

GUIDE FOR Hirers in hire-purchase or conditional sales agreements

Relief period ended on
19 Nov 2020 (for agreements
with banks or MAS-regulated finance
companies) and **31 Jan 2021**
(for agreements with other
financing companies)

Do you qualify for relief?

- ✓ Hire-purchase agreement or conditional sales agreement for:
 - Plant or machinery in Singapore used for commercial purposes (e.g. manufacturing)
 - Commercial vehicle (e.g. used as goods vehicle, private bus, private hire car)
- ✓ Entered into contract before 25 March 2020
- ✓ **Unable to pay instalments** from 1 February 2020 or later, **due to COVID-19**

The Act does not apply if your case has any of the following factors:

- ✗ Goods purchased for personal purposes
- ✗ Vehicle rental agreements (approach the rental company for assistance)
- ✗ Inability to pay instalments for reasons unrelated to COVID-19
- ✗ Unpaid instalments before 1 February 2020, or goods repossessed before 20 April 2020

What does the relief do?

If you serve a Notification for Relief, then, up to 19 November 2020 (if your agreement is with a bank or a MAS-regulated finance company) or 31 January 2021 (if your agreement is with a financing company other than a bank or MAS-regulated finance company)*:

- The financing company cannot repossess your plant, machinery or vehicle
- The financing company cannot unilaterally impose new charges, increase charges or interest rates beyond what is provided for in the hire-purchase agreement
- If the financing company is not a bank or finance company:
 - The late payment interest and charges for arrears accrued between 1 February 2020 and 19 November 2020/ 31 January 2021 will be capped at an amount equal to 5% per annum of simple interest on the arrears
 - The financing company cannot terminate the hire-purchase agreement on the basis that you are unable to pay instalments on time
- The financing company cannot start or continue court or insolvency proceedings against you

Take the chance to re-organise your finances and consider if you will still be able to pay the instalments in future.

* The Ministry of Law has extended the relief period from 19 October 2020 to 19 November 2020 (for agreements with banks or MAS-regulated finance companies) and 31 January 2021 (for agreements with financing companies other than a bank or MAS-regulated finance companies).

Take note

- Instalments and applicable interest continue to accrue, and remain payable
- Instalments are not waived. Discuss with the financing company if you need to reschedule instalments
- If you terminate the agreement, you are still liable for charges and other penalties listed in your agreement
- After the relief period, legal and enforcement proceedings may be commenced for arrears

How to get relief?

Serve a Notification for Relief on the financing company, using the form at www.mlaw.gov.sg/covid19-relief/notification-for-relief. The relief applies after the Notification is served.

What if the financing company does not agree?

The financing company may not agree that relief applies, because you can still pay instalments or you have not been affected by COVID-19. Try to discuss with the financing company and reach a compromise.

If you cannot agree, either of you may apply for an Assessor from the Ministry of Law to make a determination. The determination will aim to be fair to both parties. For example, you may have to pay partial or staggered instalments. The determination by the Assessor is binding on the parties, and is not appealable.