Council for Estate Agencies

# CONSUMER GUIDE
## on Dispute Resolution

Consumers who engage salespersons to assist them in their property transactions may sometimes encounter disputes on the commission payable or services rendered. The parties can use the Council for Estate Agencies (CEA) Dispute Resolution Scheme to resolve the dispute. The scheme consists of two sub-schemes, namely mediation and arbitration.

### Council for Estate Agencies

CEA is a statutory board set up under the Estate Agents Act to administer the regulatory framework for the real estate agency industry. Its principal functions are to license estate agents and register salespersons, promote the integrity and competence of estate agents and salespersons, and enable consumers to be well informed when engaging salespersons in property transactions.

### Definitions

Under the Estate Agents Act, "estate agents" refer to estate agency businesses (sole proprietors, partnerships and companies) while "salespersons" refer to individuals who perform estate agency work. All estate agents and salespersons must be licensed and registered respectively with CEA.

### Mediation

Mediation is a process whereby a neutral party such as a mediator facilitates the two disputing parties in trying to resolve the matter and reach an amicable solution.

If there is a dispute, CEA encourages you to first approach the estate agent to resolve the dispute directly. However, if you are unable to get a satisfactory resolution from the estate agent, you can choose to proceed to mediation.

#### *What is the process of mediation?*

Before or during mediation, the mediation procedure will be explained to all parties. During mediation, the mediators will facilitate the sessions by getting you and the estate agent or salesperson to present the disputes involved and desired outcomes. The mediators will then assist both parties to reach a common ground. While mediators may suggest solutions for the parties, they do not decide the outcome of the mediation. Both parties will have to come to an agreement for a settlement.

#### *Who are the mediators?*

Mediation is conducted by independent and neutral professionals who are experts in their field. These professionals are also given training before they are allowed to conduct mediation.

#### *Why choose mediation?*

Mediation is an affordable win-win solution that enables parties to resolve their disputes amicably. It is also convenient as the sessions are arranged based on parties' availability.

The nature of mediation allows for discussion and coming up with solutions that are acceptable to both parties. The settlement is also private and confidential and is binding on the parties.

#### *CEA Prescribed Estate Agency Agreement*

Mediation can be initiated either by you or the estate agent. The choice of the mediation centre will follow your preference. If the estate agent initiates mediation, you have a choice whether to proceed or not.

If you are the party who initiates mediation, and you had signed the CEA prescribed estate agency agreement, participation by the estate agent and the salesperson is compulsory. Submit a signed copy of the agreement and relevant supporting documents to the mediation centre of your choice in order to proceed with mediation.

The prescribed estate agency agreements can be found on the CEA website at www.cea.gov.sg.

### *CEA Approved Mediation Centres*

There are three mediation centres approved by CEA. The fees charged by the respective centres can be found on the CEA website at www.cea.gov.sg.

1) Consumers Association of Singapore (CASE) Mediation Centre
   Website : https://www.case.org.sg/complaint_mediation.aspx
   Hotline : 6100 0315

2) Singapore Institute of Surveyors & Valuers (SISV)
   Website : www.sisv.org.sg/drc
   Hotline : 6222 3030

3) Singapore Mediation Centre (SMC)
   Website : www.mediation.com.sg
   Hotline : 6332 4366

### *Case Studies*

Below are some case studies in which consumers sought mediation as the channel to resolve real estate agency related disputes:

