

倡規範家居裝修 建舒適美滿之家

Home Renovation Industry —
Better Governance for Creating Comfortable Homes

新聞發布會

Press Conference

21.2.2024

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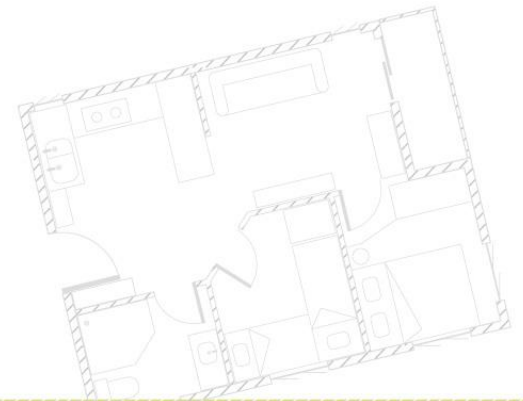
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Part 1

RESEARCH BACKGROUND



Home renovation services in Hong Kong



Demand

With increasing number of domestic households and ageing flats, the demand for home renovation services is expected to increase further irrespective of the household size



Knowledge

High level of personal involvement of consumers with traders is required in different stages, but most consumers lack the requisite experience and knowledge



Substantial amount

Consumers have no control or knowledge over how the home renovation company uses the renovation payment



Disputes

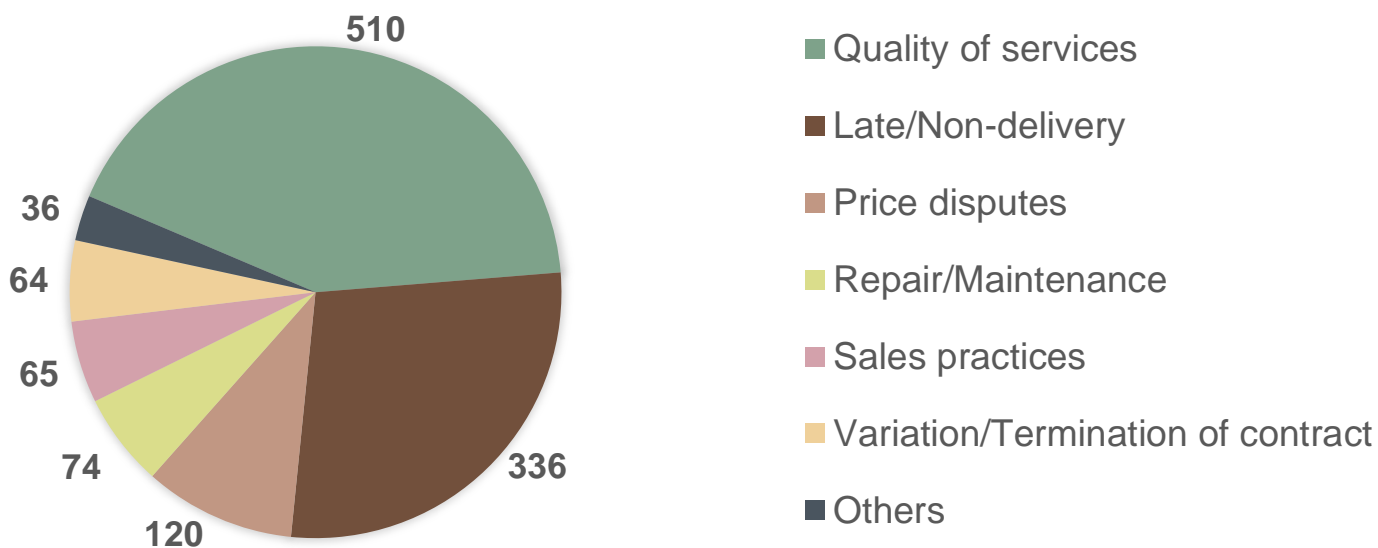
Disputes often arise and court litigation can be time-consuming and costly



Home renovation complaints received by the Council

In 2017 - 2023, the Council received **1,205** complaints against home renovation companies, averaging 172 per year.

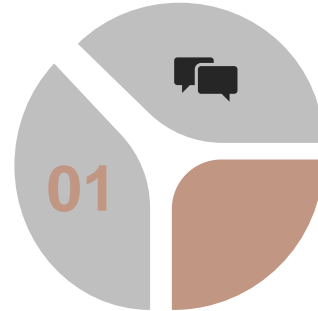
The majority of complaints relate to quality of services (510), followed by late/non-delivery (336) and price disputes (120).



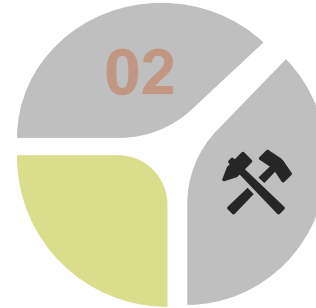
	2017	2018	2019	2020	2021	2022	2023	Total
Total number of cases	210	177	159	131	186	173	169	1,205
Total amount involved (HKD)	40,579,904	36,579,021	40,790,746	25,040,192	47,099,491	39,073,975	47,805,010	276,968,339
Average amount involved per case (HKD)	193,238	206,661	256,546	191,147	253,223	225,861	282,870	229,849

Study objectives

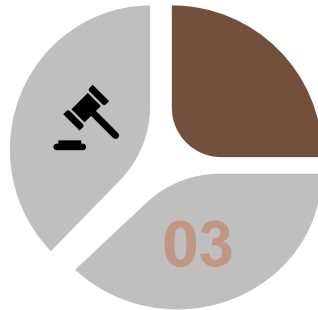
Understand
consumer perception of the
home renovation industry



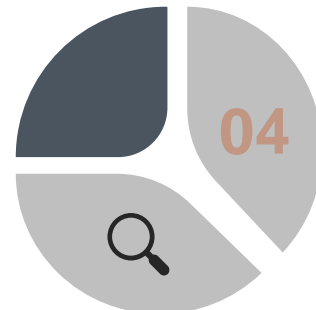
Identify problematic **trade practices**
in the home renovation industry



Review **laws and regulations**
relevant to home renovation
projects in Hong Kong and in
other markets



Propose recommendations to
**strengthen the protection of
consumer interests** in the use of
home renovation services



Scope of study:

- Home renovation projects of various nature, size and value are covered.
- Services in the nature of piecemeal repair or maintenance are excluded.



Methodology

Research on regulatory regime

- Hong Kong
- Mainland China
- Canada (British Columbia & Ontario)
- Singapore
- United Kingdom
- United States (New York)

Stakeholder Engagement

Public bodies

- Buildings Department
- Construction Industry Council
- Hong Kong Housing Authority
- Independent Checking Unit of Housing Bureau

Professional Associations

- Asia Designers Community
- Hong Kong Arbitration Society
- Hong Kong Building Inspection Association
- Hong Kong Institute of Surveyors
- Hong Kong Mediation Accreditation Association Limited

Analysis of Complaint Cases and Legal Actions

- Consumer Council
- Customs and Excise Department
- Civil litigations

Consumer Research

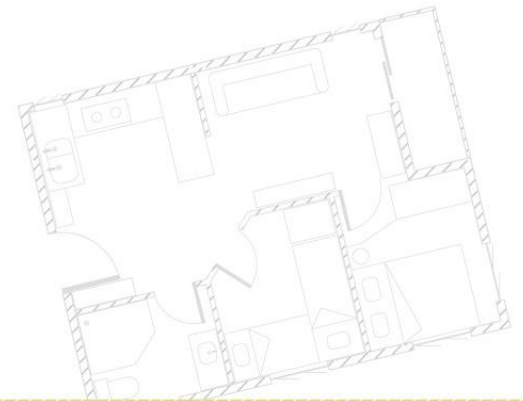
- **Consumer Perception Survey:** 505 respondents
- **Focus Group Discussions (FGDs):** 50 interviewees

Trade Practices Research

- **In-depth interviews:** 16 traders
- **Mystery visits:** 59 home renovation companies and 14 online matching platforms
- **Review of Traders' Advertising Materials:** 225 samples
- **Quotation review:** 40 samples

Part 2

DEEP DIVE INTO CONSUMER JOURNEY



Consumer perception of the home renovation industry

Consumer perception survey

Awareness and information search

Pre-commencement

Commencement

Completion and follow-up

505 responses were collected in the consumer perception survey in Mar – Apr 2023.

