

Independent Compliance Assessment Panel (ICAP)

Annual Compliance
Report 2018



**THE MOTOR
OMBUDSMAN**



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Managing Director and Chief Ombudsman's foreword



Bill Fennell
Managing Director

The role of The Motor Ombudsman centres on resolving individual complaints, identifying trends and making recommendations to both improve complaint handling and reduce customer detriment at a business and industry sector level. The over-riding objective is to raise the standards and quality of service delivered by our accredited businesses, and to address issues with the service provided and the products being purchased as they arise.

In our second year of operation as the Ombudsman within the automotive sector, we again experienced increased demand for our services with contacts into our business increasing by 41% to just below 60,000. This was matched by a 101% rise in the number of cases to around 4,500. This growth is, in part, due to the increased awareness of our role amongst motorists, up 22% on last year, as well as the willingness of manufacturers, dealerships, garages and vehicle warranty providers to engage in Alternative Dispute Resolution (ADR), thereby supporting their own in-house complaints process. With around 30% of our referrals now coming from our accredited businesses, the same amount coming direct from consumers via the web, and the balance originating from word of mouth and referrals from Citizens Advice, CTSI and other Ombudsmen, the importance of Alternative Dispute Resolution being available to both businesses and consumers is growing. Indeed, during 2018, we engaged with the Department for Business, Energy & Industrial Strategy (BEIS) on the future of ADR in the UK, and we will continue to do so in 2019 to help make ADR more effective and available to a wider consumer audience across all garages in the UK.

Of course, this sustained level of growth continues to present us with challenges and added pressure on our resources. Our corporate structure and capabilities increased again in 2018, and the next 12 months are set to be a period of significant expansion and restructuring for our organisation, as we seek to build our position as the automotive dispute resolution provider and offer a high level of service to both consumers and accredited businesses.

Our impartiality is of course key to supplying a fair service to both consumers and businesses, and therefore ongoing audits by CTSI, coupled with the review of our work and case outcomes by ICAP members, will ensure that this is not compromised.

To this end, I would like to thank ICAP for their time and hard work during the past twelve months and for their ongoing support. We look forward to working with the Panel in 2019.

ICAP Chairman's foreword



Tim Milsom
ICAP Chairman

A stylized, handwritten signature in black ink, appearing to read 'Tim Milsom'.

With a Brexit-driven national agenda, and a potentially changing consumer protection environment, The Motor Ombudsman has not taken its eye off the ball in promoting high standards and protecting motorists.

With a suite of Codes that span all aspects of buying and maintaining a motor vehicle, consumers using Motor Ombudsman-accredited garages can be assured of exceptional service and the confidence, that in the event of an issue, the body will provide an effective dispute resolution service.

In addition, analysing survey data has enabled The Motor Ombudsman to identify and track industry trends and create awareness of training courses tailored to the automotive trade. I believe that The Motor Ombudsman is well placed in 2019 to continue its exceptional work regardless of events in the political arena.

My role as Chairman during the past 12 months has once again remained dedicated to overseeing the outcomes and final decisions taken by The Motor Ombudsman, and that these are fair and impartial according to the facts presented by both the consumer and the business.

The following report provides information on the effectiveness of the Codes of Practice, and for consistency, summarises the year-on-year performance recorded by the organisation.

SECTION 1: Introductions

1.1 The Independent Compliance Assessment Panel (ICAP)

Remit

Meeting at least twice a year, the Panel is tasked with monitoring effectiveness, through the review of annual performance data, the analysis of accredited business performance and compliance issues, and the application of sanctions should they be required.

The Panel is equally responsible for looking at a cross section of complaints, whereby it examines a selection of adjudicator recommendations and ombudsman determinations, and considers whether these have been made on a fair and impartial basis.

Panel Members

The Panel consists of the following members. Under the existing constitution, and for the purpose of impartiality, only a quarter of individuals may be employed within the automotive sector.



Tim Milsom
Chairman

Tim Milsom is an independent Trading Standards motoring consultant and an experienced automotive industry professional. Tim was formerly the director of an award-winning independent garage for over 27 years. He also specialised in Trading Standards and Regulatory Compliance within the automotive sector, and brings experience in product safety, compliance, risk management and stakeholder engagement.

Tim has developed Trading Standards business support / business education initiatives including guidance and advice, training and professional development, and other business support programmes relating to regulatory activities. Furthermore, Tim served as a Used Car Commission member, a government commissioned project to examine the root causes of complaints in the used car industry. It involved the liaison with a broad spectrum of commission members, the gathering and analysis of their input, and contributing to the drafting and development of reports.



Paul Swindon
Vice Chairman

Paul Swindon is the Company Secretary and Head of Compliance at the British Association of Removers (BAR), a role he has held since 2012. As part of the senior management team, Paul is responsible for the Compliance and Annual Inspection regimes, Alternative Dispute Resolution (ADR) scheme and the Association-wide Governance covering five subsidiary companies and a consumer protection scheme - the BAR Advanced Payment Guarantee Scheme Trust.

He is also the proud Honorary Secretary of the Removers Benevolent Association (RBA) – a registered industry charity that provides financial assistance for necessitous individuals and their families from within the industry. As the guardian and custodian of the Rules, Articles and Code of Practice, Paul is deeply passionate about the ongoing compliance and regulation of his members and raising standards within the professional removals industry. He has been involved in a number of external stakeholder groups including the Chartered Trading Standards Institute (CTSI), the Better Regulation Delivery Office (BRDO) and the Department for Business, Energy & Industrial Strategy (BEIS).



Frances Harrison

Frances is a board member of The Motor Ombudsman. She is also a former member of both the Legal Services and Financial Services Authority consumer panels, and is currently Chair of Brighton and Hove Citizens Advice, a board member of both Registry Trust and the Consumer Code for Home Builders, a member of the Finance and Leasing Association's Lending Code Group, a trustee of Emmaus Brighton, and a policy adviser to the training organisation, Developing Youth Practice. Frances has worked for the National Consumer Council as Head of Policy Research and Development, the National Association of Citizens Advice Bureaux as a specialist support officer, and for local authorities where she has managed consumer advice services. She chaired the Consumer Congress and the Institute of Consumer Affairs, and has represented consumers on government working groups.



Duncan MacRae

Duncan MacRae is a former National Operations Manager at **The Automobile Association** Ltd and brings industry expertise having worked with The AA since 2003.

He served in a variety of positions, overseeing various operations including the management of the Supplier Network Management department, the Garage Approval programme within the UK, the AA brand within the UK, Police National Vehicle Recovery Schemes and the Dealership Quality Standards Programme.

Duncan also previously oversaw the Garage Inspection contract for The Motor Ombudsman prior to the introduction of the self-assessment, bringing insight to the panel of the operational activities.

Duncan is a registered Consultant as well as continuing to work within the Motor Industry at a Senior Management level within the Vehicle Movement and Inspection sector.



