Trade Descriptions Ordinance – Public Consultation

(June 2026)

Focus of the Consultation

- In respect of pre-paid consumer contracts for beauty and fitness services, it is proposed to impose a statutory cooling-off period of seven calendar days; and a refund period of 14 calendar days
- In respect of pre-paid consumer contracts for beauty and fitness services, it is proposed that the statutory limit on contract duration be two years
- To include Section 13I of the Trade Descriptions Ordinance pertaining to the offence of wrongly accepting payment into Schedule 1 to the Organized and Serious Crimes Ordinance to confer relevant investigatory and enforcement powers to the Customs and Excise Department, so as to avoid evasion of investigations by unscrupulous traders

Background

- Under the ongoing prevalence of pre-payment mode of consumption, consumers face certain level of risks. If traders could not provide services after payment by consumers (e.g. sudden closure), consumers will suffer from financial losses
- In the past six years, the number of complaints relating to pre-payment mode of consumption against beauty and fitness services was obviously higher than other industries, almost reaching 5 000 cases and accounting for around 50% of total cases
- High-pressure and persuasion selling tactics in beauty and fitness services are increasingly prevalent, with salespersons using various reasons to persuade consumers into making huge amount of pre-payments to purchase services. Some will even apply harassment, coercion or undue influence to pressurise consumers into making transactional decisions
- In the past six years, complaints involving beauty and fitness services industries accounted for nearly 90% amongst industries with the highest tendency for improper selling tactics. Reports against persuasion selling tactics alone recorded a threefold increase

Statutory Cooling-off Period and Limit on Contract Duration

Scope of Application

- Applicable to fitness service contracts provided at fitness centres, including the provision of exercise machines for use, provision of training on improving physical fitness and body-building and weight control
- Applicable to beauty service contracts provided at beauty parlours, such as beauty treatments, cosmetic surgery, hair loss improvement services, etc.
- To set a regulatory threshold based on contract amount to protect consumers, while minimising the impact on small transactions as far as possible. Proposed thresholds for consideration: $3,000 or above; $8,000 or above; or $15,000 or above

To exempt premises which rarely involve improper selling tactics:

- Such as premises managed by public hospitals/clinics, schools and education institutions, charitable organisations, national sports associations, clubhouses at hotels and residential properties, etc.
- Premises that only provide one single type of fitness service

Arrangement for Statutory Cooling-off Period

- Seven-calendar-day cooling-off period with 14-calendar-day refund period
- To ensure consumers are clearly aware of the information in the contracts, a trader must provide a consumer with an information note and a model cancellation notice

Refund arrangement

- In the interest of fairness for both parties, the trader must refund by the same means of payment that were used when entering into the contract, or under mutual consent, in cash
- If the consumer has used the services, the trader may deduct a charge from the refund amount –
  1. the charge should (a) make reference to the unit price calculated on a pro-rata basis of the total amount of transaction; or (b) be equivalent to the actual price of the services already used
  2. if the above charge is at a discounted rate, the deductible charge may be based on the marked price prior to any discounts for a single service, subject to a cap of 150% of the charge mentioned in 1

- For non-cash transactions, the trader may deduct from the refund amount the administrative fee charged by the payment service provider –
  One-off payment: up to 2% of the transaction amount
  Instalment payment plan: up to 5% of the transaction amount

Arrangement for Statutory Limit on Contract Duration

- To provide a useful indicator for consumers to evaluate whether the pre-payment amount is reasonable, the proposed measure is applicable to all pre-paid consumer contracts for beauty and fitness services, including fixed sessions, top-up balance, etc.
- The limit on contract duration is two years, which can be extended for a maximum period of six months under mutual consent of a trader and a consumer
- Other restrictions include –
  1. To prevent consumers from purchasing pre-paid beauty or fitness services well in advance under the influence of improper selling tactics, it is proposed that a trader and a consumer can only enter into a contract that takes effect within three months
  2. To prevent consumers from being convinced to purchase the same pre-paid services consecutively before the existing services are used up, it is proposed that a trader should not enter into a new contract with a consumer for the same services covered by the existing contract, unless one of the following conditions is met –
     (a) the existing contract is due to expire in less than three months;
     (b) the relevant services set out in the existing contract are used up; or
     (c) the remaining balance in the existing contract is insufficient for the consumer to receive a single service

The public consultation paper can be downloaded from CEDB's website –
https://www.cedb.gov.hk/en/news-and-related-information/consultation-papers.html
We welcome your views through one of the following means on or before 31 August 2026 –

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