated for misrepresentation, shoddy goods or unsatisfactory services. Consumers, particularly vulnerable groups such as senior citizens, are facing numerous problems with the insurance industry; and they must be able to channel their complaints and problems through an effective redress mechanism.

3.2 Besides relying on the Financial Mediation Bureau, insurance companies themselves should strive to improve and focus on their customer service to cater for consumer grievances. Complaints should be able to be resolved at the company level without the need to go through mediation bureaus or civil courts.

As insurance is generally a service industry, much attention and priority must be given to satisfy the needs and protect the interests of its customers.

3.3 The Financial Mediation Bureau (FMB) must play a wider role so as to accommodate and protect consumer's interest. As the country's current economy is facing recession, more and more issues will be brought up for the FMB to mediate and with this FMB has to be pro-active in the decision making process.

3.4 With the raise in consumer awareness amongst Malaysians, many are aware of their rights but lack the right information regarding products and services from the insurance industry. The industry players must be able to provide excellent knowledge and services on par with their counterparts from the West for example from Australia and New Zealand. There must not be ambiguous terms and conditions in the policies so as to gain and build up consumer's confidence and protection

3.5 The industry players in the insurance sector must comply with international level the industry standards. Once this is done, customers will have the option to pick the best products and services that the industry has to offer. However, the industry must practice a self-regulatory system to ensure a proper check and balance and instil a high degree of competency.



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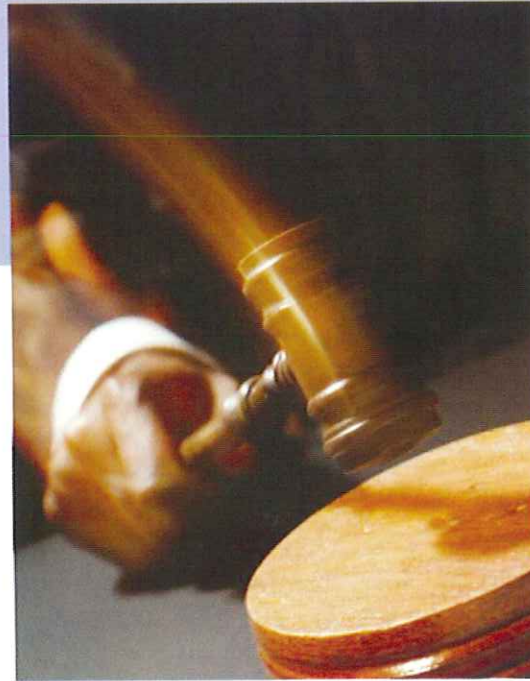
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2007

# Report 19

## Legal Services

### No. Types of Complaints

1. Negligence
2. Delay
3. Excessive fee
4. Touting
5. Contingency fees



## 1.0 Introduction

Services of the legal profession cover a wide spectrum of services rendered to the general Malaysian public. Some of these areas are banking, conveyance, litigation, housing and many more. Generally the legal profession in Malaysia is currently facing too many lawyers resulting in poor standards of service given to the general public. There have been many complaints against lawyers who do not discharge their duties that they owe to their clients. In 2007, NCCC received a total of 646 complaints against the legal profession as compared to 442 in 2006.

## 2.0 Consumer Issues

### 2.1 Negligence

Many believe that legal action must be taken against lawyers for negligence, breach of contract or breach of their fiduciary duty. Many clients are sometimes let down by lawyers who have wrongly advised them or have acted below the standard of reasonable skill and care to have been expected of a professional person from the industry. Due to some poor advice given or due to unforeseen reasons for the occurrence of negligence on the part of lawyers, clients have lost their cases and ended up in paying for

the cost of the other party.

Therefore lawyers in general must adhere to rules and regulations of their profession so as to ensure that the interest of their clients is protected.

### 2.2 Delay

Delay by the lawyers has always been a major problem brought by the public. NCCC's investigations indicate that the issue of delay is largely confined to matters relating to real estate in particular when a person buys a house. The delay is mainly in completion of documentation that results in interest payments being levied against their clients. This is a very serious problem that the Bar Council needs to address.

### 2.3 Excessive fees

**Rule 5 (Interest) Solicitor Remuneration Order 2006 (SRO 2006)** states that the lawyer has the discretion to charge interest at 8 % on



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annual  
REPORT  
2007

his / her disbursement fees.

