

Consumer Complaints Highest in 5 Years **Growing Online Shopping Compounding Consumer Rights Issues**

The year 2014 saw consumer complaints brought to the Consumer Council rising to a 5-year high of 31,048 cases, a marginal increase of 3% over the preceding year 2013.

The enforcement of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance since July 2013 has brought with it not only increased public awareness but also a corresponding rise in consumer complaints involving unfair trade practices.

Complaints concerning goods recorded also a 3-year high of 14,911 cases, up 10% over the previous year, while services-related complaints remained stable at about the same previous level at 16,137 cases.

The upsurge in goods-related complaints was attributed mainly to the big public scramble in pre-order sales for the latest smartphone model during the year. The growing prevalence of online shopping has also given rise continually to emerging issues of consumer rights protection and the imperative to address these issues.

The Top 5 Complaints

The year's top 5 complaints, out of some 50 categories of goods and services, accounted for nearly half (49%) of overall consumer complaints –15,217 cases in total.

Telecom services continued the unenviable position since 2000, despite a 7% drop this year over 2013, as the most complained category with 5,953 cases, representing 37% of all services-related complaints. But in fairness, complaints against telecom services have declined in recent years. Prior to 2007, the annual complaints against the sector reached over 10,000 cases (10,382 cases in 2007) but have since dropped to under 6,000 cases – 6,658 cases in 2012, 6,410 cases in 2013 and 5,953 cases in 2014.

Nearly 80% of the complaints concerned services involving mobile phones (2,265 cases up 5%), the internet (1,218 cases down 34%), and mobile

data transmission (1,213 cases up 37%); some 60% of the complaints were due to disputes over price and fees and charges (3,566 cases down 2%).

Telecom equipment came second with a hefty rise of 77% over 2013, from 2,371 to 4,195 complaint cases. Mobile phones took a lion's share with 4,013 cases, among them 58% (2,361 cases) were related to pre-order sales of a new smartphone in hot demand.

The nature of the complaints was mainly about sales tactics 1,694 cases (up 480%); late/non-delivery/loss 1,048 cases (up 752%) - together they accounted for 65% of all complaints in this category of goods.

Among the complaints in relation to the pre-order sales of the smartphone in question 1,393 cases involved sales practices and 912 cases late/non-delivery/loss.

The Council is of the view that the conditions of pre-order sales online by individual telecom service providers were less than fair to consumers. The Council has called on the traders concerned to adopt T&C that are more fair and reasonable to consumers and, furthermore, to implement a mechanism for "payment on delivery" and full refund in such transactions.

Following third in the top 5 complaints were travel matters - 1,879 cases up 28%. Airline services and air tickets drew, respectively, 677 cases (up 81%) and 603 cases (up 26%). Of particular concern is that among these 1,280 cases some 60% involved budget airlines with 764 cases (up 140%). Complaints were mostly about disputes and flight delay, rising fourfold (416%) to 356 cases.

Increasingly budget airline services are much in demand by the general public. In offering tickets at low prices, budget airlines should also review their overall services for improvement to their online booking system, improvement to booking policies, flight cancellation arrangements, etc.

Electrical appliances came a close fourth (1,720 cases up 6%) and foods and entertainment services fifth (1,470 cases up 4%).

Online Shopping – the Trend and Issues

With growing popularity of online shopping, complaints against online purchases reached 5,442 cases, an increase of 70% over 2013, involving over \$20 million. Most complaints stemmed from purchases of telecom equipment and services (2,384 cases up 595%) followed by online air tickets and accommodation (1,051 cases up 61%). Other internet shopping complaints of notable increases included purchase for infant products up 156% and

storage and courier service up 70%.

Although the proportion of internet shopping complaints was only about 18% of overall consumer complaints, the Council believes that as more and more people use online shopping covering a growing diversity of goods and services, consumers need to be vigilant of the terms and conditions of the offers, their rights, and issues of damage claims. The traders, on the other hand, are urged to build a sound online shopping mechanism and a fair transaction platform to boost consumer confidence.

