IN THE STATE COURTS OF THE REPUBLIC OF SINGAPORE

[2026] SGSCT 10

Small Claims Tribunals — Claim No 12416 of 2026

Between

JGS

… *Claimant*

And

JGT

… *Respondent*

EX TEMPORE JUDGMENT

[Commercial Transactions — Sale of goods — Consumer protection — Consumer Protection (Fair Trading) (Motor Vehicle Dealer Deposits) Regulations 2009]

JGS
v
JGT

[2026] SGSCT 10

Small Claims Tribunals — Claim No 12416 of 2026
Tribunal Magistrate Jared Kang Chern Wey
21 May 2026

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Tribunal Magistrate Jared Kang Chern Wey:

1 This is a claim arising from a motor vehicle deposit. The claimant paid the respondent, a car dealership, a deposit of $5,000 in relation to the intended purchase of a used Maserati Ghibli, bearing registration number [*redacted*]. The transaction was recorded in document titled "Purchase/Sales Agreement" (the "Agreement") dated 28 February 2026.

2 The material words in the Agreement—which were handwritten by the salesperson who attended to the claimant—were these. The vehicle was sold as a consignment vehicle, with no warranty, and the sale was subject to loan approval and workshop "PPI", that is, pre-purchase inspection. The agreement then stated: "If engine, gearbox or major accident (chassis), full refund of $5,000 deposit. Other than that buyer will honour the deal."

3 The claimant's case is that the pre-purchase inspection revealed issues falling within the written refund clause. He relies, in particular, on the engine oil leakage and transmission and/or gearbox-related oil leakage identified during the inspection. He also referred to the gear-shifting issue identified during the pre-purchase inspection. He says that because these were "engine" and/or "gearbox" issues, he was entitled to the refund of his $5,000 deposit.

4 The respondent's case is that this is an old used car, and that the inspection revealed only minor oil leakage or issues attributable to wear and tear. The respondent says that the written reference to "engine" and "gearbox" was understood to mean only *major* engine or gearbox problems, such as internal failure, overhaul, replacement, or some similarly serious mechanical issue. On that basis, it contends that the claimant withdrew from the purchase without justification, and that the deposit was properly forfeited.

5 If this case were to be approached purely as an ordinary contractual interpretation dispute, there may well have been room for an extended argument about the commercial meaning of the parties' handwritten words, especially set against the admissible evidence surrounding the context of those words. However, the ordinary law of contractual interpretation does not supply the full legal framework. This case concerns a motor vehicle dealer deposit. It is therefore necessary to consider the Consumer Protection (Fair Trading) (Motor Vehicle Dealer Deposits) Regulations 2009.

6 Regulation 3(1) provides that a motor vehicle dealer must, before collecting any deposit from a consumer in relation to or in contemplation of a motor vehicle sale contract, inform the consumer in writing of the terms of the refund policy of the motor vehicle dealer in respect of the deposit. Regulation 3(2) then provides that any ambiguity in the terms of the refund policy must be

interpreted against the motor vehicle dealer. Regulation 4(1) provides that a motor vehicle dealer must not exercise any right to retain a deposit, or any part of a deposit, unless it has complied with reg 3. Regulation 5 places the burden of proving compliance on the motor vehicle dealer.

7 These provisions impose a discipline of clarity on motor vehicle dealers. A dealer may adopt a strict refund policy, including one that limits refunds to narrowly specified events. For example, where the pre-purchase inspection reveals major engine failure, the need for the gearbox to be overhauled, or structural accident damage to the vehicle's chassis. Dealers are perfectly entitled to decide the circumstances in which they would be prepared to refund deposits. The point is that their refund policy must be stated clearly, *in writing*, before the deposit is collected, so that the consumer knows the *exact* terms on which the deposit may be refunded or retained and, therefore, may properly assess whether the transaction is suitable for them.

8 The practical reasons are obvious. Deposits are often paid at an early stage, typically before pre-purchase inspections have been conducted. If the transaction later breaks down because the condition of the vehicle is not what the consumer reasonably expected or—in some cases—unreasonably hoped, parties should not have to reconstruct, after the event, what was allegedly explained or agreed orally at the showroom. The 2009 Regulations require the focus to be on what was communicated *in writing*. Not only do they protect careful consumers, they also protect conscientious dealers who take the time to craft and justify the terms of their refund policy.

9 In the present case, the only "written refund policy" relied on by the respondent is the Agreement itself. The respondent's representative accepted that he did not know of any other document signed before the deposit was paid

by the claimant. The question, therefore, is whether the Agreement—interpreted with reg 3(2) in mind—properly recorded the narrower refund policy on which the respondent now seeks to rely.

10 In my judgment, it did not. As stated above, the clause simply said the following: "If engine, gearbox or major accident (chassis), full refund of $5,000 deposit." It did not say, for example, "major engine or gearbox issue". It did not say "engine or gearbox overhaul". It did not say "internal failure". It did not say "replacement required". The word "major" appears before "accident", and the parenthetical reference to "chassis" appears to further qualify *that* requirement. It is, as such, at least ambiguous whether the word "major" was meant to qualify engine and gearbox issues as well. Moreover, the clause also did not record exclusions. For example, it did not say that ordinary oil leakage, oil seepage, or issues attributable to wear and tear were excluded.

11 The clause's patent ambiguity is decisive because, as I said, reg 3(2) requires the ambiguity to be interpreted against the motor vehicle dealer. The pre-purchase inspection report marked "Oil/Water Leakage" and "Gear Shifting" as issues. During the hearing, the respondent's representative also accepted candidly that there was a transmission oil pump leak. As against this, he argued that these were not major issues and were, indeed, common amongst 11-year-old cars, such as the Maserati Ghibli in issue. However, that submission depends on reading into the handwritten refund term a limitation that only *major* engine or gearbox issues would count, and that those actually identified during the pre-purchase inspection—oil leaks, gear-shifting concerns, or issues attributable to wear and tear—would be excluded. That may well have been what the salesperson intended to convey, but it was not clearly written down.