In determining the fee structure on how much to charge, lawyers must take into account several factors before determining the appropriate amount that is to be charged. These are :

- a) Time, labour and skill required
- b) Difficulty of the question arises
- c) Seniority of the position of the lawyers

This is however not what our lawyers are practising when determining the fees that are to be imposed on to their clients. More must be done by the Bar Council to ensure the public are able to lodge fast and effective complaints with the Disciplinary Board.

#### 2.4 Touting

Touting by lawyers has been in practice for some time although laws governing the conduct of lawyers clearly prohibits such acts. There are sufficient laws but there is a lack of enforcement and the delay in the investigation by the disciplinary committee in investigating claims brought about by the public against such practice. **Section 94 (3) (h) of the Legal Profession Act 1976 (LPA 1976)** clearly states that accepting employment through a tout is considered as a misconduct.

#### 2.5 Contingency fees

In Malaysia, contingency fee is banned by virtue of **Section 112 (1) (b) of The Legal Profession Act 1976**. Therefore any charging of contingency fees is forbidden. Nevertheless such practice is rampant in Malaysia albeit subtly. Contingency fee agreement essentially means;

“An agreement between an attorney and their client, which allows the attorney to be paid only if the client prevails in a lawsuit and collects monetary damages. The lawyer then receives a percentage of the damages, generally 1/3 of the award”.

### 3.0 What can be done

- 2.4 There has to be a stricter check and balance conducted by the Bar Council on the Malaysian Bar in terms of monitoring the level of competency of the lawyers. There must be a continuous system to evaluate the services rendered by these lawyers.
- 2.5 Complaints must be investigated as soon as practicable and action taken to gain the public's confidence on the Malaysian Bar as a whole.
- 2.6 Property transactions should be handled speedily with the consumer interest in mind. Clients who lose money in interest payments due to delay on the part of the lawyers should be able to lodge complaints with the Bar Council.



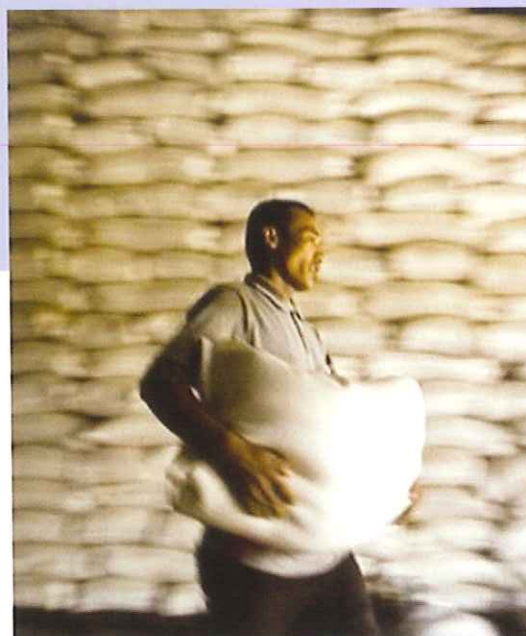
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## Report 20 Food

### No. Types of Complaints

1. Foreign objects found in food
2. Unhygienic Premises
3. Sale of expired food products
4. Food safety cases



### 1.0 Introduction

NCCC has received 664 complaints related to food in 2007 compared to 441 in 2006. Most of the food were purchased from retail outlets namely hypermarkets, grocery shops and also 24 hours convenience stores. The complaints were regarding foreign objects in food (insects and metal parts), expired food products, unhygienic premises, misleading advertisements and lack of information. In Malaysia the primary legislation regulating food is the **Food Act 1983 and Food Regulations 1985**. These laws fall under the jurisdiction of the **Ministry of Health (MOH)**. To ensure that places which deal with food are hygienic, the local authority is also vested with the necessary power to enforce the **Food Act 1983 and Food Regulations 1985**.

### 2.0 Consumer Issues

#### 2.1 Foreign objects found in food

The most common form of complaints are regarding biological matter found in processed food and food served in restaurants. These include slime / mucus in beer, dead lizard in black pepper sauce and malt drink. Dead cockroaches or their residues in soft drink served at pizza outlets and in condensed milk. Others include glass pieces in a loaf of bread.