Tourists' Complaints

Amidst a robust tourism industry in Hong Kong, the Council received last year a total of 2,733 tourists' complaint cases, a slight drop of 4%. Mainland tourists continued to be in the overwhelming majority with 2,227 cases, albeit a 3% reduction over 2013.

The more common tourists' complaints were related to photographic equipment and watches, both dropped by 40% and 25% respectively. But sharp increases were recorded for bird's nest and dried seafood, and ginseng and Chinese herbs – 154 cases up 542% and 274 cases up 65% respectively. Most were against sales practices – 1,114 cases representing 40% of all tourists' complaints – and involved a sum of over \$7 million, a 59% increase.

Mainland tourists' complaints involved purchases mainly of medicines or health food products – 307 cases.

Looking Back and Ahead

The year 2014 was the 40th Anniversary of the establishment of the Consumer Council. With the theme of "Enlighten Collaborate Explore", the Council has launched a series of activities, notably, the first-ever Consumer Rights Protection Symposium between China, Hong Kong, Taiwan and Macau and a celebratory cocktail reception in April; the production in collaboration with RTHK of a TV series entitled Metropolitan Consumers; sponsorship of a grand prize of the Hong Kong Mobile Movies Festival, and the current roving comics exhibition depicting in a lively manner the experience and achievements of consumer protection over the past four decades.

Through special funding subsidies, the Council was able to undertake indepth study on trade practices and market competition. Towards the end of the year under review, it released the report on the Sales of First-hand Residential Properties with the observation that many of the undesirable sale practices continued to exist in the market one year after the Residential

Properties (First-hand Sales) Ordinance came into effect, and put forward a package of 8 major recommendations designed to strengthen the present regulatory oversight and consumer protection.

In December, the Council released its report on the Hong Kong electricity market. Drawing extensive reference to international experience in electricity market reform, the study examined the issues and challenges facing Hong Kong in the long-term development of its electricity market with policy-direction recommendations to the Government for the way forward.

CHOICE, the monthly publication of the Council in advocacy of consumer rights and wise rational choice. For the July issue, sales reached more than 26,000 copies exceeding the average monthly sales by some 25%. At the annual Hong Kong Book Fair, the Council's booth drew over 2,100 new CHOICE subscribers, a new subscription record in its 8-year participation at the book fair.

In the year under review, CHOICE published a total of 48 test reports, 25 survey reports and 24 research reports.

During the year, the Council named on two occasions two shops for engaging in malpractices, including a travel membership company (Carefree) which enticed customers with free hotel accommodation, and an online trader birth.hk in the sales of baby products. The publicity sanction aims to deter others from following suit and, at the same time, alert consumers to be always on guard for their rights.

The Consumer Legal Action Fund, established in 1994 with the aim of offering legal and financial assistance, assisted an aggrieved consumer to file judicial litigation in the court with the result a \$100,000 time-sharing contract which he signed under duress of undesirable trade practices was revoked and refund of more than \$30,000 recovered.

Looking ahead for the coming year, the Council will continue its efforts to protect consumer rights, and promote fair and transparent market environment. Trade practice issues will continue to be the Council's research focus, for example, the just released study on auto-fuel prices. The Council will also through enhancement of its web expand its use of the new media, to keep in close touch with the consumers and disseminate much needed information on consumer issues.

Digitalisation technology makes possible for consumers to shop swiftly and conveniently on the internet. But excessive consumption wasteful of the precious resources of our planet is becoming more and more a matter of grave concern. In the year ahead, the Council will embark on a new programme of research and activities to promote sustainability consumer culture. In

protecting consumer rights, consumers should be mindful also of the importance of their consumption impact and issues of social responsibility and ethics, in a concerted effort in contribution to the sustainable development of the society.

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