8 FGDs, involving 50 interviewees who undertook home renovation in the past year, were also arranged in Apr – May 2023 for a deep dive into their real-life experience.

- Main sources of information: **Family, relatives and friends** (93%)
- Important factors: Majority considered **price and discount** (79%), and **company reputation** (73%), as important factors of consideration
- Difficulties: **Hard to compare quotations in different formats** (58%) and **too many companies with varying levels of quality to choose from** (55%)
- Online matching platforms: Consumers had **low familiarity with online matching platforms**. 68% respondents had never heard of it, for those who had heard of, less than 10% indicated that they trusted the platform.
- Concerns: Home renovation companies' **exaggerated promotions** (58%), **being pressurised to purchase expensive packages or additional items** (52%), and **rough quotations** (49%)

The Council conducted a review of traders' advertising materials

Advertisement review

Awareness and information search

225 advertising samples were collected in Q1 2023 for analysis, covering 178 traders.

Follow-up actions such as mystery enquiries and visits were taken towards concerned traders to further verify the information or sales claims in their advertisements.

Pre-commencement

Commencement

Completion and follow-up

Superlative claims



Traders' advertising materials (2)

Advertisement review

Awareness and
information
search

Pre-
commencement

Commencement

Completion and
follow-up

Promises that are not easily verifiable

三房套餐

50直呎自選訂製家具或特色牆
30個新做／改位制位或燈位
50呎窗簾殼或燈槽
全屋執灰頂牆油漆
免費提供清潔及保護服務

Price as low as one-third of the counterparts

有別於一般裝修設計公司... 複雜、大改動，以達到更高造價、更高利潤的目的。我們為已有基本裝修的新落成... 發了全新的裝修設計理念和系統，不但減少產生了裝修廢料，更環保... 而且工期更短，裝修連家具可短至45天內完成。配合我們的團購優惠套餐，更可低至一般公司1/3的價格，就可達至一樣甚至更好的效果！

- ♥ 三大承諾保證，全方位想你所需 ♥
- 1 明碼實價，絕無隱藏收費，歡迎報價比較
 - 2 準時完工
 - 3 保養期內，有...，我跟進

Price listed clearly,
no hidden charges

Traders' advertising materials (3)

Advertisement review

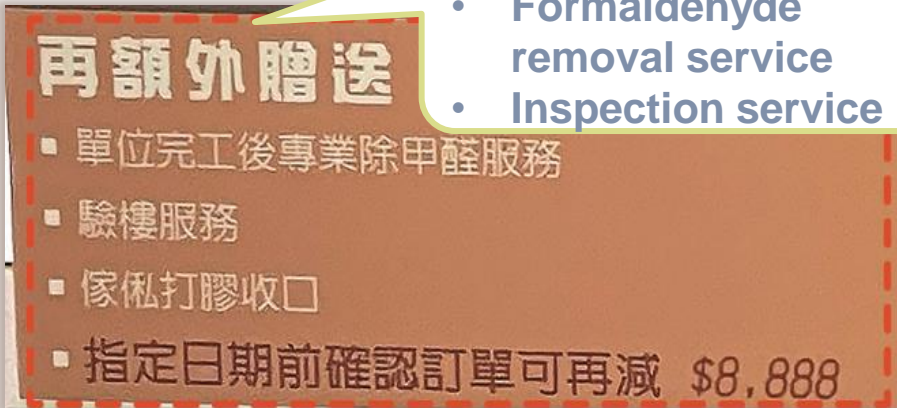
Awareness and information search

Pre-commencement

Commencement

Completion and follow-up

Unclear or untrue offer details



再額外贈送

- 單位完工後專業除甲醛服務
- 驗樓服務
- 傢俬打膠收口
- 指定日期前確認訂單可再減 \$8,888

Free services

- Formaldehyde removal service
- Inspection service

“Cleaning service is included, but there are additional charges for the inspection and formaldehyde removal service.”




Smart lighting and formaldehyde removal service would be offered for contracts above HKD200,000

住戶好消息

為您

單一開單總額滿20萬
送您價值近萬元的智能燈及除甲醛服務

開單滿五十萬以上可免息分期

熱線： 盡快與我們的設計師聯絡，爭取優惠！

“The smart lighting will be provided only if the renovation works involve the installation of lighting trough.”



Traders' sales tactics

Mystery visits

Awareness and information search

Pre-commencement

Commencement

Completion and follow-up

In Q2 2023, the Council engaged **59 home renovation companies** and **14 online matching platforms** for quotations for home renovation projects, to review traders' practices by first-hand experience.

- Only **one-third** of the home renovation companies provided a ballpark cost prior to providing detailed quotations or further engagement
- Deviation of the actual quotation from the ballpark cost ranged from **-32% to +28%**
- **Problematic sales tactics** were discovered. Some even potentially constituted unfair trade practices under the Trade Descriptions Ordinance (Cap. 362)

Potential bait advertising/
false trade description

從項目開始到完成，為客人帶來最令人安心的服務體驗

\$0 按金套餐先開工後付款，我們對服務充滿信心！

Zero-deposit package; kick off the project first, and pay later



Mystery shopper

I saw that there is an offer of zero-deposit package on your website. Is this offer available?



Company

There is no such offer. It may have been wrongly displayed by our colleagues on the website.

Traders' sales tactics (2)

Mystery visits

Awareness and
information
search

Pre-
commencement

Commencement

Completion and
follow-up

Potential bait-and-switch

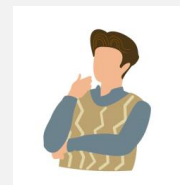
【招募 +1】新一輪單位招募又黎啦
只要借出單位拍攝 可享高達8折優惠!
如果你有單位想裝修
歡迎搵我地幫你設計理想 樂窩~

Enjoy a 20% off discount if
you allow us to shoot the
renovated flat



Mystery
shopper

“I saw that there is
a 20% off discount
on your Facebook
page. Is this
discount available?”



Company

“This discount is
not applicable. I
have included
another cheaper
discount package
in the quotation.”

- Some companies showed a lax attitude towards compliance with laws and regulations

Compliance with laws – Replacing the kitchen door with a sliding door

- **More than 75%** of the home renovation companies engaged in mystery visits advised that the mystery shoppers could use a sliding door for the kitchen; which in fact could violate the fire safety requirements under the Buildings Ordinance (Cap. 123).



Mystery shopper

“Are there any fire safety requirements I should bear in mind when replacing the kitchen door with a sliding door?”

Providing erroneous information on laws and regulations to consumers



Company

Asserted that the mystery shopper **did not need to strictly comply with the fire safety requirements**. If strict compliance was followed, the price would go up by a few thousand dollars. Only property developers needed to strictly comply with the fire safety requirements.

Asserted that there was **no special attention required of the mystery shopper to the fire safety requirements**, as the Government's fire safety requirements for residential buildings were not as strict as those for commercial buildings, so sliding doors could still be installed.

Asserted that as the kitchen door was **within a private property, fire safety laws were not applicable**.

Suggesting devious ways to avoid detection of non-compliance



Suggested that the mystery shopper could make a new door and door frame first, and keep the original (fireproof) door, which **could be installed back should inspections occur**.

Compliance with laws – Wall removal

- From mystery visit, it was found that **75%** of the home renovation companies advised the mystery shoppers that restructuring could be carried out without due enquiry as to the nature of the wall. Some companies asserted that the wall was not a structural wall just from reading the floorplan (based on the width of the wall) provided by the mystery shoppers, and did not mention the need to check for any restrictions on alteration of the unit in the Deed of Mutual Covenant (DMC) or check with the property management office concerned.



**Mystery
shopper**

“With the recent incident of alteration of an alleged structural wall, is there anything I should bear in mind for a wall removal between the two bedrooms?”

Despite the widespread news coverage in May 2023 about the incident of alteration of an alleged structural wall of a flat at a private residential development in Tseung Kwan O, some home renovation companies engaged in mystery visits still advised the mystery shoppers that restructuring could be carried out without further verification.

