2009/04/04 By : Veena Babulal
PETALING JAYA: Banks are closing an eye to the misdeeds of merchants at the expense of millions of credit card users nationwide. National Consumer Complaints Centre chief executive officer Muhammad Shaani Abdullah claimed banks were hounding card holders and siding with businesses which subscribed to their services, regardless of the latter's fraudulent marketing methods. More than 500 complaints received by the centre yearly in 2007 and last year were lodged against banks, based on its "plastic" services and in almost 80 per cent of the complaints, there was evidence that banks allowed merchants to gain the upper hand. A total of 510 and 600 of these complaints were lodged with the NCCC in 2007 and last year respectively. "Credit card users are force-sold goods and services but when they decide to cancel the purchase, banks refuse to do so because they have entered into written agreements with these companies," said Shaani here yesterday. He estimated that 100 complaints about this problem were lodged in 2007 while 300 complaints were lodged last year. The number of reports lodged against beauty and fitness outfits had also increased from 20 per cent to 50 per cent of the total number of complaints in the same period. Shaani also pointed out the coincidence that consumers only seemed to get SMS on "hot deals" after signing up for a card. "The modus operandi is the same. Card users would be promoted a free spa, time share packages or such by some establishments and when they reach there, they would be forced to subscribe for the service for a year or two," he said. Shaani also added that most who bought into the gimmick claimed that no packages were available upon arrival. And besides being given cryptic omens about their health and so forth, they were also persuaded to buy products as there were bouncers present. "We have been calling the authorities to clamp down on this unfair practice for a long time. Even though Bank Negara and the Domestic Trade and Consumer Affairs Ministry met and discussed a proposal two months ago to empower banks to withold transactions once card users retract purchases, until now there's been no word from them," he said. Shaani added that for the first three months of the year, there were already some 50 complaints against banks refusing to cancel such transactions. Meanwhile, he said banks were increasingly allowing credit cards to be used for long term debts such as down payments on homes, investment schemes, gym memberships, time share packages, medical plans and other subscriptions that stretch over a year or two to pay and cost thousands of ringgit. He also pointed out that many fitness centres swiped cards for membership fees for branches which had either closed down or had yet to open. Packages also cite promotions applicable for cardholders from certain banks only. Last year alone there were 50 of the 125 reports on fitness centres named. Besides that, the NCCC also received 80 credit card reports on gyms and fitness centres in 2007 alone, some of which had shutdown altogether but banks continued to bill card holders. "Despite being informed, banks are still billing and sending legal notices to members of these phantom gyms. Why should the onus be on the consumer to prove that the establishment was up and running. Shouldn't the banks investigate a company or individual agreeing to be their service provider? "The crux of all these issues is why should banks care when they are getting a service charge of two to three per cent as well as interest on subsequent late payment? "Why should the institution cancel one's debt when they can continue receiving money from a person?" asked Shaani. <hr

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The choice is yours, but don't be fleeced WHILE it makes good consumer sense to gather and share information online, it makes good sense for the consumer to be wary. Since anyone using the Internet can become an influencer, there is also the possibility of brand owners exploiting the channels, says Muhammad Shaani Abdullah, chief executive of the National Consumer Complaints Centre (NCCC) . "With the new media, it is easy to convince others to believe something which may or may not be true. "Therefore, consumers must exercise caution and be alert whether materials posted on online channels are credible." Going online to seek information and share their knowledge with other users of products and services is good consumer practice, says Paul Selvaraj, chief executive officer of Consumer Research and Resource Centre.
The Web provides a platform for consumers to take on a more active and creative role in consumerism. Selvaraj feels people trusting a stranger's recommendation online is not necessarily bad. Rather than believing in strangers, he says, consumers are trusting experienced users who are stating their views without any agenda, he says. Nonetheless, Selvaraj also cautions Internet users not to take everything they read and see online as the absolute truth "It is always good that people refer to consumer watchdog groups which take on a neutral stand. This can be good reference point for consumers. "Online magazines like Choice, which provides unbiased trusted information, can be a good referral point." As information is shared on a global scale, consumers can easily learn about a product from someone across the globe even before the product comes to their country. "They then become more aware of the quality of the product." With products and services coming under a higher level of scrutiny, Selvaraj says companies and brand owners have to be more transparent and honest in their advertising.
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