12 This cannot be cured by relying on an oral explanation said to have been given to the claimant prior to the deposit being collected. On the respondent's account, the salesperson who handled the transaction with the claimant, a Mr R, explained that issues attributable to ordinary wear and tear would not be covered, and that only *major* engine or gearbox issues would justify a refund of the $5,000 deposit. The claimant disputes that this was said and, because the respondent did not call Mr R to testify as to the content of their discussion, there is no real evidential basis to ground the respondent's factual position. In any case, that would not have gotten it very far. Even if I assume in the respondent's favour that what it claims had been said by Mr R had in fact been said, the 2009 Regulations require that the consumer be informed of the terms of the refund policy *in writing* before the relevant deposit is collected. Oral explanations cannot be accepted as a sufficient substitute when the law so clearly provides that it is writing that is required.

13 For completeness, the WhatsApp exchanges between the claimant and Mr R also do not assist the respondent. Those messages show the very ambiguity that has led to the present dispute. After the pre-purchase inspection, the claimant initiated a discussion with Mr R about a potential refund of the deposit paid. Mr R replied that the respondent would "only do refund subject to engine gearbox & major accident", but added that the matters identified in the pre-purchase inspection report were mostly wear and tear issues and that, "[b]y right", the respondent did not cover wear and tear "like oil leakage". The claimant then pointed out that the Agreement stated "engine" and "gearbox", but did not state that leaks were wear and tear, and that leaks were still related to the engine and gearbox. Mr R's response was that "engine & gearbox" had been explained as being "subject to major like overhaul", that wear and tear was not covered, and that oil leakage was to be counted as wear and tear unless replacement or overhaul was required. All of this, however, is a post-dispute

explanation of what the respondent (through Mr R) says the clause meant. It plainly cannot be said to constitute part of the "written refund policy" for the purposes of reg 3(1) since that regulation, in effect, confines "written refund policy" to that which is communicated to the consumer *before* the deposit is collected.

14 I should also add that the printed words in the Agreement describing the $5,000 deposit paid by the claimant as "non-refundable" do not alter the analysis. The Agreement is the same document which contained the handwritten refund clause (see [2] above). As such, if one were to read the Agreement as a whole coherently—as one should—the most that can be made of the phrase "non-refundable" is that the deposit was meant to be non-refundable unless the handwritten refund clause was triggered. The dispute thus remains what that refund clause meant and, for the reasons I have given, any ambiguity in that clause must be construed against the respondent.

15 To be clear, I do not necessarily disagree that the respondent's position is commercially reasonable. It says this was an 11-year-old used car, and that minor leaks are to be expected. That may be so. Nevertheless, as I said, the 2009 Regulations impose a discipline of clarity on motor vehicle dealers. If the respondent wished to distinguish between major and minor engine or gearbox issues, or to exclude oil leaks and issues attributable to wear and tear, it had to say so clearly in writing. It did not do so and, having failed to do so, I find that—on the essentially undisputed facts relating to the state of the Maserati Ghibli's engine and gearbox—the respondent has not shown that it was entitled to retain the deposit paid by the claimant in view of the issues identified during the pre-purchase inspection.

16 Accordingly, I enter judgment for the claimant and order that the respondent refund the $5,000 deposit in full. I also grant the claimant disbursements fixed at $20 representing his Small Claims Tribunals filing fees and the reasonable cost of effective service. The respondent is therefore to pay the claimant the total sum of $5,020 within seven days of today (*ie*, 28 May 2026), failing which the claimant may enforce the order.

17 I close with some practical observations because it appeared from the hearing that neither party were aware of the existence of the 2009 Regulations—much less appreciated their significance—whether at the point they transacted, or after the dispute arose. This is unfortunate, because the Regulations are short, clear, and directly addressed to the very situation before me: a consumer paying a deposit to a motor vehicle dealer before the transaction is completed. The Regulations should be treated—especially by car dealers—as a basic part of motor vehicle deposit transactions, and not as obscure or technical rules in the way of their established practices.

18 Consumers should understand that a deposit may expose them to real financial risk. Before paying, they should ask the dealer to identify, in writing, exactly when the deposit will be refunded and exactly when it will be retained. The consumer should then carefully consider whether they are content to accept those terms. This is especially important where the deal is subject to loan approval, a pre-purchase inspection, or further checks on the vehicle. If a consumer is told orally that the deposit will be refundable in certain circumstances, the consumer should ensure that this is written into the agreement before payment is made. After payment, consumers should keep the signed agreement, proof of payment, and all messages exchanged with the dealer.

19 Dealers should also treat the written refund policy as a compliance document, not merely as a sales formality. A clear refund policy should state the events that trigger a refund, the events that do not, and any important exclusions. If, for example, a dealer intends to say that only "major" issues qualify, and ordinary "wear and tear" issues do not qualify, that should be stated expressly. Sales staff should also be trained to use deliberately crafted written terms consistently. And, where a deposit dispute reaches the Small Claims Tribunal, the dealer should be prepared to produce an acknowledged copy of those terms, and clear proof that those terms had in fact been given to the consumer before the deposit was collected.

20 If both consumers and dealers conscientiously adopt and abide by these simple practices—as it is clear the 2009 Regulations intended to cultivate—we may well be able to avoid not only most disputes in respect of motor vehicle deposits but, more importantly, the more foundational issue of mismatched expectations and understandings as between consumers and dealers which birth such disputes in the first place.

Jared Kang Chern Wey
Tribunal Magistrate

The claimant in person;
The respondent in person.