Give advice to consumers without verification



Company

Ascertained that the wall between the two rooms was a brick wall. He added that as shown on the floorplan, the wall looked thin and was unlikely a concrete wall, so it could be removed.

Said that whether a wall was a structural wall could be ascertained just from reading the floorplan. Normally there was no structural wall between bedrooms, while such walls might exist between the living room and the bedroom.

* Note: Whether the companies would put the above advice into action could not be verified, as the mystery visits did not extend beyond the pre-commencement stage.

Consumers demanded more details in quotations

Consumer perception survey

Awareness and information search

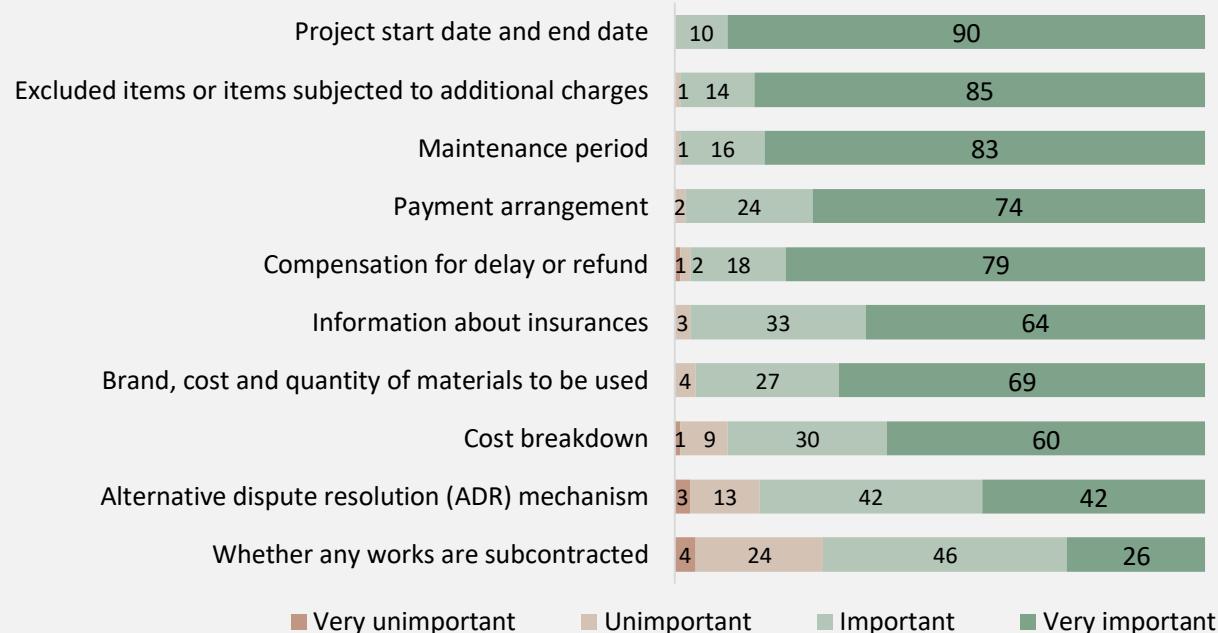
Pre-commencement

Commencement

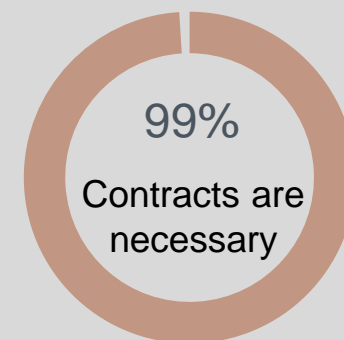
Completion and follow-up

Over 90% of the respondents believed most items below were indispensable in a home renovation contract, yet some consumers were lax about the formality of contracts when it comes to variation of works.

Items to be included in contract (%)



Base (All): 505



Quotations were not comprehensive enough to safeguard consumers

Quotation review

Awareness and information search

Pre-commencement

Commencement

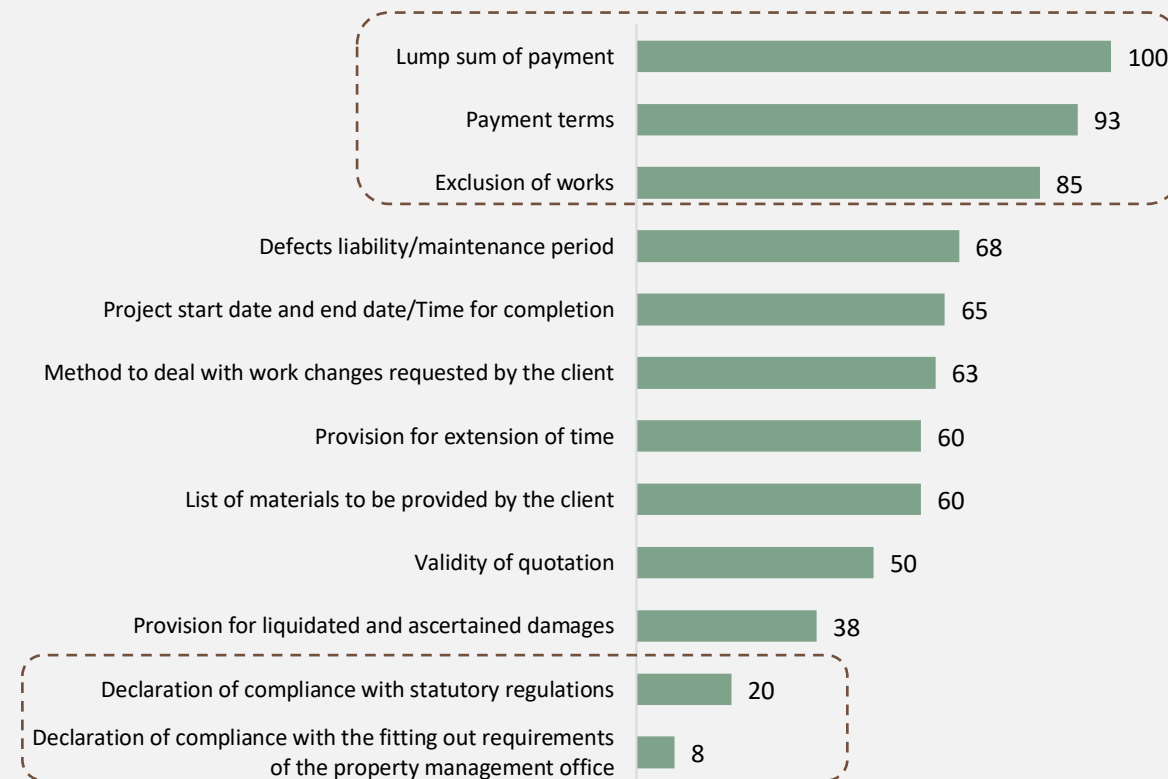
Completion and follow-up

The Council evaluated a total of 40 draft quotations collected during the mystery visits, with professional advice from the Hong Kong Institute of Surveyors.