Judith Turner

Judith Turner is Head of ADR and the Senior Ombudsman at **The Furniture Ombudsman**. She read Law at King’s College London for three years before graduating with honours in 1998. Judith then went on to complete the Legal Practice Course (LPC) and a training contract before qualifying as a solicitor in 2001. She was previously employed by a City Law firm, practising in Commercial Law.

An experienced legal professional, Judith also specialises in Alternative Dispute Resolution and joined The Furniture Ombudsman in 2011. Since her appointment, Judith has written and presented a wide variety of training courses on consumer law and compliance.



Jon Walters

Jon Walters has held the position of Consumer Service Delivery Manager at Citizens Advice for the last three years. Prior to this, he was the Service Delivery Manager at the Furniture Ombudsman and a Performance and Quality Officer at the Office of Fair Trading (OFT).



Tim Roberson

Tim Roberson is a former senior economist at the **Office of Fair Trading (OFT)**, which has now merged with the Financial Conduct Authority (FCA) and the Competition and Markets Authority (CMA). Previously he worked at HM Treasury, the Department of the Environment and the Department for Transport (DfT).

Employed for over 20 years at the OFT, Tim was involved in a wide range of investigations including consumer credit, extended warranties, new car warranties, payment protection insurance, private medical insurance and current account banking. Other responsibilities included assessing unfair contract terms and commercial practices and their relationship with influences on consumer behaviour, and the scope for self-regulation (Codes of Practice) to give added protection to consumers.

Since 2010, Tim has been a member of the National Consumer Federation’s Executive and Legislation Committees. Between 2012 and 2015, he was a member of the Consumers’ Association (Which?) Council of Trustees.

1.2 The Motor Ombudsman

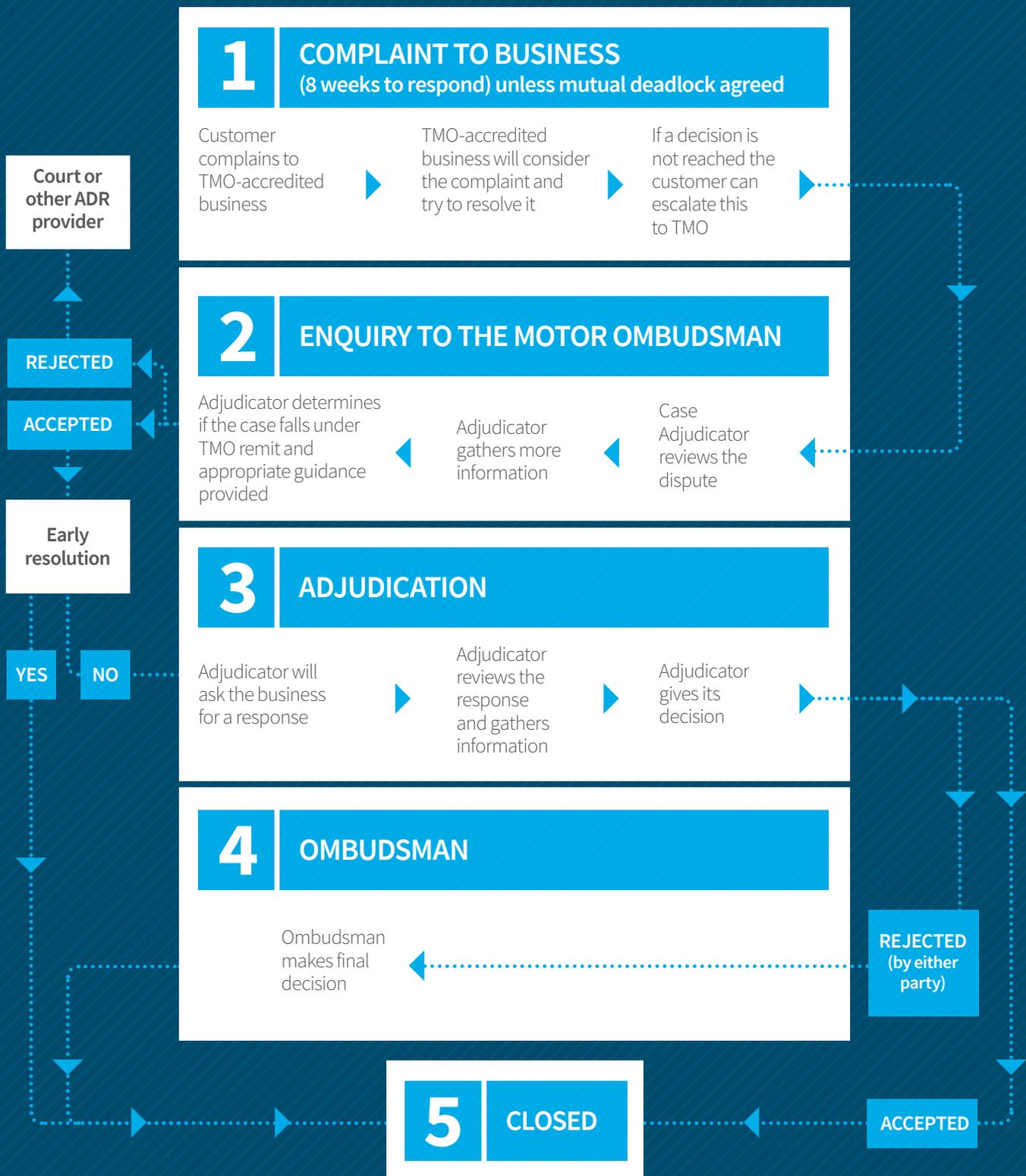
1.2.1 Overview

The Motor Ombudsman is the automotive dispute resolution body. Fully impartial, it is the first ombudsman to be focused solely on the automotive sector, and self-regulates the UK's motor industry through four comprehensive Chartered Trading Standards Institute (CTSI)-approved Motor Industry Codes of Practice¹ providing whole market support. The Codes are designed to drive even higher standards of work and service, and give today's consumers added protection, peace of mind and trust during the vehicle purchase and ownership experience.



¹ www.themotorombudsman.org/consumers/our-codes-of-practice

1.2.2 The Motor Ombudsman’s Alternative Dispute Resolution (ADR) process²



The Motor Ombudsman’s dispute resolution process is entirely in-house and free of charge for consumers, including the ombudsman’s final decision, which is legally binding on the accredited business if the consumer chooses to accept it.

² Refer to Section 2 for the definition of terms included within the flowchart.

