

Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila

TWENTIETH CONGRESS  
First Regular Session

HOUSE BILL NO. **8680**



---

Introduced by Representative Kenneth T. Gatchalian

---

**EXPLANATORY NOTE**

Consumers depend daily on essential services such as electricity, water, telecommunications, internet connectivity, and transportation. These services are regulated as they directly affect public welfare and economic activity. When providers fail to meet prescribed service standards—whether through prolonged interruptions or substandard performance—consumers experience inconvenience, disruption, and financial loss.

Under the current system, compensation is often complaint-driven. Consumers must file reports or claims before any adjustment is made. Meanwhile, penalties for delayed payments are imposed automatically. This creates an imbalance in accountability.

This bill addresses that imbalance by institutionalizing automatic and proportionate compensation for service interruptions and failure to meet prescribed performance standards. Compensation shall be granted without the need for prior complaint, demand, or application from the consumer.

Anchored on Republic Act No. 7394, otherwise known as the "Consumer Act of the Philippines," the measure strengthens consumer protection by:

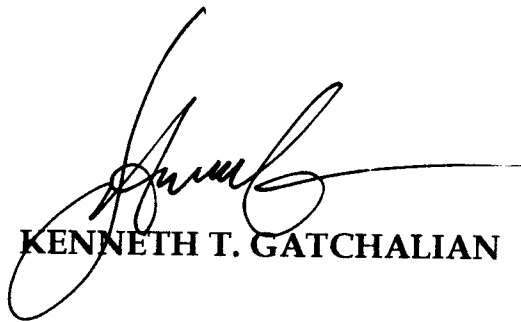
1. Defining key terms to ensure clarity and enforceability;

2. Requiring automatic bill credits, rebates, refunds, or similar monetary remedies when standards are not met;
3. Mandating transparency through disclosure of service disruptions and itemized compensation in billing statements; and
4. Designating the Department of Trade and Industry as the primary enforcement authority, while preserving the technical jurisdiction of sector regulators.

The bill does not create new technical standards. It ensures that when existing standards are not met, consequences are applied fairly and automatically.

In a regulated environment where essential services are necessary for daily life, accountability must operate both ways. If consumers are expected to pay on time, service providers must deliver according to prescribed standards—or compensate accordingly.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



KENNETH T. GATCHALIAN

Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila

TWENTIETH CONGRESS  
First Regular Session

HOUSE BILL NO. 8680

---

Introduced by Representative Kenneth T. Gatchalian

---

AN ACT  
STRENGTHENING CONSUMER PROTECTION IN CASES OF SERVICE  
INTERRUPTIONS AND DEFICIENT PERFORMANCE BY REGULATED  
CONSUMER SERVICES

*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled:*

1           **SECTION 1. Short Title.** – This Act shall be known as the “*REliable and*  
2           *Fair Underperformance and Disruption Compensation (REFUND) Act.*”

3           **SEC. 2. Declaration of Policy.** – It is the policy of the State to ensure that  
4           consumers are protected against unjustified service interruptions, substandard  
5           performance, and unfair or deficient delivery of regulated essential services. The  
6           State shall guarantee responsive, transparent, and proportionate compensation  
7           mechanisms in favor of affected consumers, without the need for prior demand or  
8           complaint filing.

9           **SEC. 3. Coverage.** – This Act shall apply to all persons, natural or  
10          juridical, engaged in the provision, sale, or distribution of consumer services in the  
11          Philippines that are subject to regulation, supervision, or oversight by any  
12          government agency or instrumentality.

1           The coverage of this Act shall be in accordance with the consumer products  
2 and services covered under Republic Act No. 7394, otherwise known as the  
3 “Consumer Act of the Philippines,” and shall apply specifically to the services  
4 offered to the public for consideration.

5           The Act shall apply irrespective of whether the service is provided directly  
6 to consumers or through intermediaries.

7           **SEC. 4. *Definition of Terms.*** – For purposes of this Act:

- 8           a. *Consumer* refers to a natural person who purchases, leases, receives, or  
9           avails of consumer services for personal, family, or household purposes,  
10           consistent with Republic Act No. 7394.
- 11           b. *Consumer Services* refer to services offered to the public for  
12           consideration and covered under Republic Act No. 7394, including  
13           those subject to regulation, supervision, or oversight by any government  
14           agency.
- 15           c. *Service Interruption* refers to any unscheduled, preventable, or  
16           prolonged disruption in the delivery of a consumer service beyond the  
17           performance standards prescribed by the Department of Trade and  
18           Industry (DTI) or the relevant sector regulator.
- 19           d. *Deficient Performance* refers to the failure to meet minimum service  
20           quality, reliability, safety, or continuity standards established by the DTI  
21           or the appropriate regulatory agency.
- 22           e. *Automatic Compensation* refers to mandatory bill credits, rebates,  
23           refunds, or similar monetary remedies granted to affected consumers  
24           without the need for prior complaint, demand, or application.
- 25           f. *Sector Regulators* refer to government agencies, commissions, or  
26           instrumentalities vested by law with regulatory, supervisory, rate-  
27           setting, licensing, or performance-standard-setting authority over  
28           specific consumer services, including but not limited to Energy

1 Regulatory Commission, National Telecommunications Commission,  
2 Land Transportation Franchising and Regulatory Board, Metropolitan  
3 Waterworks and Sewerage System, and such other agencies as may be  
4 authorized by law to regulate consumer services within their respective  
5 jurisdictions.

