

CONSUMER PROTECTION UNDER  
HIRE - PURCHASE LAW IN MALAYSIA

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## 1.1 Introduction

Hire-Purchase trading first started in England in 1846. When Mr. Henry Moore, the Bishopsgate piano maker, introduced it in that year. However, it was only in the second half of the nineteenth century that hire-purchase finds its place in the commercial sphere when the Singer Manufacturing Company began to offer housewives and others the opportunity of acquiring sewing machines on "hire and purchase" terms. Thus, the precedent was set. Vendors of furniture, piano and other household consumer goods followed suit. At about the same time, in the industrial sphere, North Central and British Wagon Companies began to finance the purchase of railway wagons by collieries needed for the carriage of coal, and security for the advances made was provided by hire-purchase agreements. Unlike the Singer Company, the wagon companies were not themselves primarily engaged in the manufacture or sale of goods let on hire. They were, in fact, the first examples of finance companies which today form an integral part in hire-purchase transactions. With the invention of automobiles, the ambit of hire-purchase had been extended to a large extent, and now, we have a wide range of consumer goods to choose from.

In a hire-purchase agreement, the hirer is given the option to purchase the goods, but is under no obligation to do so. This distinguishes it from a conditional sale

agreement. He is not committed to paying the full price but may terminate the agreement without exercising his option to purchase. In the early days of hire-purchase the dividing line between hire-purchase and conditional sale agreement is very thin indeed. Many agreement were locally described to be on 'hire and purchase terms when they are in fact, conditional sale agreement. A good example is found in the case of Beete v Bidgood which concerned a contract for the sale of, among other things, a quantity of slaves in Demerara, the price to be paid by instalments, with 'interest'. The court held that despite the designation of additional payment as interest, all the seller was doing quoting one price for payment in cash and a higher price for payment by instalments. The agreement was therefore not open to attack as being usurious. This so-called 'time-price doctrine became well established throughout the common law world.

During its initial stages, hire-purchase agreement were restricted to a limited number of goods, its ambit restricted to certain types of goods in specialist types of business, such as waggons for the collieries. Now, with the advent of motocars and numerous other inventions, hire-purchase transactions had reached a new height.

At first, it was the dealer who extended credit, hire-purchase agreements being concluded direct between dealer

I wind about, and in and out  
With here a blossom sailing,  
And here and there a lusty trout,  
And here and there a grayling...

And draw them along, and flow  
To join the brimming river,  
For men may come and men may go,  
But I go on for ever.

- 'The Brook'