

LCQ13: Consumer Legal Action Fund

Following is the question by the Hon Albert Chan and a written reply by the Secretary for Economic Development and Labour, Mr Stephen Ip, in the Legislative Council today (June 8):

Question:

The Consumer Legal Action Fund was set up in 1994 to give consumer access to legal remedies by providing financial support and legal assistance. However, I have recently received complaints from many members of the public, alleging that the Consumer Council has rarely used the Fund. As such, many flat owners who find themselves misled by property developers in such matters as completion dates, quality and prices of the flats, the number of flats sold, facilities available, visual quality of the environment, club-house services and availability of residents' bus services, etc, have difficulty in applying for financial assistance under the Fund to institute legal actions against the developers concerned. In this connection, will the Government inform this Council whether it knows:

- (a) the number of successful applications for financial assistance under the Fund and the total amount of assistance granted each year since its establishment; and
- (b) if the Consumer Council has considered using the Fund to institute legal actions against the property developers who have misled consumers; if so, of the details; if not, the reasons for that?

Reply:

Madam President,

(a) The Consumer Legal Action Fund (the Fund) was established in November 1994. The number of successful applications and the expenses incurred each year are shown in [Table 1](#).

Expenses incurred by the Fund each year include litigation expenses, as well as costs related to court proceedings such as obtaining company search reports and seeking legal opinion for consideration of the applications. Moreover, as litigation takes time, the total expenses incurred by a successful application may spread over a number of years.

(b) The objective of the Fund is to, through assisting consumers to take legal action against unscrupulous traders, deter business malpractice and enhance consumers' awareness of their rights. The criteria for vetting an application include the number of consumers affected, the chance of success in litigation, and whether litigation is the most effective means, etc.

The Board of Administrators of the Fund (the Board), which comprises the Chairman, Vice-chairman and other members of the Consumer Council (CC), is responsible for the overall administration of the Fund. It approves or rejects an application based on the recommendation of the Consumer Legal Action Fund Management Committee (the MC). The MC, which comprises both CC and non-CC members, is responsible for advising the Board on the eligibility and merits of individual applications in accordance with the vetting criteria.

Under the existing arrangement, consumers may apply direct to the Fund for assistance, or the application may be referred by the CC. In the latter case, the CC will, upon receipt of a complaint, ascertain the facts of the case, contact the party being complained and try to resolve the dispute through mediation. If mediation is not successful and the CC is satisfied that the complaint is substantiated and meets the vetting criteria of the Fund, the CC will refer the case to the MC for consideration.

Among the 27 applications approved since the establishment of the Fund, five involved misrepresentation by property developers and all of them were referred to the MC by the CC. Details of these cases are shown in [Table 2](#).

Ends/Wednesday, June 8, 2005