1.2.3 Benefits of The Motor Ombudsman for consumers

The Motor Ombudsman offers consumers the following key benefits:

- ✓ A clear channel and single point of contact for all motoring-related disputes
- ✓ Free access to the Alternative Dispute Resolution (ADR) and ombudsman service, which is all in-house from start to finish
- ✓ Guidance through the entire dispute resolution process to get a fair and impartial outcome
- ✓ Avoids the need for increased detriment through costly legal and court appearance fees
- ✓ Increased confidence and peace of mind when buying or servicing a car that the accredited business is meeting high standards of service and workmanship
- ✓ A Code of Practice portfolio that covers the entire customer purchase and vehicle ownership experience
- ✓ The ability to search for a local garage / dealership that is accredited to the Service and Repair and / or Vehicle Sales Codes
- ✓ First-hand customer reviews and ratings on the online Garage Finder to make an educated decision when choosing a garage
- ✓ The Motor Ombudsman website provides a valuable resource for motoring-related information on topics such as vehicle maintenance
- ✓ Access to an online recalls database on The Motor Ombudsman website to check whether a specific vehicle (by VIN) has been recalled
- ✓ Access to a library of online case studies to view previous adjudication outcomes and final decisions taken by The Motor Ombudsman



1.2.4 Benefits of accreditation to The Motor Ombudsman for businesses

Accreditation to The Motor Ombudsman offers businesses the following key benefits³:

- ✓ Allows them to demonstrate their commitment to the highest levels of care and workmanship and an open and transparent way of undertaking business
- ✓ Unlimited and tailored information from a team of legally-experienced and qualified adjudicators who are all in-house
- ✓ Guidance through the entire dispute resolution process to get a fair and impartial outcome
- ✓ Avoids increased detriment through costly solicitor and court fees
- ✓ Full use of The Motor Ombudsman and CTSI-approved Code logos at their premises, and on their customer-facing literature and website
- ✓ A dedicated profile on the Garage Finder which can help to drive footfall, new business leads and revenue
- ✓ Valuable ratings and reviews from customers on their Garage Finder profile
- ✓ Amplified exposure through The Motor Ombudsman's marketing and PR activities
- ✓ The DVSA will record whether a vehicle testing station (VTS) is a member of a Chartered Trading Standards Institute (CTSI)-approved Code of Practice during the MOT test centre inspection, which may help to consider a business as low risk, thereby resulting in reduced regulatory checks
- ✓ Access to CTSI-accredited online training modules covering relevant legislation affecting the automotive sector
- ✓ A listing on external high traffic websites such as the AA Garage Guide and ReferenceLine, amongst others
- ✓ A certificate demonstrating commitment to one or more of The Motor Ombudsman's Codes of Practice

³ www.TheMotorOmbudsman.org/garages/tmo-accreditation/benefits-of-joining

1.2.5 2018 activity highlights by month

January

- ✓ **The Advertising Standards Authority (ASA)** ruled that dealers must state in adverts whether the car was ex-rental, lease or fleet (ruling under appeal).
- ✓ Two additional **adjudicators** joined TMO.

February

- ✓ All 15 **Eden Tyres & Servicing** sites became accredited to our Service and Repair Code.
- ✓ TMO met with **BEIS** to provide input into their ADR Modernising consumer markets Green Paper.

March

- ✓ TMO added two **customer service advisors** to the Consumer team.
- ✓ TMO launched a new **case studies** page on our website to highlight the range of vehicle issues that we see across our four Codes.

April

- ✓ TMO upgraded its **Garage Finder survey** to make it easier for consumers to rate and review a business.
- TMO's MD appointed Vice Chair of **Consumer Code Sponsors Panel**.

May

- ✓ TMO launched an online **GDPR course** tailored to the automotive sector ahead of the arrival of the new data protection legislation.
- TMO welcomed an **adjudicator** and two **customer service advisors**.

June

- ✓ TMO welcomed a new **business services executive**.
- ✓ TMO's MD sat on the panel to decide the finalists for the 2018 **Motor Trader Awards**.
- Members of **ICAP** met with **The Motor Ombudsman**.

July

- ✓ TMO's annual Service and Repair Code survey showed consumers had a more **favourable view** of the sector versus 2017.
- ✓ **Warranty Assist** joined the Vehicle Warranty Products Code.

August

- ✓ TMO marked the **10-year anniversary** of the introduction of the Service and Repair Code with a marketing campaign.
- ✓ TMO launched its **#StayCoveredThisSummer** marketing campaign.

September

- ✓ TMO received approval for its five-year business plan (2019 to 2023) from its board of directors.
- ✓ Managers undertook **mental health** first aid training to help monitor staff wellbeing.

October

- ✓ TMO's MD appointed Chair of the **Consumer Codes Approval Scheme (CCAS) Code Sponsors Panel**
- ✓ TMO hosted the Institute of Consumer Affairs (**ICA**) Annual Seminar.

November

- ✓ A new **head of customer services and quality** joined The Motor Ombudsman.
- ✓ TMO launched its winter campaign focusing on the benefits of **winter tyres**.
- ✓ Members of **ICAP** met with The Motor Ombudsman.

December

- ✓ Three adjudicators achieved their **Professional Award** in Ombudsman and Complaints Handling Practice from Queen Margaret University.
- ✓ TMO closed 2018 with a record **59,925** contacts and **4,456** cases handled.

1.3 Annual consumer and business survey results

Every year, The Motor Ombudsman conducts surveys of consumers and businesses as a measure of awareness and the satisfaction of the services that the organisation provides.

1.3.1 Consumer brand awareness survey highlights

Background

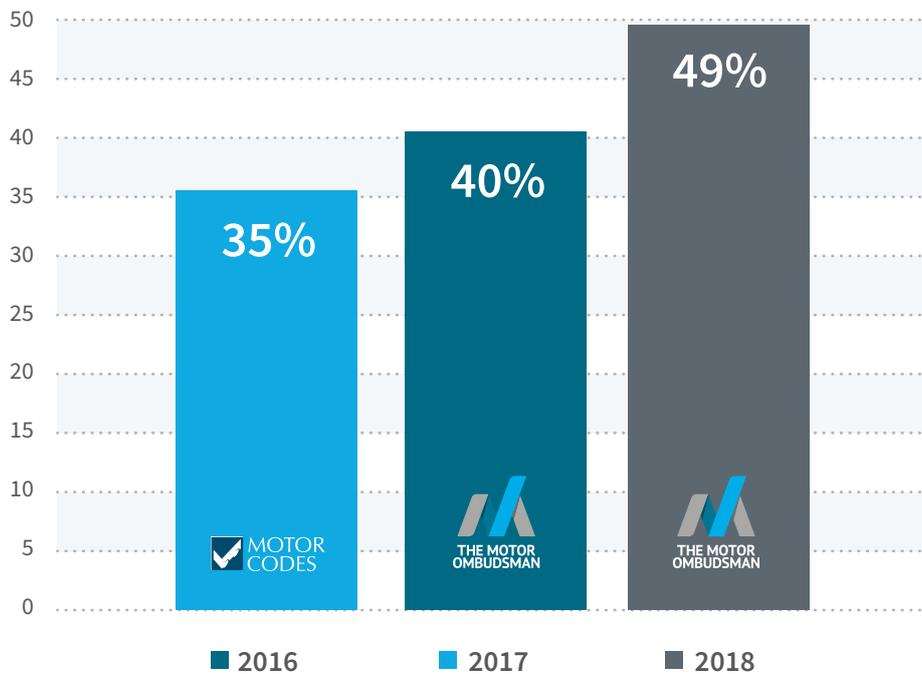
2018 marked the fourth year that the consumer brand awareness survey has been conducted, and is the second time that it has been run since the launch of The Motor Ombudsman in November 2016. Managed by an independent market research company, an e-mail survey was sent to a panel of respondents during the last week of June and the first week of July 2018.