58 / 100
Average score of the draft quotations

Average score
Online matching platforms : 63
Individual companies: 48

Mention of selected parameters in quotations (%)



Base (All): 40

Inadequate detailedness shown in quotations

Quotation review

Awareness and information search

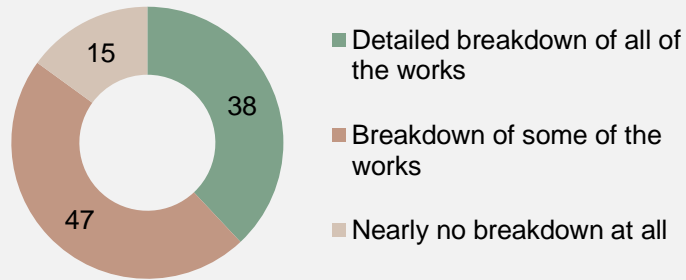
Pre-commencement

Commencement

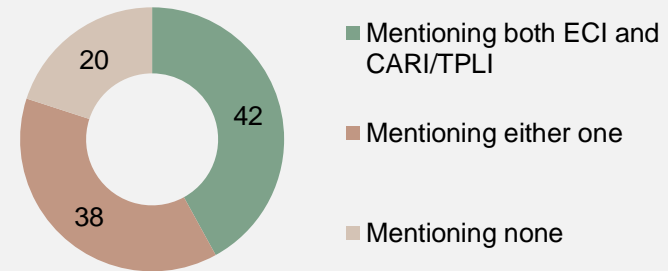
Completion and follow-up

Detailedness of selected parameters in quotations (%)

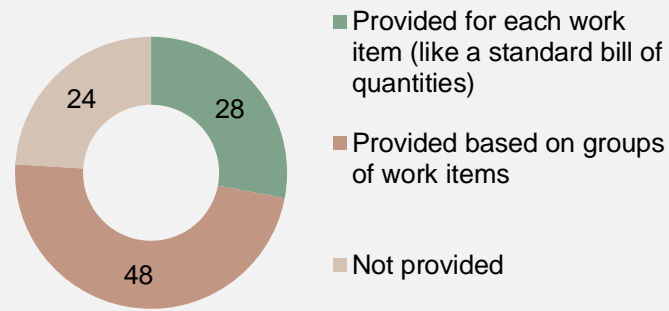
Breakdown of works



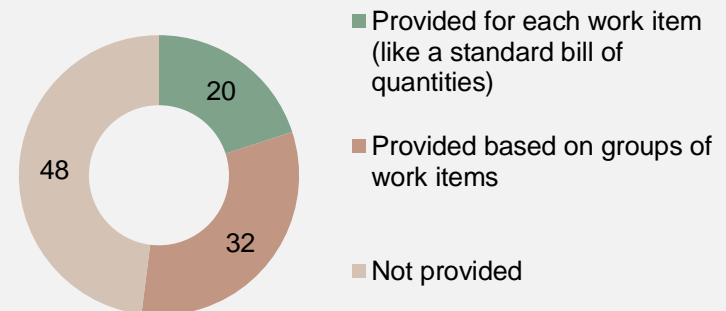
Insurance arrangement



Quantities of work items



Unit prices of work items



Base (All): 40

Problematic terms and conditions

Quotation review

Awareness and information search

Pre-commencement

Commencement

Completion and follow-up

High deposits or down payments

總數: \$ 386,800.00

備註:

此工程所需日數為清拆當日起計 60 工作天,如工程期間有加改則順延(須按大廈管理可工作天日)

~ 工程項目如有加改 則另議報價客方

~ 大廈管理裝修按金客方繳付

~ 如工程需搭棚另議

~ 付款方式: 首期先付40%;

Down payment: 40%

餘款 10% .

Unclear payment terms

2. 付款方式

▲ 第一期訂

2nd payment: 30%; upon completing 50% of work or above

▲ 第二期訂金 30 % ; 工程進度百分之五十或以上.

▲ 第三期訂金 30 % ; 工程進度百分之七十或以上.

▲ 工程餘款 工程項目完成後支付

3rd payment: 30%; upon completing 70% of work or above

Unfinished works and poor quality of works were the top worries of consumer

Complaint review

Consumer perception survey

Awareness and information search

Pre-commencement

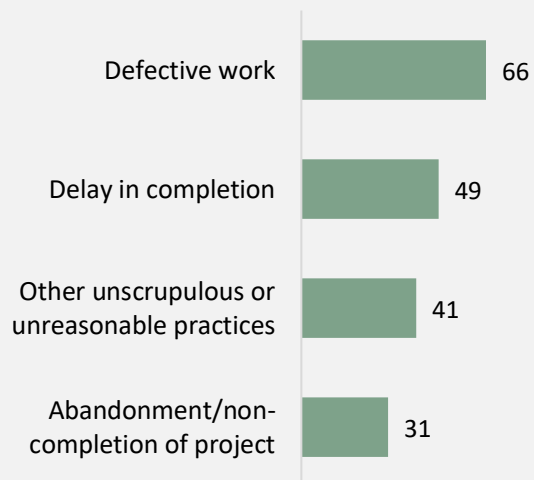
Commencement

Completion and follow-up



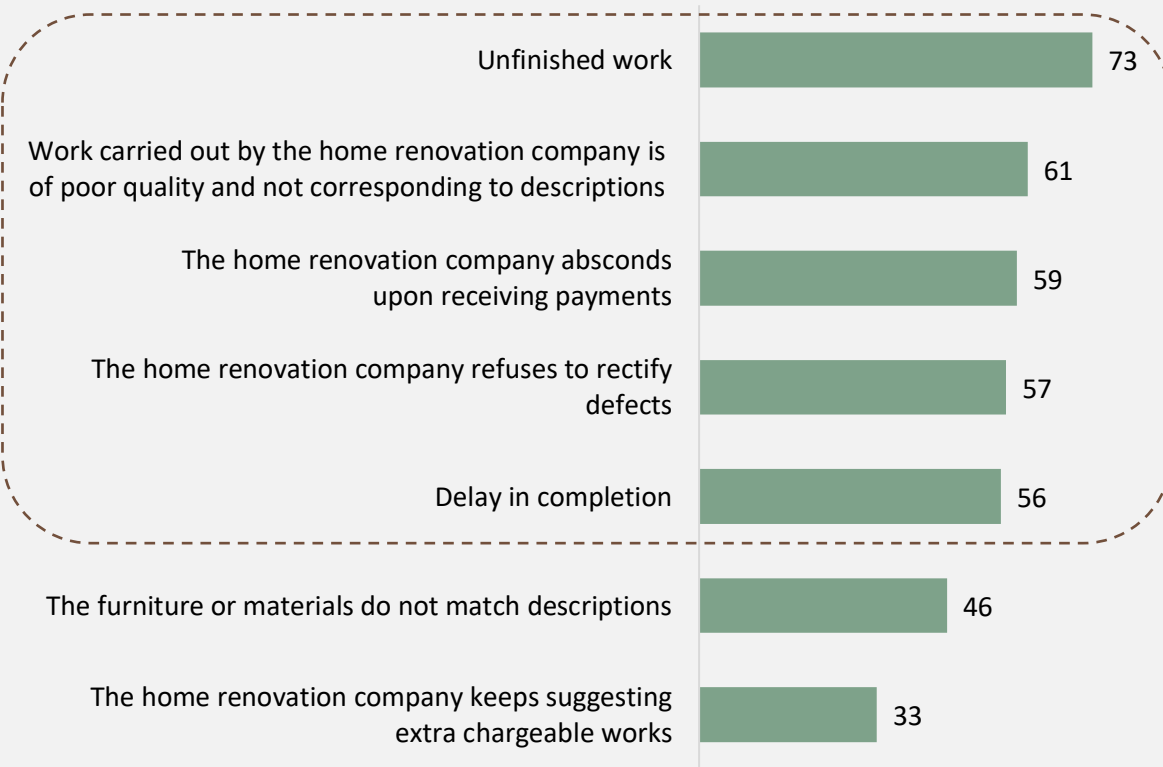
Consumers' concerns/ worries are similar to the occurrence in complaints

Common problems identified in complaints (%)



Base (All): 317, multiple answers allowed

Concerns during work execution (%)



Base (All): 505, multiple answers allowed

*Only attributes not less than 30% are shown

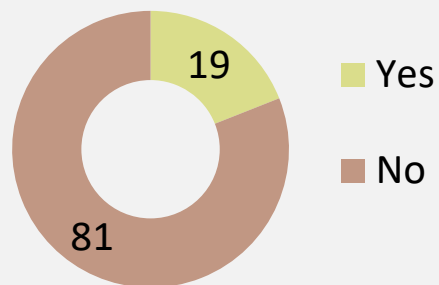
Consumers often encountered problems of delay in work completion and defective work

Consumer perception survey



1 in 5 (19%) respondents had disputes with the home renovation companies they appointed. Fortunately, more than three-fourths of them could resolve the disputes with their home renovation companies eventually.

