

The Competition & Consumer Commission of Singapore issues Guidelines on Price Transparency: Another milestone in consumer protection

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At a glance:

- E-commerce, consumer-facing and other B2C companies to take note of requirements for transparency on pricing
- Guidance on certain prohibited pricing issue
- The Guidelines on Price Transparency address four key pricing practices – drip pricing, price comparison, discounts, and use of the term “free”.

Introduction

If you are managing or working in marketing or consumer-facing messaging on pricing or promotions, and whether you are an e-commerce company or a physical store retail business, it is important to implement safeguards to ensure transparent pricing in all your consumer messaging.

On 7 September 2020, the Competition and Consumer Commission of Singapore (“**CCCS**”) issued the Guidelines on Price Transparency (the “**Guidelines**”) to guide suppliers who engage in consumer transactions both online and offline in their display and advertisement of prices to avoid infringing the Consumer Protection (Fair Trading) Act (“**CPFTA**”). The Guidelines will come into effect on 1 November 2020.

Legislative Background

By way of a brief overview of the legislation surrounding the issue of price transparency, it should be noted that:

- under section 4 of the CPFTA, it is an unfair practice for a supplier –
 - (a) to do or say anything, or omit to do or say anything, if as a result a consumer might reasonably be deceived or misled;
 - (b) to make a false claim; or
 - (c) to take advantage of a consumer if the supplier knows or ought reasonably to know that the consumer is not in a position to protect his or her own interests or is not reasonably able to understand the transaction or any matter related to it; and
- 27 specific unfair practices have been listed under the Second Schedule to the CPFTA, some of which relate specifically to price transparency.

Ensuring Price Transparency

The Guidelines seek to clarify the manner in which the CCCS would interpret the CPFTA in relation to pricing practices, and in particular – drip pricing, price comparisons, discounts, and use of the term “free”.

(a) Drip Pricing

“Drip pricing” refers to the practice of advertising a product or service at a lower display price than the final price that a consumer would pay, and is usually a consequence of suppliers only disclosing additional mandatory fees at the payment stage.

Where drip pricing could potentially mislead consumers into thinking that a product or service is cheaper than it really is, the Guidelines state that suppliers should ensure that any mandatory charges (e.g. taxes, service fees, etc.) are included in the total advertised price.

(b) Pricing comparison

Suppliers that make price comparisons with competitors to indicate a price advantage must take precautions against making false or misleading representations of such comparisons.

In this regard, the Guidelines state that suppliers should conduct their own research and compare only prices of goods or services that are accepted to be similar or equivalent by consumers or trade norms.

(c) Discounts

Where a supplier offers a discount on a product or service or makes a comparison with a previous price (e.g. strikethrough pricing) to represent a price benefit, precautions must be taken against making false or misleading representations in relation to the prices being compared.

In particular, suppliers should ensure the discount offered is genuine and provide a valid basis for the discount or comparison, such that consumers are not misled by the savings they may achieve.

(d) Use of the Term “Free”

Finally, in ensuring that any representation that the price is \$0 or “free” is not false or misleading, the Guidelines states that suppliers should unambiguously and prominently articulate any qualifiers, terms and conditions, and deferred charges along with the with the “free” representation.

Conclusion

The Guidelines provide a handy guide for what suppliers should and should not do. However, suppliers should always exercise caution when reviewing whether a trade practice infringes the Guidelines or the CPFTA.

The Guidelines on Price Transparency may be found on CCCS’ website [here](#). In addition, read [here](#) for the unfair practices listed under the Second Schedule to the CPFTA.

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