A total of **1,002** responses were received from a representative sample spanning the UK - 49% were female and 51% male across a range of ages above 18 years old. The sample required the respondent or their household to own a car, and 96% of participants stated that they had a driving licence.

Key findings

- **Consumer awareness has increased year-on-year, from 35% in 2016 (Motor Codes) to 49% in 2018 (The Motor Ombudsman)**

Consumer awareness of Motor Codes / The Motor Ombudsman (2016 - 2018)



In 2018, The Motor Ombudsman achieved a **49%** awareness score amongst consumers, versus 40% the year before and 35% in 2016, when the organisation was formerly known as Motor Codes.

Awareness of The Motor Ombudsman amongst male and female consumers in 2018

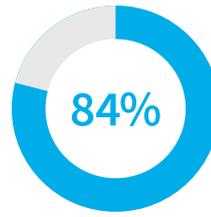


Overall awareness of The Motor Ombudsman was higher amongst men in 2018 - 58% knew and had heard of the organisation compared with 42% of women. Awareness was also highest amongst the 25 to 34s (64%) compared to any other age bracket.

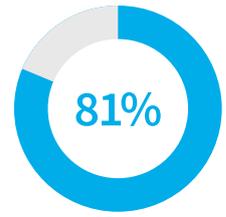
⁴Representative sample excludes individuals who do not have access to a computer or e-mail, or are not able to complete an online survey.

Consumers value the added reassurance of using a business that is accredited to The Motor Ombudsman

Around four out of five respondents (**81%**) thought that knowing that a business was accredited to The Motor Ombudsman would make them feel more confident in choosing them for their vehicle purchase, service or repair. This is slightly down on last year's percentage of 84%, but is nevertheless a positive sign of the added reassurance that TMO accreditation provides to today's motorists.



2017



2018

Vehicle owners have a largely positive view of the service and repair sector

Overall, **44%** of respondents shared a positive view of the service and repair sector, a 7% increase on 2017. There were also no differences in opinion between men and women. However, younger generations were much more encouraging about this area of the automotive industry. In fact, 54% of 25 to 34 year olds had a positive view, compared with 38% of the over 55s. Overall, 44% of respondents shared a neutral view of the sector, whilst only 11% of respondents expressed a negative opinion.



In 2018, consumers were more likely to complain and have their problem successfully resolved

In total, **49%** of respondents said they had made a complaint to a business, up from 45% in 2017. For 23% of individuals, it was a dispute about a service or repair, whereas 18% had an issue about a new car under warranty. In addition, 13% had a problem with a used car purchase, and for 5% of survey participants, the complaint originated from buying a new car. Furthermore, 51% of consumers surveyed had never made a complaint. It should be noted that these

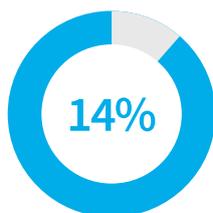
percentages do not fall in line with the enquiries that The Motor Ombudsman receives, as the largest percentage of contacts relates to the Vehicle Sales Code.

For those who had made a complaint in 2018, just 7% said that it had not been resolved, which is a positive decrease on last year's figure of 9% and half the amount seen in 2016 (14%). The majority had their problem concluded directly with the garage

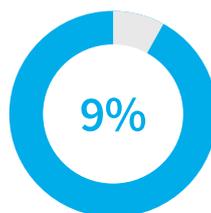
or dealership (**75%** versus 73% last year). For 16%, the problem was resolved by the manufacturer, whereas 2% had their issue successfully concluded by a third party.

The survey also found that, after complaining to the dealership or garage, just over a quarter (28%) of consumers would likely escalate their complaint to the vehicle manufacturer, and 26% would get in touch with Trading Standards.

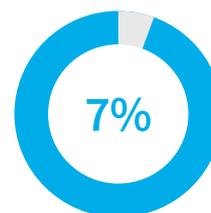
Percentage of unresolved consumer complaints (2016 - 2018)



2016



2017



2018

There remains a mixed understanding regarding the role of an Ombudsman

When asked to describe what an Ombudsman does, the majority of consumers (**30%**) believed that it resolved complaints / disputes, which is much higher than last year (22%). In addition, 17% of participants suggested that an Ombudsman was a mediator, and in 2018, they were less likely to think that an Ombudsman investigated complaints (11%) compared with 20% of respondents in 2017.

When asked about who an Ombudsman helps, the majority (37%) thought an Ombudsman was there to assist consumers, but 31% didn't know, and just 26% thought that an Ombudsman was there to help both consumers and businesses. This was quite a bit lower than last year's figure of 41%.

When asked about the importance of the role of an Ombudsman, having someone to turn to if they cannot resolve a dispute directly with the garage or dealership was ranked as the most important aspect by 41% of respondents. Moreover, 29% said that it helps to drive up standards across the industry, whilst 12% felt that an Ombudsman for the motor industry was important because it is not a sector that is regulated.

Almost a third of consumers thought a motor industry Ombudsman would be funded by the automotive sector

In 2018, consumers were more likely to think that the motor industry itself would fund an Ombudsman for the sector (**32%** compared to 27% last year). In fact, 29% did not know who should finance it, and 6% believed that a motor industry Ombudsman would be self-funded. Furthermore, 47% of consumers were aware

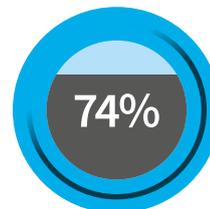
that resolving a complaint is free of charge, a slight drop on last year (49%). 31% would have thought there would be a charge and 22% did not know. There has also been a drop in the proportion of people that believed an Ombudsman would be government-funded - 24% this year compared with 31% in 2016 and 2017.



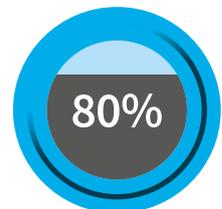
For the majority of vehicle owners, there were no qualms about having an Ombudsman funded by the industry

Four out of five consumers (**80%**) in 2018 had no qualms about an Ombudsman being funded by the motor industry, which was an increase on the figure recorded last year (74%).

This total is made up from 54% who said they had no problem with it (versus 49% in 2017 and 47% in 2016), and 26% who said that they did not care who funds the Ombudsman (25% in 2017). In 2018, 19% believed an Ombudsman would not be impartial if it was funded by the motor industry (26% in 2017).



2017



2018

Key conclusions drawn from the 2018 consumer awareness survey data

- ✓ Car owner awareness of The Motor Ombudsman is on the rise and is significantly higher than that recorded under Motor Codes;
- ✓ The Motor Ombudsman continues to provide a high degree of reassurance that there is a body to help them in the event of a dispute when buying and servicing a car, and this should be a key message that should continue to be communicated going forward;
- ✓ Most consumers surveyed have no concerns about The Motor Ombudsman being funded by the automotive sector.
- ✓ More awareness of the organisation is needed amongst female car owners and age groups outside of the 25 to 34 age bracket. In addition, 51% of people had not heard of The Motor Ombudsman which signals a requirement to expand marketing efforts to achieve a greater reach of the motoring population;
- ✓ More consumers are making a complaint, which may be the result of heightened awareness of both the Alternative Dispute Resolution (ADR) process and The Motor Ombudsman; and

1.3.2 Consumer satisfaction survey highlights

Every year, The Motor Ombudsman conducts an analysis of the customer satisfaction data it receives about its accredited businesses. This information provides an effective annual barometer to understand the sentiment of motorists on a yearly basis in relation to their experience in the service and repair sector.