Whether respondents encountered disputes (%)



Base (Respondents who had home renovation experience): 394

Consumers' confidence (5 as "very confident")

Respondents who encountered disputes but failed to resolve



2.4 out of 5

Top 5 Types of Disputes (%)

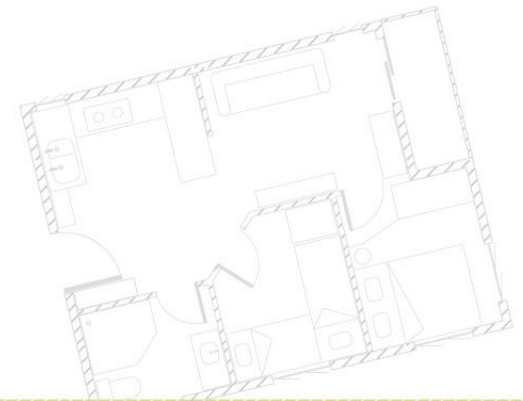
Delay in completion	61
Works carried out were of poor quality and not corresponding to descriptions	39
The home renovation company refused to rectify defects	30
The furniture or materials did not match descriptions	15
Short supply of labour or absenteeism	12
Successfully resolved with the home renovation company after negotiation	76
Failed to resolve with the home renovation company	21
Others	3

Results of Disputes (%)

Base (Respondents who encountered disputes): 74
*multiple answers allowed

Part 3

MEASURES TO SAFEGUARD CONSUMER RIGHTS



Consumer confidence in the home renovation industry and measures suggested

Consumers' confidence (5 as "very confident")

Average



3.1 out of 5

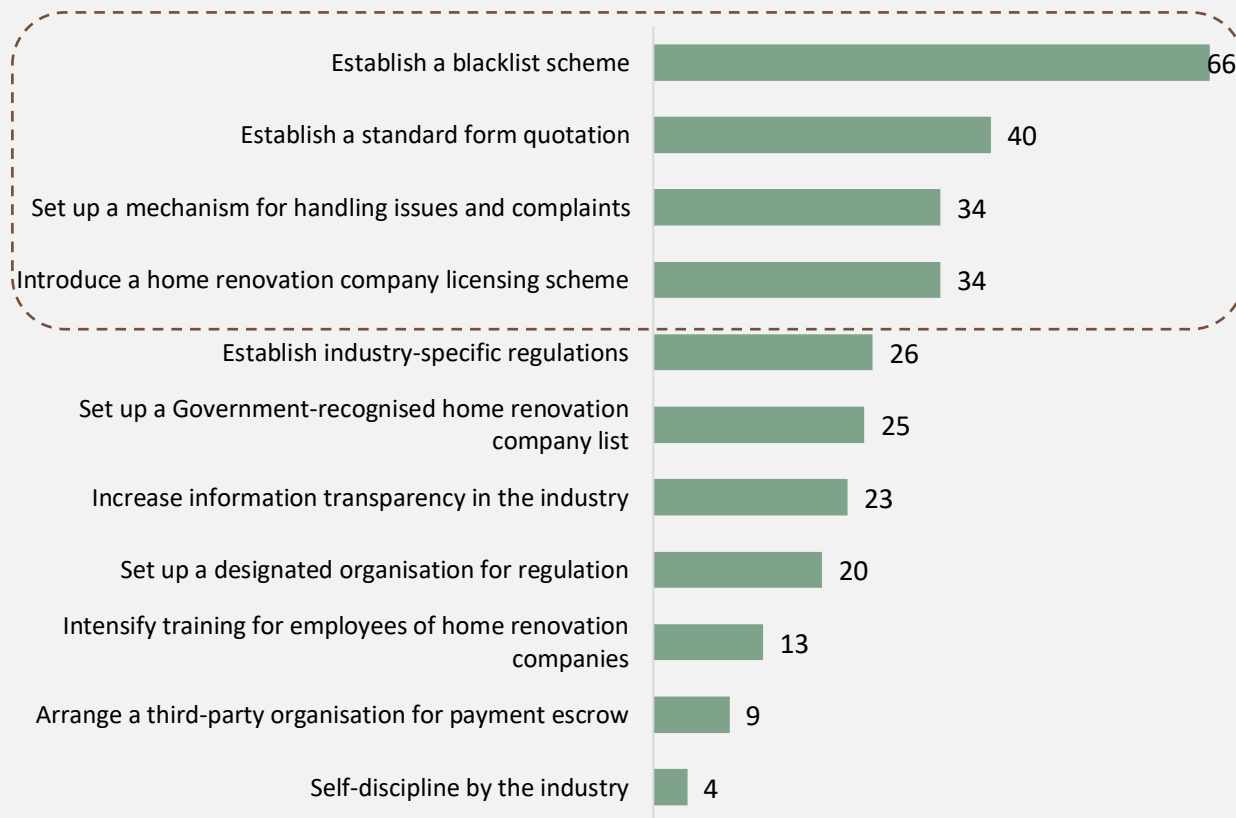
Respondents who
encountered disputes
but failed to resolve



2.4 out of 5

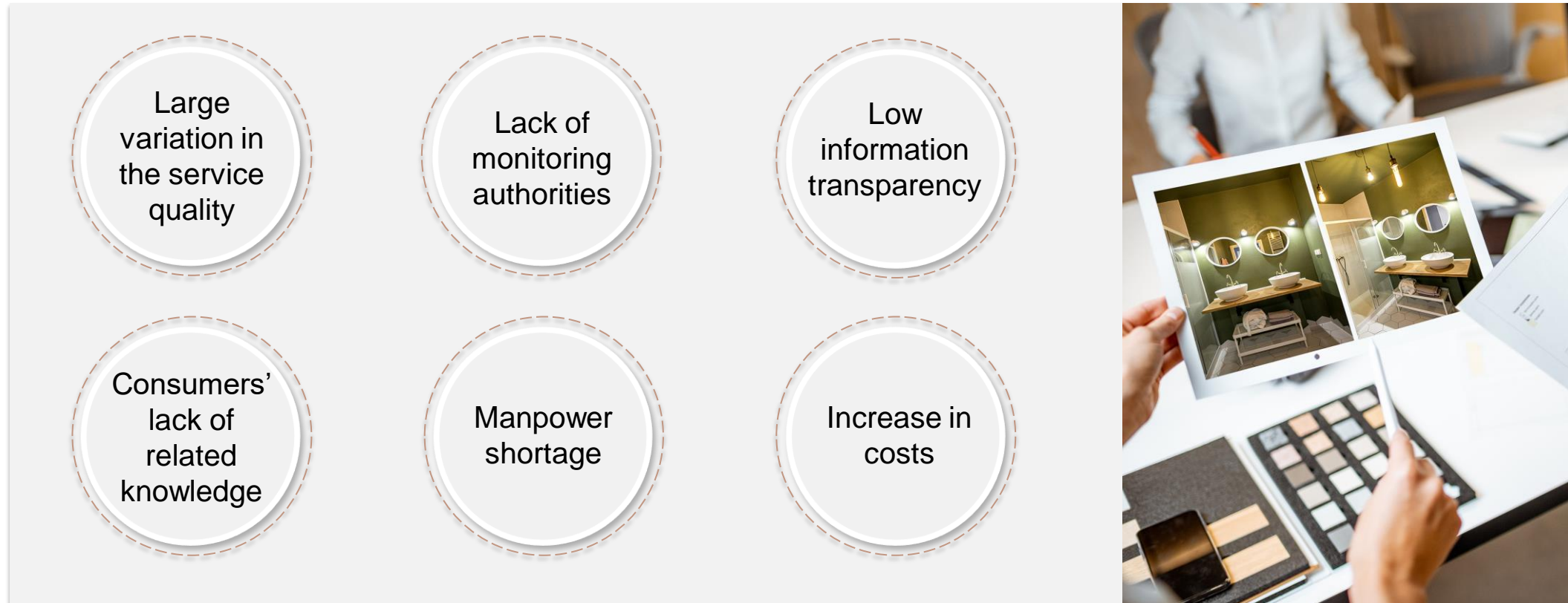


Measures for enhancing industry standards (%)



Base (All): 505, multiple answers allowed

Issues in the industry shared by traders



Base: 16 traders (12 home renovation companies; 4 online matching platforms)