It must be pointed out that **Section 13 and 13A of the Food Act 1983 (FA 1983)** states that any person found guilty of instances where upon discovery that the food contains substances, which are poisonous, harmful or otherwise injurious to health, the person committing such offence shall be liable to a fine not exceeding RM100,000 or imprisonment not exceeding 10 years or both.

**Section 13A of the Food Act 1983** further makes it an offence to prepare and sell food which is unfit for human consumption. If any such incidence is reported and proved, the proprietor can be fined RM30,000 and or imprisoned for 5 years.

#### 2.2 Unhygienic Premises

**Section 10 of the Food Act 1983** provides that the "director may order food premises or appliances to be put into hygienic and sanitary condition." Similarly **Section 11 of FA 1983** further gives power to the director to close down unsanitary premises.



### 2.3 Sale of expired food products

Complaints concerning the sale of expired food products have been lodged with NCCC and also in the media. **Section 4 ( Part IV ) of the Food Regulations 1985** provides that food products have to carry the expiry date label without which it would be illegal to retail such products. It would also be illegal to retail products where the expiry date had lapsed.

### 2.4 Food safety cases

According to reports from **Food Safety Quality Division (FSQD), Ministry of Health (MOH)**, there were 6,237 cases of food poisoning from January till April 2008 and this is a sharp increase compared to the whole of 2006 which had 6,938 cases reported. If price of food material continues to rise the tendency to compromise on safety measures will also increase. This could lead to an increase in food poisoning and other food safety incidences such as presence of foreign material, use of banned chemicals, sale of expired products, label tampering, reduced cleaning frequencies and so on.

## 3.0 What Can Be Done

- 3.1 Education and effective engagement of all stakeholders in food production and services could assist in addressing lack of awareness on the importance of food safety. In addition legal intervention will play an important role in controlling flaunting of food safety standards. But in order to do that the standards must be made mandatory.
- 3.2 **Food Safety and Quality Division** must immediately adopt and impose strict standards and enforce them

industry wide, require extended responsibility of producers to control and ensure safety of food in the supply chain and to make data on food poisoning cases readily available to stakeholders and that includes consumers and adopt mass catering standards (based on CODEX) as mandatory to be used by all restaurants, canteen operators and food caterers.

- 3.3 Amend the **Food Act 1983 and Food Regulations 1985** to spell out mandatory compliance with **Good Manufacturing Practice (GMP)** and **Hazard Analysis of Critical Control Points (HACCP)** standards for the manufacturing, sales, distribution and retail operations of food especially sensitive products such as products from animal source: milk, egg, meat, poultry, fish etc for sensitive groups (children, infants, the elderly etc) and require pre-requisite for certification bodies (including MOH) and the relevant laboratories to be accredited by the **Department of Standards Malaysia**.

# Report 21

## Travel & Tour Agencies

No.	Types of Complaints
1.	Last minute cancellation
2.	Hidden Charges
3.	False Advertisement
4.	Untrained tour operators

### 1.0 Introduction

In 2007 NCCC received a total of 587 complaints against these agencies as compared to only 382 cases for the year 2006. The dramatic increase in the number of cases shows that many of these agencies do not adhere to ethical business practices since a majority of complaints that NCCC has received is on the issues of last minute cancellation by the tour and travel agencies. Among the types of complaints concerning travel and tour agencies are last minute cancellation by the travel agencies, hidden charges, untrained tour operators and false advertisements.

### 2.0 Consumer Issues

#### 2.1 Last minute cancellation

There is a growing tendency by these travel and tour agencies to cancel at the last minute itinerary before departure. The most common excuse provided by the agencies is the insufficient number of participants and usually consumers tend to put up with these antics.

#### 2.2 Hidden charges

Hidden charges arise when the travel agency does not stipulate the full terms and conditions at the on-set of the agreement between the consumer and the agency. Normally the travel and tour agency does not

indicate to the consumer the total charges until the very last minute. This creates a burden on the consumer who will need an additional sum of money for the package.

**Part 2 of Consumer Protection Act 1999** provides that no person shall make false representation with regards to any characteristics of product or services with the intention to deceive the public.

