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A CERTIFICATE of entitlement (COE) may have been secured in a car buyer's name, but that does not automatically make him the rightful owner.

Ownership of the COE resides with the party that bid and paid for it, the High Court ruled in an appeal case last week.

Justice Kan Ting Chiu was satisfied that credit company Kenso Leasing was the owner of the COE, secured for \$10,000, and not car buyer Hoo Hui Seng, 37, a naval warrant officer.

Mr Hoo had booked a Honda Freed multi-purpose vehicle from parallel importer Koh Brothers Automobile in September 2008, but it was not delivered as the firm apparently ran into financial difficulties and has since closed.

Mr Hoo went to another motor firm to buy his car but used the COE that Koh Brothers had commissioned Kenso to get. Kenso, which is also a parallel importer, sued Mr Hoo, arguing that it was the legal owner of the COE as it had paid for it, even though it was secured in his name.

Koh Brothers had paid Kenso only \$500 as a down payment, so the latter was out of pocket to the tune of \$9,500 for the \$10,000 it had paid the Land Transport Authority for the COE.

The case went to court last August and District Judge Loo Ngan Chor ruled in favour of Kenso.

Mr Hoo, through his lawyer Johnny Seah of Seah & Co, appealed against the judgment.

Now that the High Court has upheld the Subordinate Court's decision, there is one more recourse for Mr Hoo: the Court of Appeal. But he will have to seek the permission of the High Court since the claim is below \$250,000.

Neither Mr Hoo nor his lawyer could be reached for comment yesterday. Among their arguments was that Kenso had never intended to own the COE but was merely bidding on behalf of Koh Brothers. They also argued that Kenso should rightfully have sought recourse against Koh Brothers.

These, however, cut no ice with the court, which was clear that the party that paid for the certificate was legally the owner. **Kenso's lawyer, Mr Vijai Parwani of Parwani & Co, said: 'Our client simply wanted a reimbursement of its outlay, and we are pleased that the High Court agreed with our submissions in this novel**

case.'

Observers said the court decisions may have far-reaching implications as it is common for parallel importers to enlist third parties like credit companies to secure COEs on their behalf.

For instance, the financiers might ask for bigger down payments from the parallel importer, which in turn could ask consumers to pay more upfront.

Kenso director Anthony Lim said his company will now sue four other car buyers to recover the cost of securing COEs for them. 'We actually wrote to a number who were in the same situation. We were able to reach a compromise with some, but others refused to reimburse us,' he said.

The four were also Koh Brothers customers.

Mr Hoo was ordered to pay Kenso \$9,500, plus \$6,000 in costs after the case went before the Subordinate Courts in August, and another \$4,000 after the appeal last week.