Satisfaction data is collected from The Motor Ombudsman's website-based survey tool, which asks customers that have used an accredited business to rate independent garages and franchised dealers on various aspects of their business, such as the quality of the work and the booking process. The Motor Ombudsman also

receives data from surveys that vehicle manufacturers and independent garage groups conduct with their customers in relation to their satisfaction of the work and service provided, and the likelihood of them recommending the business.

Overall customer satisfaction and likelihood to recommend

The results from the questions about a consumer's overall satisfaction with the business and their likelihood to recommend it, are based on a large sample size. The total number of surveys highlighted in Table A below includes those from vehicle manufacturers, independent groups, as well

those submitted by consumers directly on The Motor Ombudsman website (refer to Table B).

Overall satisfaction with accredited businesses remained high in 2018 at 92%, although it dropped by one point from 93% in 2017. The likelihood of recommending the

garage to friends and family that serviced and / or repaired their vehicle dropped to 90%, which is a decrease of five percentage compared to 2017. This demonstrates that there is still work to be done in the service and repair sector to continue to both meet and exceed customer expectations.

Table A

Category	Satisfaction levels		
	2018	2017	Diff
Overall satisfaction of the work and service provided by an accredited business	92%	93%	▼
Likelihood to recommend an accredited business	90%	95%	▼
TOTAL NUMBER OF SURVEYS SUBMITTED	200,356	168,523	▲

Motor Ombudsman website survey analysis

Through the online survey on The Motor Ombudsman website, a wider range of questions are asked about the experience and the service received. They cover areas such as the booking process, the quality of work, as well as the information and level of customer service provided. During 2018, The Motor Ombudsman received 747 survey submissions through its website, up from 644 the previous year.

Overall customer satisfaction with the quality of work by accredited businesses (2016 - 2018)



The overall satisfaction with the quality of work carried out by the businesses has increased to 99% from 98% in 2017, and from 97% in 2016. This is very encouraging to see, and highlights the quality of the garages accredited to The Motor Ombudsman's Service and Repair Code. Satisfaction with the customer service offered has

equally seen an increase to 98%, up by one percentage point from the previous year. This once again demonstrates the efforts being made by businesses to consistently strive for even higher standards.

The large majority of consumers have continued to score the process used by a garage to book in their vehicle for routine

maintenance and ad hoc repair work highly. This is illustrated by a figure of 98% which remains unchanged from 2017.

Furthermore, they are equally very satisfied with the level of information that they were provided with, shown by a score of 98% for both 2017 and 2018.

Table B

Category	Satisfaction levels		
	2018	2017	Diff
Overall quality of work carried out	99%	98%	▲
Level of customer service	99%	98%	▲
Booking process	98%	98%	-
Information provided	98%	98%	-
TOTAL SURVEYS SUBMITTED	747	644	▲



1.3.3 Consumer complaints about The Motor Ombudsman

In 2018, The Motor Ombudsman received a total of **76** consumer complaints (versus 46 in 2017), representing **0.13%** of all contacts (including requests for information from consumers and businesses) and **1.7%** of adjudication cases that were worked on during the year (see table below).

Contact, case and complaint volumes (2018 v 2017)

	Total contact volume handled by TMO	Total case volume handled by TMO	Total consumer complaints received
2018	59,925* (+ 41% v 2017)	4,456 (+ 101% v 2017)	76
2017	42,553*	2,214	46

*Includes requests for information from businesses

Complaints as a proportion of total contacts and cases (2018 v 2017)

	Complaints as a percentage of total contacts received	Complaints as a percentage of total cases handled
2018	0.13% (+0.02% v 2017)	1.70% (-0.37% v 2017)
2017	0.11%	2.07%

Reason for consumer complaints by stage (2018 v 2017)

Reason for the complaints about The Motor Ombudsman / stage	Outcome	Process	Delay	Staff issue	TOTAL
No. of complaints made at enquiry stage	0 (0)	6 (2)	3 (1)	4 (5)	13 (8)
No. of complaints made at early resolution stage	0 (0)	v 0 (0)	0 (0)	0 (0)	0 (0)
No. of complaints made at adjudication stage	22 (15)	22 (15)	18 (5)	12 (6)	63 (38)
Total no. of complaints about the service	22 (15)	17 (14)	21 (6)	16 (11)	76 (46)

(Figures in brackets are for the 2017 calendar year)



21% of complaints related to the approach of staff (down from 23% in 2017);



28% of all complaints related to a delay in responding to consumers (up from 13% in 2017);



17% of complaints arose during the enquiry stage (no change from 2017), 46% of which were about the process;



83% of complaints arose following the adjudication stage (no change from 2017); and



29% of all complaints were related to the outcome delivered by the adjudicator (down from 33% in 2017).

1.3.4 How complaints to The Motor Ombudsman are being addressed

Most of the complaints received from customers were about The Motor Ombudsman's internal processes. This included where The Motor Ombudsman had refused consumer complaints, where the customer felt that a decision was unreasonable or restricted their access to ADR, as well as allegations of bias due to how The Motor Ombudsman is funded as an organisation.

At adjudication stage, the two main frustrations of customers related to delays in handling their case, and the adjudication outcomes that were being reached. On some occasions, negative views of the service become linked with frustrations about the outcome, and that the adjudicator may have either overlooked evidence, or not looked into the case thoroughly enough, despite consumers having to wait for an outcome. Where the ombudsman made a final decision, giving no further right of review, consumers were more likely to express their dissatisfaction with the decision through a complaint about the service.