#### 2.3 False advertisements

False advertisements and misinformation as to the package price is a serious offence which is still being practiced by a number of travel and tour agencies operating in Malaysia. Often consumers are at the losing end and these agencies make a hefty profit by misleading the general public. Usually these problems arise during the travel and tour fairs such as MATTA fairs.

The **Malaysian Code of Advertising Practice (MCAP)** seeks to ensure that all advertisements are legal, decent, honest and truthful. Complaints can be made to the Advertising Standards Authority of Malaysia. If an advertisement contravenes the code, the authorities can stop the continuation of the advertisement.

**Section 12(1)(a)&(b) (False Representation as to Price) of the Consumer Protection Act 1999** states that a person has committed an offence with regards to providing false description of a particular price on product or service and



NCCC

annual  
REPORT  
2007

failure to take reasonable steps to inform the consumer of such confusion on the pricing of products or services.

Similarly **Section 18 of Consumer Protection Act 1999** deals with liabilities of a particular advertisement being advertised. This provision deals with the extent to which the advertisement can be concluded as concrete proof if found that it has misled the public as to the characteristic of the product or services.

The **Trade Description Act of 1972 (TDA)** in particular **Section 15A** provides that it is an offence for any person in the course of any trade to make a statement which is known to be false and recklessly make such a statement which is likely to deceive or mislead a person of any services.

### 2.4 Untrained tour operators

Many complaints also centre on assigned tour operators who are not fully informed or able to provide information of a particular destination. Consumers complain that they are not getting value for the amount paid for services provided by these travel and tour operators.

Under **Section 21 of the Tourism Industry Act 1992 (TIA 1992)** provides that anyone who impersonates as a tourist guide is guilty of an offence whereby it is punishable with a fine not exceeding RM 7,000 or imprisonment for a period not more than 2 (two) years.

### 3.0 What Can Be Done

3.1 It is imperative that the **Ministry of Tourism** ensures stricter checks on the tourism industry in particular with the travel and tour agencies. Particular



importance must be given to the provisions found under **Section 15(2)(c) 1992** which states that tour operators who are licensed must give details of their business activities specifically in relations to charges imposed.

- 3.2 Serious thought has to be given to drafting the terms of contract. The reason for this is to ensure that when a particular consumer enters into a contract with these tour agencies, he or she is not cheated in the event something goes wrong. Good business ethics must be practiced at all levels and a standard contract must be introduced to all travel and tour agencies currently operating in Malaysia.
- 3.3 Stricter action must be taken to ensure these tour agencies do not flout the law and punitive measures must be enforced. All complaints forwarded by the general public against these travel and tour agencies must be taken seriously in preserving the integrity of consumer rights.
- 3.4 Licensed travel and tour operators periodically must provide details of business activities carried out by them including the charges for and the terms and conditions of such activities. This is provided under **Section 15(2)(C) of the Tourism Industry Act 1992**.
- 3.5 The **Malaysian Association of Tour and Travel Agents (MATTA)** should make sure that their members comply with the code of ethics of the industry. It is important that members conduct their business ethically.

# Report 22

## Water Supply Services

### No. Types of Complaints

1. Back dated bills
2. Bill for underground leakage
3. Water bill for unoccupied premises
4. Polluted water
5. Defects on road due to water repairs works
6. Water disruption
7. Reconnection fee

## 1.0 Introduction

In 2007 there were a total of 546 complaints as opposed to 350 complaints for the year 2006. A wide range of complaints such as dispute on bills, polluted water (coloured or smelly water), defects on road due to water repair works, high frequency of water disruption, back dated water bills, water interruption without proper notice, bill for underground leakage, dispute over reconnection fees, and water bills for unoccupied premises were reported. Complaints increased by 24.4 percent. The majority of complaints originated from the Klang Valley

## 2.0 Consumer Issues

### Dispute on bills

#### 2.1 Back dated bills

Back dating bills has been a method used to collect water charges from previous owners who failed to pay. Many complainants who are new house owners or tenants are burdened due to failure on the service provider's part.

#### 2.2 Bill for underground leakage

Underground pipe leakage is difficult to detect until the consumer receives his or her bill. Many reasons can be seen as the source



but consumers end up paying the bills. This is because the service provider claim that pipes connecting after the water meter do not fall under their jurisdiction.

There should be a mechanism for warning from the service provider if the consumer's monthly bill is higher than the average water bill received.