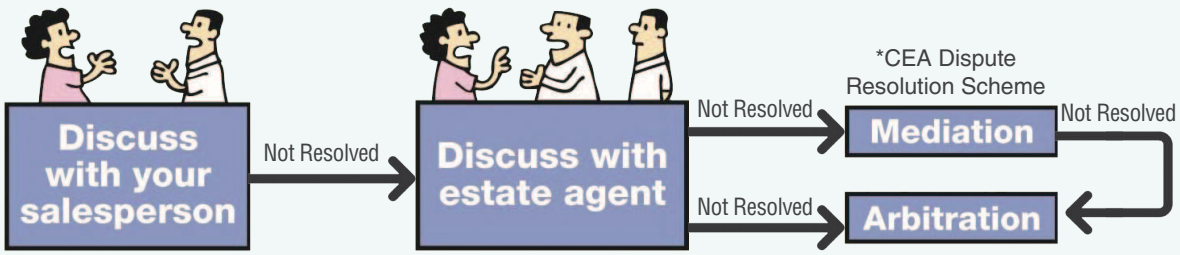
a) A consumer engaged a salesperson to sell his flat and agreed to pay him 2% commission after the completion of the transaction. However, the salesperson failed to inform him about the procedure for a bank loan application and did not assist to purchase a new unit concurrently during the sale transaction of the old unit. Hence, the consumer had to liaise with another salesperson to purchase a new unit. Eventually, he managed to sell his unit for $400,000. The consumer was not satisfied with the service from his salesperson and requested to reduce the commission to 1%.

b) A consumer relied upon a salesperson's representations and signed the Option to Purchase (OTP) for the sale of her flat for $700,000. However, the salesperson did not advise on the 'break-even' price of $740,000 and assured her initially that there would be written documentation from the Central Provident Fund Board stating that she would not be liable to pay the difference between the selling price and 'break-even' price. It turned out otherwise. The salesperson also failed to inform her on the unsuitability of a unit which resulted in unnecessary deliberation. The commission charged to the consumer was $12,000. She disagreed on paying the full sum and sought a reduction.

c) A consumer engaged a salesperson to sell his unit and agreed to pay a commission of 2% after completion of the transaction. The salesperson failed to provide him with the financial calculation for the purchase of a new unit, resulting in him not having enough funds to pay for the cash component. The consumer also found out later that the HDB resale checklist should be completed before the Option to Purchase (OTP) is granted. Due to the unsatisfactory services provided, the consumer requested for a reduction of commission.

d) A consumer decided to sell his unit without engaging a salesperson. He was requested by his stepmother to sign some documents, and she assured him that the documents had nothing to do with engaging the services of any salesperson. Later, he proceeded to sell his unit and submitted documents to HDB himself. However, an individual turned up during the 1st appointment at HDB and claimed to be his salesperson. Subsequently, he received a letter from the estate agent to pay a commission of $4,000. The consumer disagreed to pay and sought assistance.

*Source of case studies: CASE Mediation Centre*




* For consumers who have signed the prescribed Estate Agency Agreement

## Arbitration

If the dispute cannot be resolved through mediation, consumers can consider arbitration as their next step. You can also go for arbitration without going to mediation first.

Arbitration is a process whereby an arbitrator considers the issues presented by the parties and arrives at a decision that is final and legally binding on both parties.

### *CEA Approved Arbitration Centres*

CEA has two approved arbitration centres to handle arbitration cases. The fees charged by the respective centres can be found on the CEA website at www.cea.gov.sg.

1) Singapore Institute of Arbitrators (SIArb)
   Website : www.siarb.org.sg/Index_ADR_Arbitration.html
   Hotline : 6551 2785

2) Singapore Institute of Surveyors & Valuers (SISV)
   Website : www.sisv.org.sg/drc
   Hotline : 6222 3030

## Complaints and Disputes Not Handled by CEA and its Dispute Resolution Centres

CEA looks into complaints of misconduct involving estate agency work, estate agents and salespersons. Consumers and estate agents can use CEA's appointed Dispute Resolution Centres for disputes between them which arise from the prescribed estate agency agreement.

However, CEA and its Dispute Resolution Centres will not be able to take action on:

- Disputes between landlord and tenant, or buyer and seller (including buyer and property developer), which do not involve an estate agent or a salesperson.
- Disputes involving agents in marketing land banking products.
- Allegations of criminal wrongdoing such as fraud and cheating. CEA will refer such complaints to the Police.

## Lodging a Complaint to CEA

If you wish to lodge a complaint about estate agents and salespersons for misconduct or misrepresentation, you can visit CEA's office or send the completed Complaint Form (downloadable from www.cea.gov.sg) with relevant supporting documents to CEA through mail, email or fax.

*The information in this publication is meant for education purposes only and is not legal advice. You should seek legal advice if necessary.*

CEA Council for Estate Agencies

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