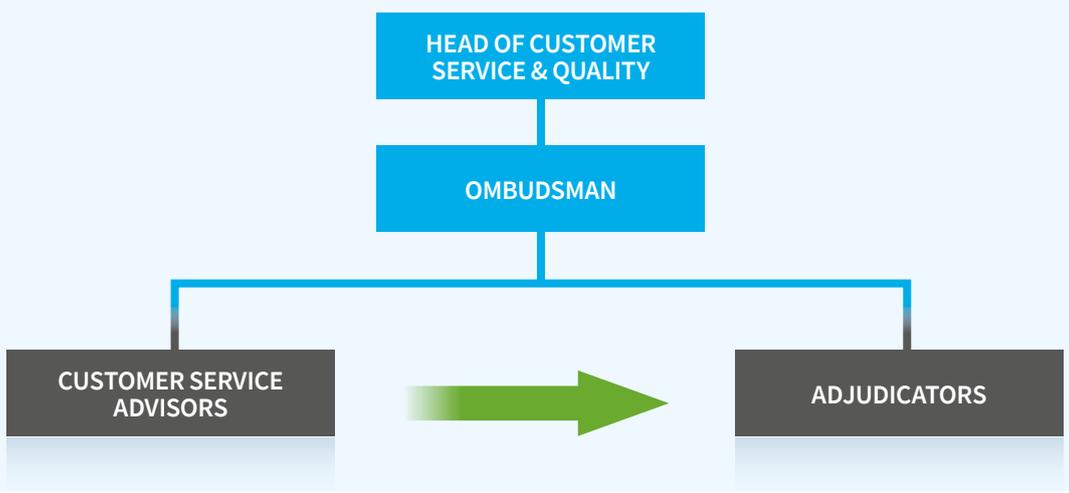


Evolution of the organisational structure in 2019 to accommodate the increases in case and contact volumes

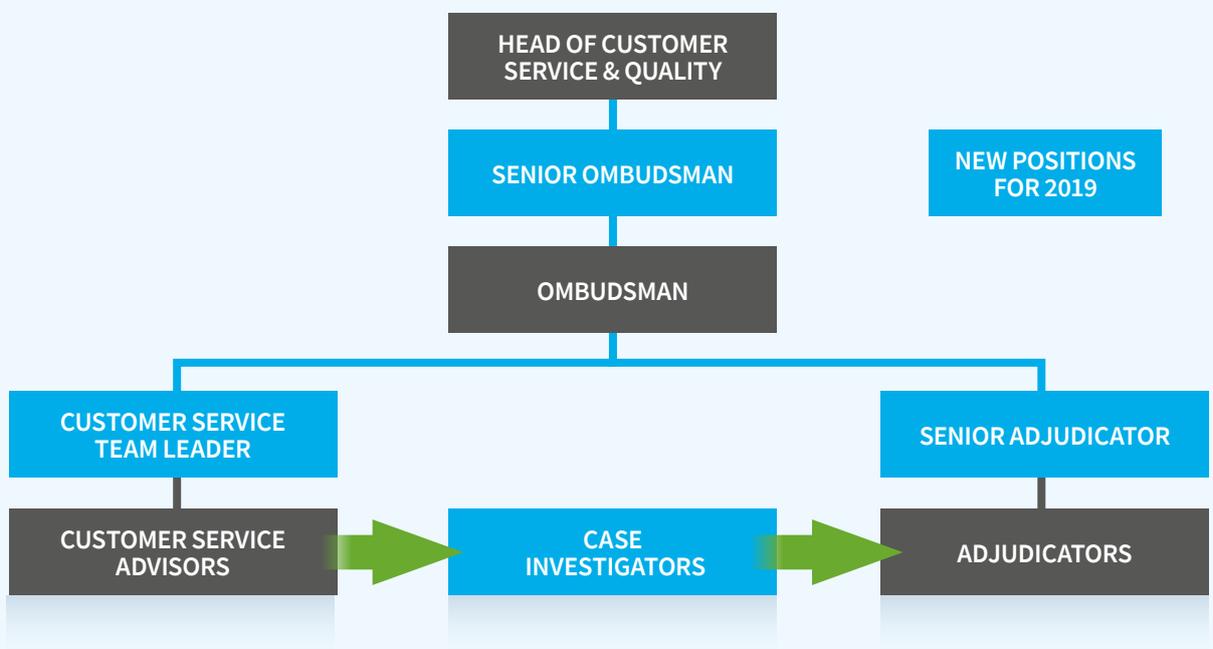
The Motor Ombudsman understands that its complaints process needs to be simple, speedy, accessible and effective. As such, in 2019, The Motor Ombudsman is introducing the new role of case investigator (please refer to the graphics). This area will be responsible for contacting the accredited business for their side of the story and gathering information so that when an adjudicator receives the case, they should be ready to deliver an outcome.

This will free up adjudicators to do what they do best – providing fair, reasonable and impartial outcomes on complaints in a much quicker time frame. Case investigators can then ensure accredited businesses respond on time and with the information needed. Alongside this, the newly created roles of customer service team leader, senior adjudicator and senior ombudsman, will all work together to better monitor productivity, enhance quality and provide support to the teams. Overall, the department staff count will be increased by 126% in 2019.

Organisational structure of the adjudication team in 2018



Organisational structure of the adjudication team to be introduced in 2019



Expansion of The Motor Ombudsman’s staff development programme

The Motor Ombudsman is also continuing to expand its staff development programme. In fact, 2018 saw the introduction of a comprehensive suite of training modules, which means that new starters will now get the benefit of a rigorous curriculum combining classroom sessions with workshops on vulnerability, accessibility and the customer journey. This is in addition to practical “on-the-job” training to improve their competence and capability more quickly.

1.3.5 Positive consumer testimonials about The Motor Ombudsman

The following is a sample of positive consumer testimonials from consumers who used The Motor Ombudsman's Alternative Dispute Resolution (ADR) service in 2018.

“Thank you for your time and effort that you have contributed in this case. All I can say is that as an outsider looking in, you are good at what you do.”

“I would like to take this opportunity to thank you for your help and guidance through the involved procedures of making a claim through the Ombudsman service. It is much appreciated.”

“Many thanks for your efforts. The settlement is not really what I expected, but the main point is that the finding was in our favour and perhaps now the business will take notice of a valued complaint regarding their service level and expertise.”

“I would like to thank you for all the advice and assistance you have given me in my discussions with the business. I'm pleased to inform you that I have resolved my differences with the vehicle manufacturer to my satisfaction.”

SECTION 2: Code of Practice performance summary



The following Code of Practice performance summary provides a year-on-year comparison of key metrics for each of The Motor Ombudsman (TMO)'s four CTSI-approved Codes of Practice.

The following is a glossary of terms used in this section:



Adjudication Cases are raised if the business that a consumer has a dispute with is accredited to The Motor Ombudsman, and the business has been given a maximum period of eight weeks to try to resolve the issue directly with the customer.



Consumer Contacts are received by The Motor Ombudsman's ADR team, which can include a complaint, a query and a customer following up on the outcome of a case if one has been created.



Consumer Survey Volume is the total number of surveys completed by consumers following a new car purchase, or the repair or maintenance of their vehicle at an accredited business. They were left directly via The Motor Ombudsman website, or were supplied via a data feed by participating manufacturers and dealerships.



Early Resolutions are when complaints can be resolved simply with minimum intervention from the adjudication team.



Escalation Rate is the proportion of consumer contacts that became cases for adjudication.



Final Decisions are only ever issued by the ombudsman, and is the last stage of The Motor Ombudsman's involvement in a case if a consumer or accredited business does not accept the outcome of the adjudicator. The final decision is made independently from the adjudicators by looking at all the facts of the case, and is legally binding if the consumer chooses to accept it.



Garage Finder Searches are the total number of times that accredited businesses listed on The Motor Ombudsman's Garage Finder have been searched for by visitors to the website.