#### 2.3 Water bills for unoccupied premises

The service contract states that a minimum payment for monthly bill applies. However, charges for unoccupied premises pile up if the premise is unoccupied. The service provider could send a notice or call the owner to disconnect the water connection.

#### 2.4 Polluted water (coloured water)

All water operators are obliged to ensure that



NCCC

annual  
REPORT  
2007

safe and clean water is supplied to all consumers. Failure to do so resulting drinking water contamination. There are complaints that water has clay smell and many others have complained about the murky colour of the water. This forces consumers to buy water filters.

### 2.5 Defects on road due to water repair works

The current traffic conditions in many city and town centres as well as in housing estates are in dire state. To add to the frustration, water pipes repairing contractors or operators do not resurface the work properly. This leads to uncomfortable driving and may lead to accidents.

### 2.6 Water disruption

#### High frequency water disruption

Complaints regarding frequent disruptions reflect repetition of similar problems. The water service company should consider the effect of such disconnections on the consumers. Permanent solution should be sought to ensure consumer satisfaction.

#### Water disruption without proper notice

Water disruption without notice will cause more dissatisfaction from consumers. All efforts must be made to ensure that the consumers are informed of the water disruption. Emails and Short Messaging Services(SMS) can be used to disseminate the information.

### 2.7 Reconnection fees

As disconnection is the method used to collect overdue bills, the water service operators should refrain from charging reconnection fees. The question raised by consumers is,

“How can disconnection process cost RM 50?”. If that is the mechanism there should be charges for it

## 3.0 What Can Be Done

- 3.3 Some of the cases are operational matters for the service provider. There is lack of information from service providers on the number of complaints directly dealt by them. Standard Operating Procedure and Safety Plans must be put in place to regulate the water services industry.
- 3.4 National Water Services Commission (SPAN) as a regulatory body has the rights to resolve certain issues. These can be done by introducing “Consumer Standard” which outlines roles and responsibilities of both consumer and service provider. Achievement by industries according to the standard can be made as one of the bench marks.
- 3.5 A high water bill is a constant complaint from consumers. While it is important to use pricing of water to prevent water wastage, the management company should at the same time reduce ‘non revenue water’ namely water which is lost to leakage and theft. This, the company has failed to do, but terms in the privatization agreement allow it to increase the price of water every 3-5 years. Monitoring, enforcement and prosecution should also be a function of the water management company.
- 3.6 Non-quality or non-potable water supply should be totally avoided. All drinking water supply companies must ensure they supply safe and clean water for consumers according to the Drinking Water Quality Standards under the Ministry of Health.

## Report 23

# Satellite Television

### No. Types of Complaints

1. Pricing and billing of services
2. Frequency of advertisement
3. Repetitive programs
4. Service disruption during rain
5. Bad customer service
6. Quality of programs shown
7. Non delivery of ASTRO magazines

## 1.0 Introduction

NCCC received 407 complaints on satellite television service in 2007 compared to 331 complaints in 2006. The increase shows that there is weakness in customer service level and quality of services rendered by the service provider.

The types of complaints received in 2007 are similar in nature to those reported in 2006. Among the problems are pricing and billing of service, frequency of advertisements, repetitive programs, service disruption during rain, unsatisfactory customer service, unsatisfactory quality of programs and non-delivery of ASTRO magazines.

## 2.0 Consumer Issues

### 2.1 Pricing and billing of services

ASTRO has revised and increased the prices of program packages frequently and drastically. This is a major cause for complaints from ASTRO subscribers. The increase in price of these program packages seems not to justify the service and the quality of content provided by ASTRO. Another major complaint received is disputes over the billing mechanism whereby there have been cases of overcharging the subscribers.

### 2.2 Frequency of advertisement

The issue of frequent advertisements shown has hampered subscribers' enjoyment of their favourite programs. Subscribers are paying premium subscription fees expect interference free entertainment. Many of these advertisements reportedly last for more than 10 minutes thus making the duration of most of the programs short.

### 2.3 Repetitive programs

Subscribers often lament that while the programs are repeated often, the programs are also old and not up to date and current in terms of airing the latest shows available.

### 2.4 Service disruption during rain

Frequent service interruption during rain according to the service providers is because the satellite dish is sensitive to rain thus disabling the service temporarily. Service providers must invest in improving the technology of their service.