Improvement measures suggested by traders

- ❑ Blacklist scheme
- ❑ Mandatory standard form quotation
- ❑ Mandatory licensing/registration scheme
- ❑ Specialised regulatory authorities
- ❑ Better public education for consumers
- ❑ Escrow services



Base: 16 traders (12 home renovation companies; 4 online matching platforms)

Opinions of public sector bodies and professional associations

Key Takeaways

- All stakeholders agreed that **consumer education** is of paramount importance in raising awareness of the risks and liabilities involved in home renovation projects
- All stakeholders were supportive of the inclusion of **mandatory terms** into a **standard contract** for renovation with a view to avoiding disputes
- Stakeholders were also in consensus that some form of **alternative dispute resolution mechanism** is desirable
- Consumers should seek third party professional advice to avoid regulatory pitfalls
- The private sector preferred industry **self-regulation** and supported the **establishment of an accreditation or voluntary registration scheme of contractors**
- Some stakeholders expressed concern that the fees charged by the escrow agent may be passed onto consumers, thus increasing the cost of the renovation

Public sector bodies
providing opinion:



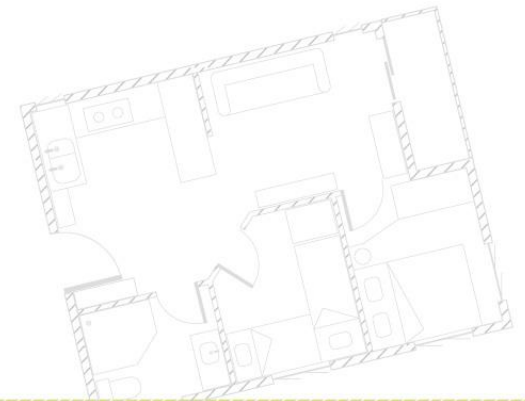
中華人民共和國香港特別行政區政府
房屋局

Professional
associations
providing opinion:



Part 4

CURRENT REGULATORY REGIME IN HONG KONG



Current regulatory regime in Hong Kong

Pain point

Currently, ordinary consumers lack experience and knowledge of home renovation and often rely on the traders' expertise. They may only discover the traders' unscrupulous trade practice such as misrepresentation upon the commencement of works. The outcome of litigation is uncertain. Property owners are responsible to ensure that safety legislations (such as in relation to fire safety), occupiers' liability obligations and restrictions in the Deed of Mutual Covenant are complied with. Further, the consequences and penalties arising from traders' failure to comply with legal requirements may be passed onto consumers.

Technical Safety Aspects

- **Buildings Ordinance (Cap. 123)** – such as removal of structural wall, beam or column
- **Building (Minor Works) Regulation (Cap. 123N)** – such as erection of non load bearing block walls in a flat, replacement of windows, and alteration of an internal staircase
- **Electricity Ordinance (Cap. 406)** – such as lighting fittings fixed in premises.
- **Waterworks Ordinance (Cap. 102)** – such as alteration of a fire service or inside service

Pre-contractual Dealings with Consumers

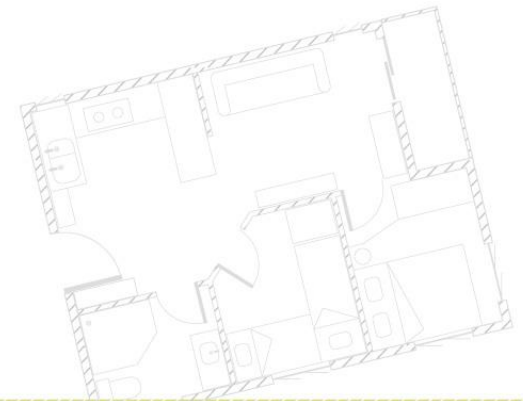
- Governed by general consumer-related legislation and common law
- Remedies for home renovation companies' misrepresentations – the consumer may claim rescission of the contract and/or damages under the **Misrepresentation Ordinance (Cap. 284)** or at **common law**
- Remedies for the home renovation companies' unfair or unconscionable practices – offences under the **Trade Descriptions Ordinance (Cap. 362)**, including false trade description, misleading omissions, bait advertising/ bait and switch, aggressive commercial practices, and wrongly accepting payments

Contractual Dealings with Consumers

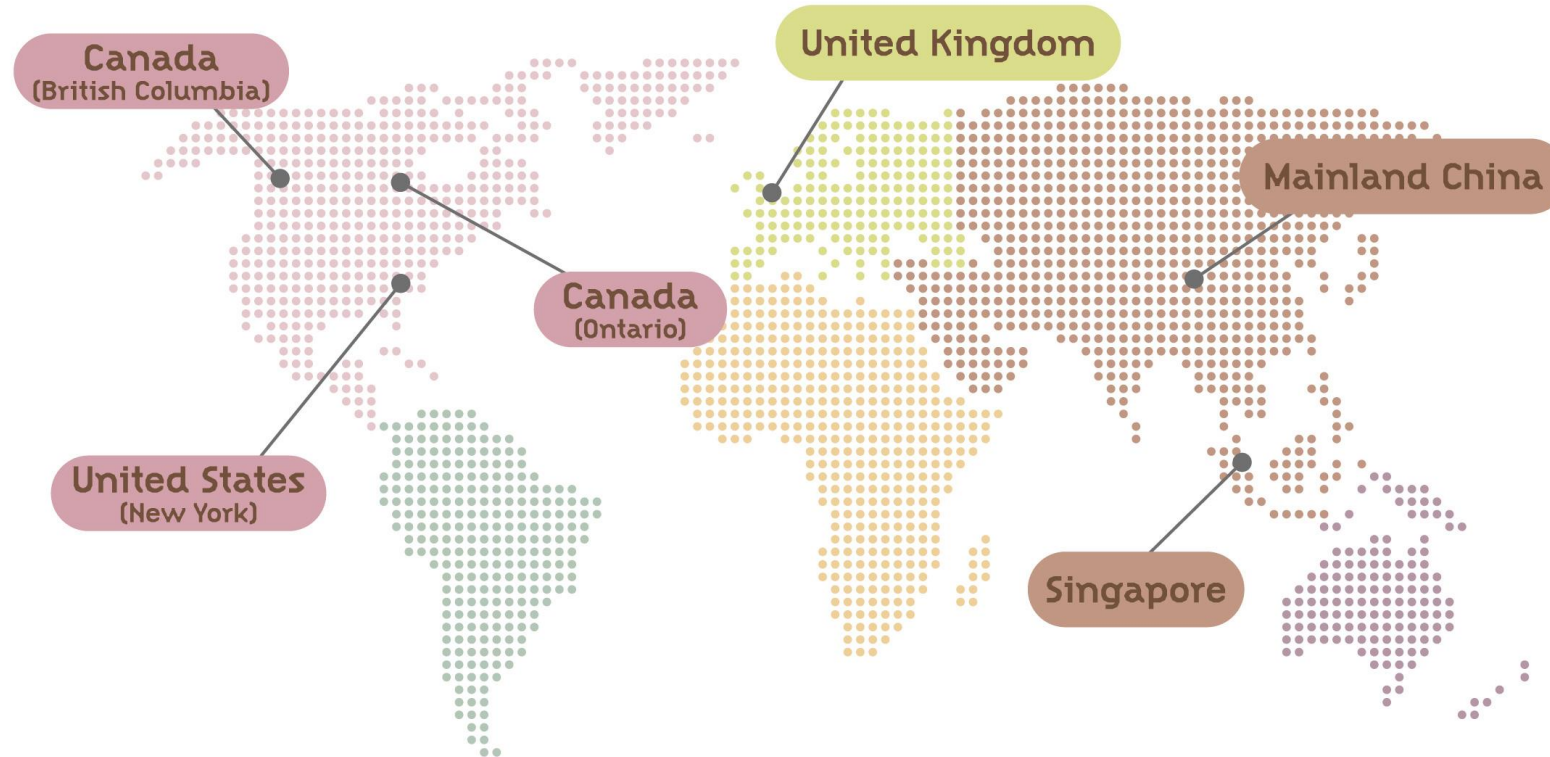
- In the absence of express contract terms, the courts are generally guided by legal principles in determining the parties' rights and obligations
- Obligation to perform / pay – if no time is stipulated in the contract, contractor's obligation is to perform **within reasonable time**. Contractor who achieved practical completion of the work should be entitled to the agreed price, subject to abatement for minor defects. "Practical completion" means that the works have been completed free from patent defects other than minor or trifling ones
- Court cases indicate that expert evidence on liability and quantum of damages is often required
- A natural person (be it shareholder or director) would normally be protected from incurring personal liability towards the consumer for the acts of his corporate entity

Part 5

REGULATORY REGIMES IN 6 OTHER MARKETS



Markets covered in the current study



Note: The above markets were chosen primarily because their urban cities resemble that of Hong Kong, with a mixture of apartments, houses and dense population, and also due to similarities in their socioeconomic or legal systems with, or their economic ties to, Hong Kong.