2.1 Service & Repair Code



The **Motor Industry Code of Practice for Service and Repair**, introduced in 2008, ensures that consumers receive a transparent and professional service when visiting an accredited business' premises for servicing, maintenance or repairs to their vehicle. Businesses accredited to the Service and Repair Code can be found on The Motor Ombudsman's Garage Finder. ⁶

The Service and Repair Code covers the following principal areas:

- ✓ Advertising;
- ✓ The booking in of work;
- ✓ Pricing;
- ✓ Staff competency;
- ✓ The standard of work; and
- ✓ The handling of complaints.

No changes were made to the content of the Service and Repair Code in 2018.

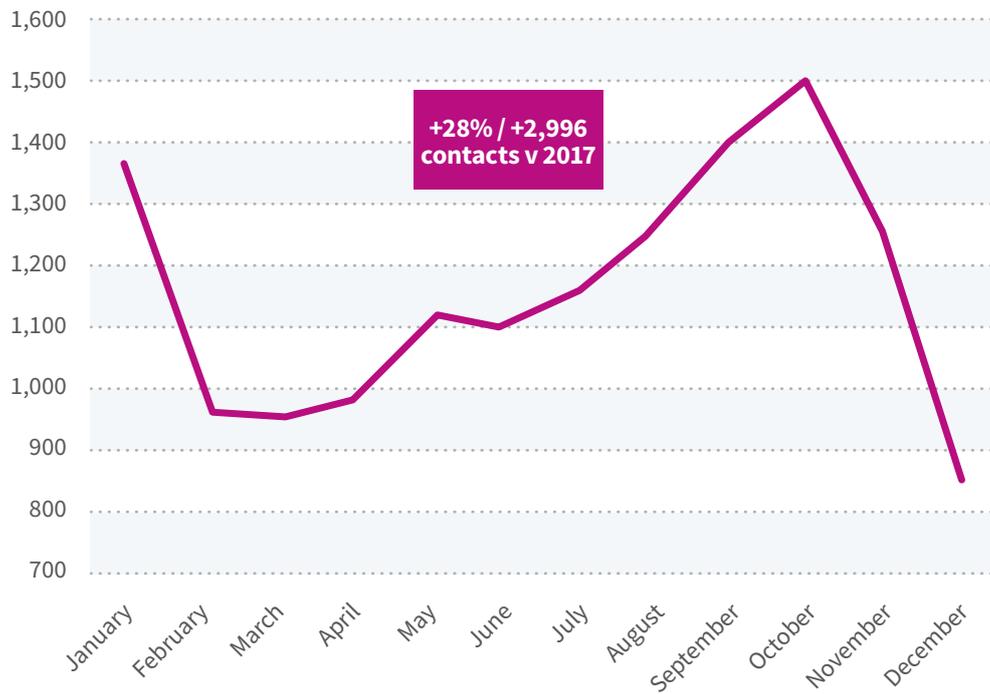
2.1.1 Service and Repair Code performance data

Accredited businesses	2018	2017	Trend vs 2017
Consumer Contacts	13,859	10,863	▲
Early Resolutions	4	7	▼
Adjudication Cases	1,098	566	▲
Ombudsman Final Decisions	89	59	▲
Escalation Rate	8%	5%	▲
Garage Finder Searches	377,767	420,905	▼
Consumer Survey Volume	200,356	168,523	▲

⁶ www.themotorombudsman.org/garage-finder

2.1.2 Service and Repair Code performance charts

Service and Repair Code contact volumes by month (Jan to Dec 2018)



Service and Repair Code case volumes by month (Jan to Dec 2018)



Note: The spikes in case volumes seen in July and November were due to changes to case handling procedures. This resulted in more cases being opened relative to other months.

2.1.3 Percentage of Service and Repair Code cases by breach

Breach	Service and Repair
Work issues	44%
Staff	28%
Booking	21%
Complaints handling	4%
Billing	2%
Advertising	1%



2.1.4 Service and Repair Code performance analysis

The growth in the volume of enquiries relating to the Service and Repair Code has remained steady, with contacts rising by around 27% in 2018 compared to that seen in 2017. Encouragingly, the number of contacts escalating into a full case has remained low at 8%, and of those, only 89 cases went to an ombudsman, which highlights the effectiveness of The Motor Ombudsman's adjudication process.

The consumer complaints relating to the Service and Repair Code that were seen during 2018 can be divided into three main categories. They are as follows:

1. The standard of work:

- ✓ The repair didn't cure the fault;
- ✓ The work took too long; or
- ✓ The consumer was unhappy with the price.

2. Staff competency:

- ✓ The vehicle was damaged whilst at the garage or dealership;
- ✓ Communication between the business and customer was poor; or
- ✓ Staff were insufficiently trained or monitored.

3. The booking-in of work:

- ✓ Consumers had to wait too long for their car to be seen;
- ✓ The dealership or garage wasn't clear about the work or price; or
- ✓ Replacement parts were not made available to the consumer for inspection.

2.1.5 Service and Repair Code case study reviewed by ICAP

The following case study in relation to The Motor Ombudsman's Motor Industry Code of Practice for Service and Repair was reviewed by members of ICAP to ensure that the adjudication outcome was delivered correctly.

Note: The vehicle age and mileage is that which was recorded at the time that the consumer submitted their complaint to The Motor Ombudsman.

Consumer's claim

Vehicle age	4 years old
Vehicle mileage	71,000

In August, Mr A's car suffered an oil pump failure and damage to the timing chain assembly. The car was presented to the accredited business with an agreement to repair it. The car was returned to Mr A, but it suffered an oil leak after two miles. It therefore went back to the accredited business who repaired it again. In September, the car presented the same problems, and once again, it went back to the accredited business. However, they said that they were unable to repair the issue so they had transported the vehicle to another business. They asked Mr A to liaise further with that business and that they were no longer involved. Mr A felt that the accredited business had caused the most recent issue and that they should pay for the repair.

Response of accredited business

The accredited business said that the vehicle's servicing was overdue by 35,000 miles, meaning the vehicle had missed four service intervals. In the accredited business' opinion, this is what had caused the issue. They replaced the necessary parts and could not detect any other problems with the car. However, it became apparent that the vehicle still had faults and that a new engine was needed. In the accredited business' view, the engine faults had not been caused by them, and was instead, the result of inadequate servicing.

Adjudication outcome

The Motor Ombudsman adjudicator didn't uphold the consumer's complaint. Mr A believed that the accredited business had initially misdiagnosed the fault, but in the adjudicator's opinion, there was no evidence to support this.

She noted that vehicle diagnosis is rarely an exact science and that it can be a case of moving from the most likely and least expensive repair to the least likely and most expensive repair. She couldn't rule out that the accredited business had acted incorrectly, but it was more that she didn't have any evidence of this. Therefore, in the adjudicator's view, she couldn't make an award at this stage unless Mr A could provide further technical evidence supporting his position.