- 6 g. *Guaranteed Service Restoration* Period refers to the maximum  
7 allowable period for restoring a consumer service after an interruption or  
8 onset of deficient performance, as determined by the appropriate sector  
9 regulator, beyond which automatic compensation applied under this Act:  
10 *Provided*, That such period shall not exceed five (5) calendar days.

11 **SEC. 5. *Mandatory Automatic Compensation.*** – In cases of service  
12 interruption or deficient performance exceeding the minimum performance  
13 standards prescribed pursuant to this Act:

- 14 a. Affected consumers shall be entitled to automatic compensation in  
15 the form of bill credits, rebates, or refunds;  
16 b. Compensation shall be computed proportionately based on duration,  
17 frequency, and severity of service failure; and  
18 c. No application, claim, or written complaint shall be required from  
19 the consumer.

20 *Provided*, That automatic compensation shall only apply where the service  
21 interruption or deficient performance exceeds a guaranteed service restoration  
22 period to be prescribed by the appropriate sector regulator, which shall in no case  
23 exceed five (5) calendar days. *Provided, further*, That such period shall apply only  
24 to interruptions that are technically unavoidable or justified under existing  
25 standards, and shall not cover cases involving gross negligence, willful  
26 misconduct, or repeated or systemic service failures.

27 **SEC. 6. *Transparency and Reporting.*** – All covered entities shall:

- 28 a. Publicly disclose service standards and outage reports;

1           b. Reflect automatic compensation as a separate line item in billing  
2           statements; and

3           c. Submit periodic compliance reports to the appropriate regulatory  
4           agency.

5           **SEC. 7. *Lead Enforcement and Regulatory Coordination.*** – The DTI  
6           shall serve as the primary enforcement and oversight agency for the  
7           implementation of this Act. In this capacity, the DTI shall:

- 8           a. Monitor compliance with automatic compensation requirements;  
9           b. Receive and adjudicate consumer complaints arising from violations of  
10          this Act;  
11          c. Impose administrative fines and sanctions for non-compliance;  
12          d. Conduct investigations, audits, and compliance reviews;  
13          e. Issue such orders and directives as may be necessary to ensure  
14          enforcement; and  
15          f. In coordination with sector regulators, shall ensure that the prescribed  
16          guaranteed service restoration periods are reasonable, sector-specific,  
17          and consistent with technical and operational realities, while upholding  
18          the primacy of consumer protection under this Act.

19          Sector-specific regulatory agencies shall continue to prescribe and enforce  
20          technical performance standards within their respective jurisdictions. Such  
21          agencies shall coordinate with, and furnish the DTI with service performance data,  
22          compliance reports, and relevant findings necessary for the enforcement of this  
23          Act.

24          In cases of conflict, consumer protection enforcement under this Act shall  
25          be without prejudice to the mandates of sector regulators, provided that remedies  
26          granted herein shall be minimum standards and shall not diminish higher  
27          protections under existing laws.

1           **SEC. 8. *Administrative Penalties.*** – Failure to comply with the provisions  
2 of this Act shall subject the service provider to fines, sanctions, or suspension of  
3 authority without prejudice to other civil or criminal liabilities under existing laws,  
4 including Republic Act No. 7394.

5           **SEC. 9. *Implementing Rules and Regulations.*** – Within ninety (90) days  
6 from effectivity, the Department of Trade and Industry, in coordination with  
7 relevant regulatory agencies, shall promulgate the necessary implementing rules  
8 and regulations.

9           **SEC. 10. *Separability Clause.*** – If any provision or part of this Act is held  
10 invalid or unconstitutional, the remaining parts or provisions not affected shall  
11 remain in full force and effect.

12           **SEC. 11. *Repealing Clause.*** – All laws, executive orders, presidential  
13 decrees or issuances, letter of instruction, administrative orders, rules, and  
14 regulations as well as local ordinances contrary to or inconsistent with the  
15 provisions of this Act are hereby repealed, amended, or modified accordingly.

16           **SEC. 12. *Effectivity.*** - This Act shall take effect fifteen (15) days after  
17 publication in the Official Gazette or in two (2) national newspapers of general  
18 circulation.

*Approved,*