

Scratch-and-win schemes: Number of people cheated alarming

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KUALA LUMPUR: The end is near for scratch-and-win schemes. The Domestic Trade and Consumer Affairs Ministry wants to ban it. Minister Datuk Mohd Shafie Apdal said most scratch-and-win transactions were scams and were of no benefit to the people.

"I have instructed my officers to look into the legality of banning it. They have to look into it from the legal, implementation and malpractice aspects.

"If it is proven that there is a basis for it to be banned, I will do it. I have a strong feeling it will be made illegal but it must be justified," he told the *New Straits Times*.

Shafie's stand comes in the wake of an alarming number of cases across the nation of people being cheated of thousands of ringgit in scratch-and-win scams.

The high number caused the National Consumer Complaints Centre (NCCC) to propose a prohibition on the sale of products worth more than RM500 via direct selling. It had also called for scratch-and-win transactions to be made illegal.

Shafie said the NCCC's proposal was being considered.

"All this is part and parcel of what I've instructed my officers to look into. We are also looking at other aspects such as the type of products and verification from the Health Ministry.

"We want to make sure that all products sold through direct selling are safe for consumers.

"They take money from the consumer in advance before giving them the product.

"I want a comprehensive approach to the whole direct-selling industry," he said.

Under Section 23(1)(b) and 25(4) of the Direct Sales Act 1993, 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.

The Consumer Claims Tribunal under the ministry and non-governmental organisations such as the NCCC have been inundated with complaints of this nature.

NCCC director Darshan Singh said anything sold from a place other than a fixed place of business, as well as phone calls inviting you to a place of business to entice you to enter a monetary transaction, fell under the term "direct selling".

This, said Darshan, covered time-sharing membership packages as well as scratch-and-win transactions.

"From the time of signing a direct sale contract, the vendor should not accept any money till the end of the 10-day period.

"But all of them accept money on the spot because they know their customers would have a change of heart if they had time to think the offer through. It's also

because they know no action will be taken against them," he said.

Even if the consumer waives his right to the 10-day period, money can only be collected after 72 hours from the date of transaction, according to section 25(3) of the Act.

Darshan said since the transaction was illegal from the start, the consumer was entitled to his money back.

"The worst part is that the transaction is concluded via credit cards and these transactions can only be cancelled by the merchant.

"So, the consumer cannot stop the transaction even if he has a change of heart."

He feels directors of the violating companies must be arrested, charged and prosecuted.

"Usually, the offender is compounded a few thousand ringgit while victims are cheated on average of RM5,000 to RM6,000 per person. The compound fine is nothing to the offender who may have made millions of ringgit by then.

"If the offender has two or three violations, the Domestic Trade and Consumer Affairs Ministry revokes their licence. But these people would just register another company to carry on the same business.

"The act now is only used by the ministry to collect the charges imposed to issue licences and the compound fines collected for violations. Consumer protection has been neglected," said Darshan.

Got two cents to share? Talk back.

Reader's Comments

Douglas James, Miri:

Must be banned. (By the way: How about the security company, selling car security item, doing the demonstration onto your car, showing how easy it is to break into a car without installing their so called car security product?)

Teoh, Petaling Jaya:

You can easily cheat Malaysians! Just read the number and types of scams reported in the newspaper EVERYDAY! I catalogue them everyday.....and this will be another report.

Unless Malaysians wise up, know their rights, and NOT part with their money so easily, this will continue - in one form or another.

No matter what law you introduce, the people are the ones who will determine whether it is effective or not.

It's up to YOU, Malaysians !

bangsar, wilayah persekutuan:

If the Ministry of Trade is shaken up by the number of complaints received via NCCC, then it proves that the ministry has not done much to improve the situation.

Do you have to wait for the complaints to reach you? What's your function if "someone" else have to carry it out for you?

Misuse of direct sales is not new and more will be fleeced if the ministry plays the waiting game.