### 2.5 Bad customer service

Complaints also center on bad customer service that the subscriber has to endure whenever the subscriber calls in for the purposes of enquiries or to lodge complaints. Instead of explaining to their customers, the

subscribers were at times given poor customer service. Many complained of rude service or were given wrong advice. Some also complained that the customer service personnel are not fluent in English or Bahasa Malaysia, resulting in unsatisfactory services. Customer service telephone numbers are engaged for long periods causing frustration to those calling them.

### 2.5 Quality of programs shown

The quality of programs shown by the satellite service provider often creates an impression that the service provider does not meet the expectation of the subscribers on the quality of programs offered as some of the programs shown contain extensive advertisements, repetitive advertisements or too many phone-in calls.

Another complaint on the types of programs shown on ASTRO is the call-in or Short Messaging System (SMS) based contests whereby viewers are urged to watch the programs and call in or text message to claim for prizes on the programs. Many called in to participate but were later told that the time period for the contest had ended (as the call-in is valid only during the live show but not during the repeat of the program). Some complained on the non-existence of some of the prizes offered indicating the element of false advertising and deceptive contents.

In relation to the element of "false content", Communications and Multimedia Content Forum of Malaysia' Content Code (CMCF) - Part 2 on the Guidelines on Content; 7.0 (False Content) states that, contents that are false and misleading are against the law and that the service providers must adhere to these regulations.



### 2.6 Non delivery of ASTRO magazines

The problems of non delivery of the magazines despite paying the monthly fees are among the grouses of the subscribers. Often the delivery is not prompt and in some cases no delivery was made at all by the service provider.

### 3.0 What Can Be Done

- 3.1 ASTRO has to continuously get feedback from their customers and act on the complaints so as to improve their service and gain the trust of their customers. There has to be active participation from ASTRO to attend immediately to complaints forwarded to them.
- 3.1 The business of satellite broadcasting is currently monopolized by ASTRO apart from MiTV although they do not have much broadbase clientele as ASTRO. ASTRO being in such a dominant force in the industry, cannot afford to be ignorant about customer's grouses because it is the same people who will determine the success or failure of a particular industry. Hence the satellite broadcasting industry has to be opened up to other newcomers so as to provide better varieties and facilities for the public.



**NCCC**

**annual  
REPORT  
2007**

**Annexure 1**  
**Complaint  
Form**





**PUSAT KHIDMAT ADUAN PENGGUNA NASIONAL**  
**NATIONAL CONSUMER COMPLAINTS CENTRE**

833117 P

*Sila catatkan rujukan apabila berhubung*

**ADIL, MUDAH & EFISYEN / FAIR, EASY & EFISYEN**

No. Ruj: NCCC / \_\_\_\_\_ / \_\_\_\_\_

Butir-butir Pengadu

Nama \_\_\_\_\_

No. Kad Pengenalan \_\_\_\_\_

No. Pasport \_\_\_\_\_

Telefon \_\_\_\_\_

Faks \_\_\_\_\_

E-mail \_\_\_\_\_

Alamat \_\_\_\_\_

Bandar \_\_\_\_\_

Pos Kod \_\_\_\_\_

Negeri \_\_\_\_\_

Aduan Terhadap

Nama Syarikat/Agensi \_\_\_\_\_

Alamat Syarikat/Agensi \_\_\_\_\_

Bandar \_\_\_\_\_

Pos Kod \_\_\_\_\_

Negeri \_\_\_\_\_

Telefon \_\_\_\_\_

Faks \_\_\_\_\_

E-mail \_\_\_\_\_

Pegawai Perhubungan \_\_\_\_\_

No. Tel. Bimbit \_\_\_\_\_

Industri \_\_\_\_\_

Kod kategori

Kod Sub-kategori

Keterangan ADUAN : \_\_\_\_\_

*Sila gunakan muka belakang 0 lampiran untuk rungan tambahan*

**UNTUK KEGUNAAN PEJABAT**

Tindakan \_\_\_\_\_

Status Aduan \_\_\_\_\_

Catatan \_\_\_\_\_

Pegawai Aduan \_\_\_\_\_

Tarikh Aduan \_\_\_\_\_



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