

**KUALA LUMPUR:** Fancy staying in five-star resorts in a time-sharing deal that promises the sky for a pittance? You may, but check the fine print first. The five-star hotel you were promised may no exist or may fall well below expectations. Statistics provided by the National Consumer Complaints Centre (NCCC) and the Consumer Claims Tribunal prove that scores of Malaysians are still falling prey to promises of great holiday for song.

"Malaysians are so easily fooled," said NCCC manager Darshan Singh. "If you just promise them something cheap or offer a gift with a package, they will immediately sign up." The NCCC received 200 complaints last year. In the first four months of this year, 155 cases were recorded. This year's figures are expected to exceed that of last year. The tribunal heard 189 cases involving time-sharing membership packages last year, a 41 per cent increase over the 134 heard in 2004 and 51 per cent over the 125 in 2003. Darshan said the main complaint was the promise of five-star resorts that were not met, and easy booking of holidays that did not materialise. He said some of the five-star hotels promised in the sales pitch did not exist, and rooms offered were sometimes sub-standard. Some have also been offered free holidays over and above the package, which turned out to be non-existent. Darshan said it was no use paying thousands of ringgit and not being able to use rooms at a convenient time. He said for sales agents and telemarketers, the high commission was an incentive to push for sales. The agents and telemarketers are also paid a salary. "They generally don't care how they sell their packages as long as they receive their commission. Throughout the sales pitch, there will be misrepresentation and the consumers will be pressured to sign up. "When the consumers complain to the time-sharing companies, they will claim that it is not them but the sales agent who has promised the incentives. "Or they will say that the sales agent has been fired as there are many complaints against him." Darshan said the most important facet of the Direct Sales Act 1993 was the 10-day cooling-off period which consumers were not informed about. "When the consumer realises he has made a mistake and wants to cancel the transaction within the cooling-off period, delaying tactics such as offering further incentives will be used. "When the 10 days have passed, the deposit is burnt and the incentives offered are found to be non-existent, and what you're left with is the original package you have signed up for." Most of the companies are legal but the tactics used do not conform with the Act. "If you can't regulate direct-selling, then just ban it. Time-sharing and scratch- and-win are but two of the problems that come under this Act." Some companies have come up with loans from financial institutions for customers. "So all the customer has to do is pay the deposit. These loans come with high interest rates and sometimes last up to 30 years." Companies offering to resell memberships are another problem. For a minimum payment of RM2,000, these companies offer to resell the membership, failing which the money is supposed to be returned to the customer. But when the time for a refund draws near, the company closes shop or uses delaying tactics and the consumer gets his money back much later or never at all. One time-sharing company, Darshan said, had also inserted a clause in its agreement excluding time-sharing from the tribunal's jurisdiction. Malaysian Holiday Time-share Developers' Federation chairman Khor Poh Waa said the Companies Act and Policy Guidelines issued by the Companies Commission of Malaysia regulated the time-share industry. "We are also governed by the Direct Sales Act by the way we sell, for example, roadshows and telemarketing. "However, the difference is that money

## New Straits Times - Promises that fell short

Written by Administrator

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collected under any time-share transactions have to be deposited with a trustee," he said.<br /><br />"The time-share company will only be allowed to seek reimbursement from the trustee 10 days after the deal is concluded and after other conditions are met."</p><p align="right"><img alt="mosimage" data-bbox="67 145 100 160" style="float: right; width: 30px; height: 15px; border: 1px solid black; background-color: #ccc; margin-bottom: 5px;"/></p><p>◆ However, Domestic Trade and Consumer Affairs Ministry director-general of enforcement Mohd Roslan Mahyuddin said Section 1(4) of the Direct Sales Act 1993 provided that the Act prevailed over the Companies Act in the event of a conflict.<br /><br />The Act, he said, also provided that a deposit could only be collected after 72 hours from the time of transaction.<br /><br />"That is only done if the consumer wants the product fast. Otherwise, there should not be any exchange of goods or money within the 10-day cooling-off period.<br /><br />"This is to provide consumers the opportunity to reconsider."<br /><br />Consumer Claims Tribunal chairman Rungit Singh said membership resale companies were also a problem.<br /><br />"Cases have been regularly filed on this. Most of these companies have closed down by the time the matter reached the tribunal.<br /><br />"It is not possible to serve the statement of claim on the company as per the tribunal's regulations."</p><p> </p>