Regulatory Regimes and Consumer Protection Initiatives

	Mandatory or Standard Contract Terms	Mandatory Licensing Regimes	Voluntary Accreditation Schemes
Canada (British Columbia)	✓ (for future performance contracts or direct agreements with contract sum of CAD 50 or above)	×	✓
Canada (Ontario)	✓ (for future performance contracts or direct agreements with contract sum over CAD 50)	×	✓
Mainland China	✓	✓	✓
Singapore	× (Note 1)	✓ (in respect of public housing flats)	✓
United Kingdom	✓ (for direct agreement with contract value over GBP 42)	×	✓
United States (New York)	✓	✓	×

Note 1: Whilst no statutory mandatory contract terms are imposed, the CCCS promulgated the “Guide on Fair Trading Practices for the Renovation Industry” recommending five key matters for inclusion in companies’ standard home renovation contracts.

Regulatory Regimes and Consumer Protection Initiatives (2)

	Payment Protection	Alternative Dispute Resolution	Examples of Consumer Education Efforts by the Government
Canada (British Columbia)	Consumer is entitled to withhold 10% of the total cost for 55 days from the date of completion	-	Home renovation info through online blog section; public access to enforcements and licensing decisions
Canada (Ontario)	Consumer is entitled to withhold 10% of the total cost for 45 days from the date of completion	For consumers to file complaints with Consumer Protection Ontario, which may offer free of charge mediation	Information and tips on engagement, quotations, minimum contract terms, consumers' rights and responsibilities and common home renovation scams
Mainland China	Escrow arrangement services through ZhuangXiuPay	Mediation services offered free of charge by various mediation commissions	The China Consumers Association regularly issues consumer warnings, holds public lectures on home decoration consumption, and collaborated with the China Building Decoration Association for a special campaign to provide information and consulting services on excessive construction and safety hazards
Singapore	Directory of Renovation Contractors (DRC) companies need performance bond or banker's guarantee; deposit performance bond for CaseTrust accredited companies	Services offered by CASE (including through its mediation centre), the Singapore Mediation Centre or the local Small Claims Tribunal	CASE publishes case alerts with relevant consumer advice. Record of companies under DRC is available online with past 24 months infringement history
United Kingdom	A variety of schemes available (<i>Note 2</i>)	Free of charge to consumers under various voluntary accreditation or membership schemes	Consumer protection guidelines set out on the website of Citizens Advice. Launch of Home Improvements App
United States (New York)	Through escrow account; a bond to the Department of Consumer and Worker Protection; participate in the Home Improvement Business Trust Fund	-	Licensing information and general consumer protection guidelines, conduct public education semi-annually

Note 2: Schemes include TrustMark's escrow services, the Furniture & Home Improvement Ombudsman's, Consumer Protection Association's and Home Improvement Guarantee's payment protection schemes, insurance backed guarantees and/or deposit protection

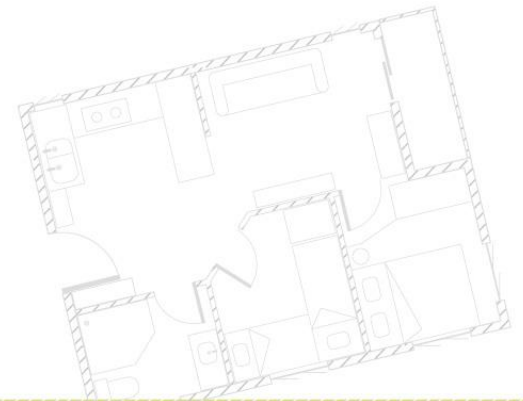
Regulatory Regimes and Consumer Protection Initiatives (3)

Examples of Mandatory Contract Terms adopted in other Markets:

Terms	Adopted in
Name and information of the contractor	Canada (BC & Ontario), Mainland China, UK, US (New York)
Project period (including start/ completion dates and extensions)	Canada (BC & Ontario), Mainland China, UK, US (New York)
Scope of work and specification of work items and materials	Canada (BC & Ontario), Mainland China, US (New York)
Price	Canada (BC & Ontario), Mainland China, UK, US (New York)
Periodic payment schedule (if any)/ payment terms	Canada (BC & Ontario), Mainland China, UK, US (New York)
Consumer' cancellation rights	Canada (BC & Ontario), UK, US (New York)
Dispute resolution (including any ADR)	Mainland China, UK

Part 6

COUNCIL'S 4 RECOMMENDATIONS



Rationales of recommendations

HK consumer concerns/ experience

- × Superlative advertising claims
- × Difficulties in comparing quotations of different companies
- × Non-compliant advice
- × Unscrupulous trade practices
- × Lack of market transparency and industry standards
- × Time-consuming and costly to resolve disputes with traders



HK consumer wants

- ✓ Blacklist
- ✓ Standard form quotation
- ✓ Dispute resolution mechanism
- ✓ Licensing mechanism
- ✓ Industry regulations
- ✓ Government-recognised trader list
- ✓ Information transparency
- ✓ Designated regulator
- ✓ Employee training
- ✓ Escrow arrangement for deposits
- ✓ Industry self-discipline



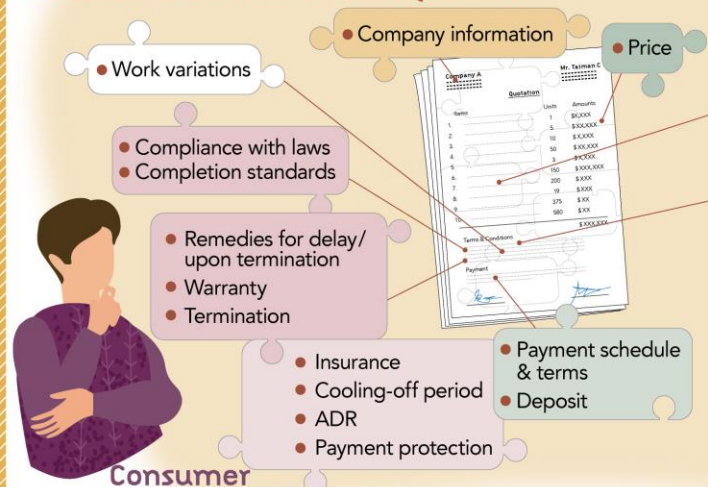
Reference from other markets

- **Mandatory contract terms** (Canada (BC & Ontario), Mainland China, UK & US(NY))
- **Voluntary Government-endorsed accreditation schemes & scheme benefits** (UK)
 - e.g. contractual alternative dispute resolution mechanisms
- **Voluntary accreditation schemes** (Canada (BC & Ontario), Mainland China, Singapore & UK)
- **Alternative Dispute Resolution** (Canada (Ontario), Mainland China, Singapore, UK)
- **Mandatory licensing** (Mainland China, Singapore (in respect of public housing flats) & US(NY))

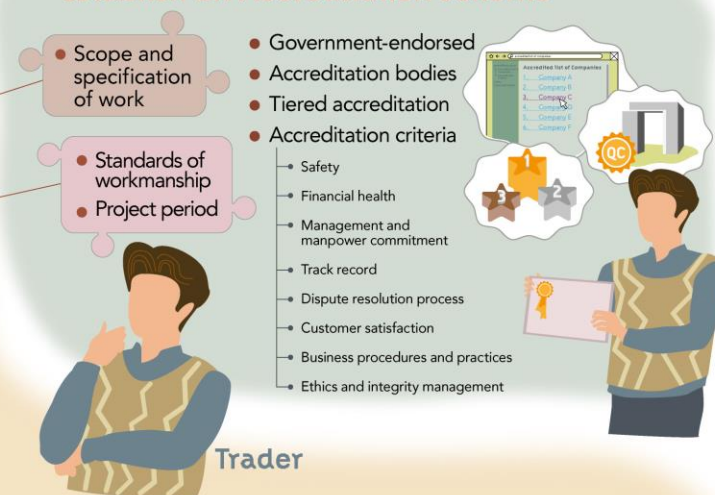
Proposed recommendations

4 Measures to Strengthen Governance for the Home Renovation Industry

Recommendation 1: Establish a Standard Form Quotation



Recommendation 2: Establish an Accreditation Scheme



Recommendation 4: Intensify Consumer Education



Recommendation 3: Adopt an Alternative Dispute Resolution (ADR) Mechanism



Recommendation 1: Establish a Standard Form Quotation (1)

The standard form quotation should be developed in consultation with the public and the industry for alignment with prevailing industry best practices.

