

Consumer Fact Sheet

Guidelines on Maximum Contract Term and Early Termination Charges for Pay TV Services Offered to Consumers

Consumers who enter into a new contract for pay TV service from 1 March 2012 will benefit from guidelines introduced by the Media Development Authority (MDA) to protect them. These guidelines pertain to:

- 1) limiting the maximum length of pay TV contracts to two years; and
- 2) having graduated early termination charges so that they are fair and reasonable.

Here are some FAQs which will be useful for consumers:

Q1: What should I look out for before signing a contract?

You should check that the duration of the contract offered to you is not more than two years (24 months).

Also, make sure that the penalty fees for premature termination of the contract are computed based on the remaining length of the unfulfilled contract, whereby such fees should be reduced on at least a month-by-month basis in tandem with the consumption of the contract. Your pay TV retailer should give you a detailed breakdown of how the penalty fees are calculated. You should ask for this, before signing the contract at point-of-sale or when you renew your contract with the retailer.

Q2: What can I do if my pay TV retailer does not inform me about applicable penalty fees for early termination when I sign up for a contract?

Under the Guidelines, pay TV retailers are required to explain the terms and conditions of the service and compute the penalty fees at varying points of the contract, so you know what are the early termination charges to expect. If the pay TV retailer fails to explain to you, please inform MDA so that we can look into the matter. Pay TV retailers who are found to have contravened the regulation on early termination charges will be taken to task accordingly.

Q3: How do graduated early termination charges work? How will they apply to me?

Under the Guidelines, the penalty fee for early termination of contracts should be calculated on a graduated basis, based on the remaining months of the contract, less *avoidable costs.

As such, if you terminate your contract later in the contract period, you will pay a lower penalty as compared to a person who terminates his/her contract nearer to the start of the contract period.

Assuming that you have subscribed to a 24-month contract at a monthly subscription fee of \$20 per month, you will be subjected to the following penalties depending on the date of the termination:

Length of contract consumed (month)	Remaining contract term (month) ^[1]	Monthly Subscription (S\$) ^[2]	*Monthly Avoidable Cost (S\$) ^[3]	Early Termination Charges (S\$) should not be more than [1]x[2]-[1]x[3]
2 months	22 months	20	1	418
12 months	12 months	20	1	228
18 months	6 months	20	1	114
20 months	4 months	20	1	76
* Avoidable Costs are costs that a retailer need not incur as a result of the contract termination, such as administrative charges. For illustrative purpose, S\$1 is assumed. The actual figure would vary among different retailers.				

Q4: Where can I find more information on the penalty I need to pay if I wish to prematurely terminate my contract?

If you wish to terminate your pay TV contract before the end of the contract period, please contact your pay TV retailer to get information on the following:

- Length of contract term;
- Number of months of contract fulfilled, as well as unfulfilled, at point of termination of contract; and
- The penalty fee and how it is calculated.

Q5: How would I know whether the penalty fee imposed on me is not excessive or unreasonably high?

The penalty fee should not be more than the sum total of the subscription fees for the remaining months of the contract, excluding avoidable costs.

If your current contract with the pay TV retailer is one with discounted subscription fees, the penalty fees imposed should be calculated based on the discounted rate.

Q6: Who can I approach for help if I think that the penalty imposed by my pay TV retailer is too high?

You can contact MDA at:

<https://mdaonline.mda.gov.sg/onlineservices/Feedback/FBSubmission.aspx> or call our hotline at 1800 478 5478.

MDA will not hesitate to take appropriate action, which can range from issuing a warning to imposing a fine, against pay TV retailers who contravene the regulation on early termination charges.

Q7: Will I be affected if my existing contract has expired and I intend to sign a new contract with a pay TV Retailer now?

The Guidelines are only applicable to new or renewed contracts signed from 1 March 2012 onwards. This is to give pay TV retailers sufficient time to amend their systems and processes to ensure that they comply with the Guidelines.

If you are intending to sign a new contract with a pay TV retailer now, you ought to be aware that the Guidelines would not apply to the contract. You have the option of waiting till 1 March 2012 when the Guidelines come into force.

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