

[REDACTED]

From: Joe Lee [REDACTED]
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To: Consultation
Subject: EC/02UB

I was a victim of the anti-competition conduct of the automobile industry, and hence strongly support the CC's action against the dealers, agents and manufacturers. In fact I had filed complaints to the Consumer Council before on two occasions before:

1. In 1997 when I bought a Mitsubishi Galant with a car loan, the seller Universal Cars Limited / Sime Darby pressed me to use the car loan provided by their company. When I found that a bank actually provided a loan at a more competitive rate, the sales agent told me that his boss threatened that my loan arrangement requires their approval and if I used another loan provider, their approval procedure would be slower and there would be unknown delays in delivering the car to me. I was angry and rejected their offer, but later the salesman told me they would offer the same rate as the bank, and begged me to accept as he was pressed by his boss. I accepted so as to make it easier for the salesman. This shows that the anti-competition and bundling practices of the industry may not be limited to maintenance service and warranty, but other areas as well. CC should look deeper into the industry for other malpractice as well.

2. In 2012 when I bought a Toyota Noah, I was angry to find the warranty restriction as you are dealing with now. If I recall correctly, the warranty only covers the engine and some important mechanical parts, but not many other parts such as the electronics. Despite that, the restrictions apply to all services on all parts, even those not covered by their warranty, which is clearly unjustified and purely anti-competition. The maintenance services of Toyota (Crown Motors / Inchcape) were much expensive than reasonable market prices. On top of charging over HKD6,000 per maintenance check, every time they aim at convincing me (and all other customers) to undertake services from HKD6,000 to HKD13,000, and totally unnecessary works have been noted by me and other vehicle owners. Their service time is also poor, taking a full day for simple services, and requiring me to leave the car overnight for more than simple services, whereas independent mechanics can provide faster services. These dealers are using the warranty restrictions to force vehicle owners to use their less competitive services at higher prices.

I strongly support that such anti-competition behavior of the automobile industry must be stopped, but I find their proposal unacceptable:

A. The industry is not sincere and admitting their misconduct by proposing to suspend enforcing the restriction only for a period of 5 years. This arrogant attitude is unacceptable. CC cannot accept perpetrators setting a time limit for suspending their misconduct rather than admitting their wrongdoing and committing to cease the misconduct forever.

B. The competition law came into force in Dec 2015. The restrictions still applied to me for a period of two more years after this. Hence, Inchcape breached the ordinance for two years in respect of me. There have been thousands of victims. These dealers have to be sanctioned for the misconduct. Instead of only letting them commit to suspend the malpractice for 5 years and letting them go with their misdeeds and damages to the victims, they have to propose offer of compensations and remedies for victims since commencement of operation of the ordinance, otherwise justice needs to be done over their misdeeds in the past 6-7 years.

C. They may agree not to enforce the restriction generally, but the devil is in the actual operation. Their mechanics could still claim that problems or malfunctions were caused by servicing by other workshops, and a vehicle owner has no means to rebut. Hence, their future terms and conditions of warranty need to set out the responsibilities fairly to avoid denial of warranty on a case by case basis with excuses. They

cannot make such claims unless they can provide clear scientific evidence by independent parties, and the duty to provide evidence is on their part, not for vehicle owners to provide proof to counter their claims. For parts not covered by the warranty that have been serviced by other workshops, they simply cannot make any such claims.

Joe Lee