Proposed mandatory critical items in standard form quotation

Work and price

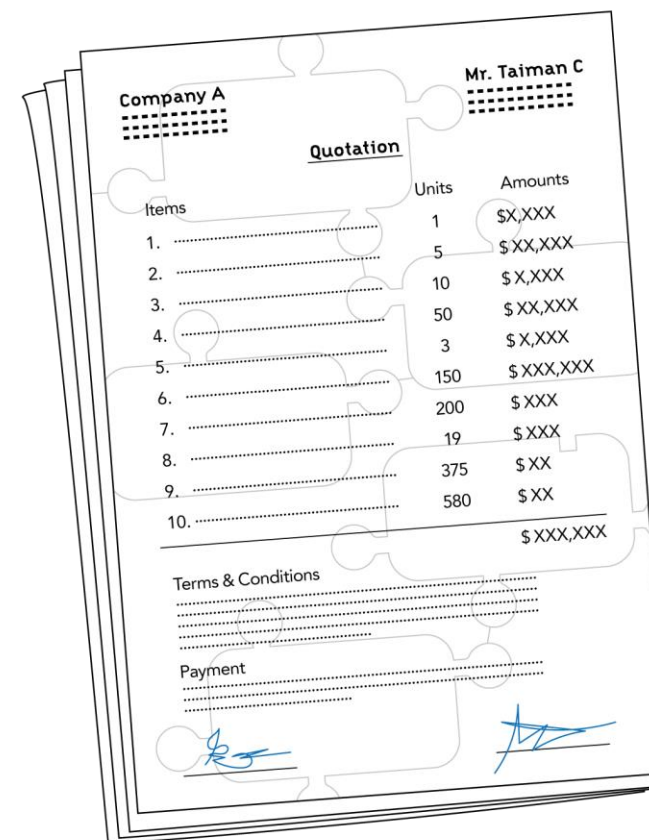
- Company information
- Price
- Scope of work and specification of work items and materials
- Standards of workmanship
- Project period
- Payment terms
- Deposits

Operational aspects

- Sufficient working area
- Work variations
- Subcontracting
- Health and safety precautions
- Protection of finished works
- Compliance with laws
- Completion standards
- Cleaning upon completion

Warranties, right and remedies

- Liquidated damages for delay/Other remedies
- Warranty and guarantees
- Termination
- Remedies upon termination
- Insurance



Company A
Mr. Taiman C

Quotation

Items	Units	Amounts
1.	1	\$X,XXX
2.	5	\$XX,XXX
3.	10	\$X,XXX
4.	50	\$XX,XXX
5.	3	\$X,XXX
6.	150	\$XXX,XXX
7.	200	\$XXX
8.	19	\$XXX
9.	375	\$XX
10.	580	\$XX
		\$XXX,XXX

Terms & Conditions
.....
.....
.....

Payment
.....
.....

Recommendation 1: Establish a Standard Form Quotation (con't)

Cooling-off period, payment protection & ADR mechanism

The Council recommends the standard form quotation can include clauses of **cooling-off period** of no less than seven days for home renovation projects, enabling the consumer to cancel the purchase and obtain refund without the need to raise or litigate a dispute.

A reasonable amount of administration fee commensurate with the preparation work (e.g. on-site measurements) may be charged if so agreed in writing by the consumer prior to undertaking such preparation work. The right of cancellation should be ceased upon commencement of work with the consumer's written approval.

Meanwhile, the standard form quotation can also include **ADR mechanism and payment protection** to provide consumers with more comprehensive protection.

Recommendation 2: Establish a Government-endorsed Accreditation Scheme

Accreditation criteria

- Accreditation criteria should cover both objective and subjective core competences
- **Objective criteria:** may include safety, financial health, management and manpower commitment, track record and dispute resolution process
- **Subjective criteria:** may include customer satisfaction, business procedures and practices, ethics and integrity management



Tiered accreditation

- According to the home renovation companies' business model and size

Accreditation through trade associations and others

- Could seek to accredit trade associations, online matching platforms and other private bodies which, in turn, shall be responsible for ensuring compliance with the scheme requirements by accredited companies



Recommendation 3: Adopt a cost-effective and efficient alternative dispute resolution mechanism

The Council recommends to encourage the use of alternative dispute resolution for traders and consumers to resolve disputes. The Council supports the "Mediation First" approach, failing which arbitration or expert determination could take place.



Mediation

The Council supports "**Mediation First**" approach.

While the mediator assists the parties in reaching a settlement, the outcome depends on the mind and free will of the parties.



Arbitration

Better flexibility and convenience to consumers

- ✓ Consumers still have the choice of pursuing court proceedings despite having contractually agreed to arbitration under the Control of Exemption Clauses Ordinance (Cap 71).
- ✓ Arbitral award may be registered and enforced in court against a company which refused to honour.



Expert Determination

Determination of the dispute by an independent technical expert.

The expert's decision is contractually binding on the parties, but it cannot be directly registered and enforced in court. A party seeking to enforce the decision needs to commence court proceedings on the decision.

Advantages

- ✓ Speed
- ✓ Cost
- ✓ Robustness
- ✓ Settlement / Reasoned award

Offered by private institutions

e.g.

- ✓ HK Mediation Accreditation Associated Ltd
- ✓ HK Arbitration Society
- ✓ HK Institute of Surveyors

Recommendation 4: Intensify Consumer Education

Action for Consumers – Follow Tips when Conducting Home Renovation Projects

Tips for consumers

Awareness and information search

- Acquire basic home renovation knowledge and conduct background search on home renovation companies

Pre-commencement

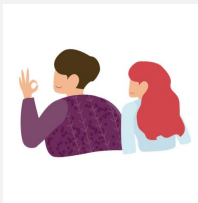
- Compare quotations by different home renovation companies, and seek professional advice before conducting alteration works

Commencement

- Request an update of the quotation/contract for work variations before committing

Completion and follow-up

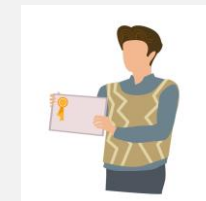
- Carefully inspect the work done and seek professional assistance if needed



Action for Stakeholders – Share Basic Home Renovation Information

Suggested topics for information sharing

- Common home renovation workflow
- Typical home renovation work schedule
- Critical items in home renovation quotations/contracts
- Lists of registered contractors under different official schemes
- Websites with important and relevant information
- Property owners' legal liabilities
- Existing industry guidelines
- Relevant regulations and requirements
- Penalties for non-compliant works
- Ways to prevent and resolve disputes



Way forward

- To help consumers realise the dream of creating a comfortable home, the Council deemed it necessary to strengthen the governance of the home renovation industry, for better consumer safeguards.
- The Council calls for collaborative efforts of the Government, relevant statutory bodies, professional associations, traders and consumers for the execution of the recommendations suggested above whenever appropriate, with a view to assuring consumers of a smooth and well-protected home renovation journey to create their “dream home”.





THANK YOU