2.1.6 Additional Service and Repair Code case studies



Consumer's claim

Vehicle age	8 years old
Vehicle mileage	44,000

Ms B had a new stereo fitted at the business. Shortly after, the consumer had an unrelated issue and took the vehicle to her husband who worked in the industry. It was noted on further inspection that there was damage to the surround of the stereo. In her husband's opinion, this had been caused by a flat-head screwdriver or a similar tool when removing the original stereo unit. Ms B said that, as they kept their vehicle in a pristine condition to keep its residual value high, the actions of the business had caused this value to drop. As a remedy to the problem, they wanted the damaged unit to be replaced, as a repair had been attempted and had failed to rectify the damage.

Response of accredited business

The marking of the dashboard following the removal and refitting of a large in-dash component was considered by the business to be unfortunate. They also deemed the repair to be an improvement on the tiny marks that were there previously. The car was over seven years old, and therefore the business did not think that it was an appropriate remedy to replace an entire dashboard as it could cause more problems than it would solve. With the repair completed, the business felt that they had done all that was fair and reasonable for a vehicle of this age.

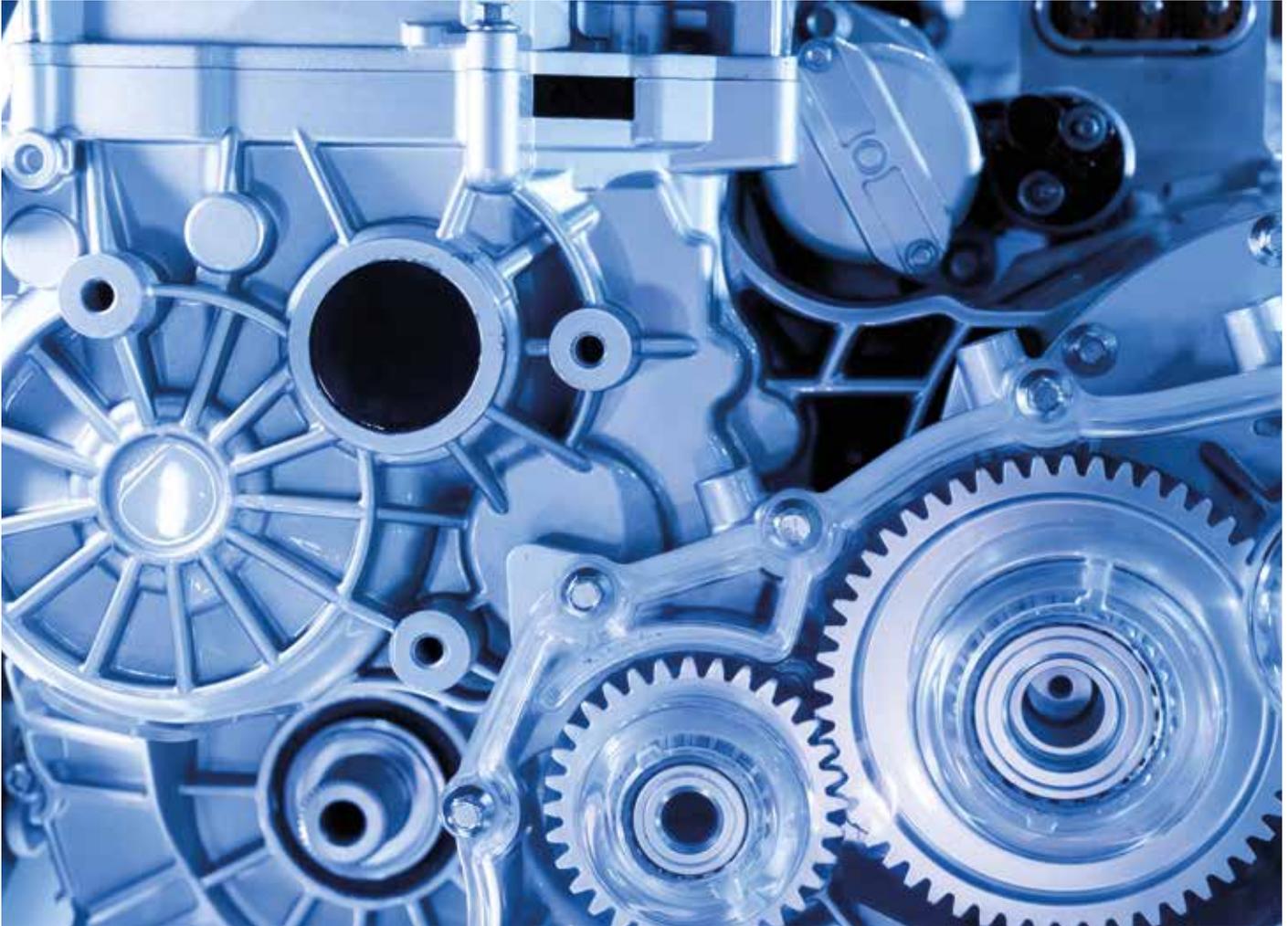
Adjudication outcome

The Motor Ombudsman adjudicator reviewed both parties' positions, and could see the points made in their arguments. However, they highlighted that the Service and Repair Code requires that, if the actions of the business fall below the duty of care expected of them, then some form of remedy should be due to Ms B.

As not every vehicle is damaged in this way when the stereo is removed, the adjudicator concluded that the Code had been breached and a suitable remedy should be provided to Ms B. When considering the award, the adjudicator took into account that it needed to be proportionate to Ms B's issue. With this in mind, and considering the minor nature of the damage, the adjudicator did not feel replacing the dashboard was reasonable in this instance.

The relevant law says that consumers can either ask for a repair or a partial refund of what they paid to the business. Due to the affected sections of the dashboard being less than 10% of the surface area, and the real impact being on appearance and finish, rather than usage, the adjudicator awarded 10% of the cost of replacing the dashboard. Both parties agreed to the outcome, and the case was closed.

2.1.6 Additional Service and Repair Code case studies (continued)



Consumer's claim

Vehicle age	3 years old
Vehicle mileage	40,650

The vehicle manufacturer agreed to replace the gearbox of Mr C's car as part of an ongoing issue since buying his vehicle, and which was still under warranty. Upon receiving the car back, Mr C found that his tyres were wearing on one side. He therefore took the vehicle to a local business, which noticed that the wheel alignment was out. Mr C contacted the accredited business who carried out the repair, and they confirmed the warranty did not pay for a wheel alignment after the work on the gearbox. As a result, the accredited business refused to repay Mr C for both the cost of the alignment and the associated wear to his tyres. Mr C was also looking for a payment to recognise the inconvenience that had been caused to him.

Response of accredited business

The accredited business stated that, whilst they did not get authorisation from the vehicle manufacturer to complete the wheel alignment, they offered as a goodwill gesture, to pay for two new tyres to be replaced, or to reimburse Mr C for an amount equivalent to their internal supply cost.

Adjudication outcome

The adjudicator considered the cause of the wear on the tyres, and the fact that the alignment did not meet the necessary specification. It is likely that the incorrect alignment was due to the business not ensuring that it was adjusted following the work that was completed under the vehicle's warranty.

Though there is not a formal contract for the warranty work, the adjudicator requested that the business reimbursed the consumer for the cost of the new tyres. In addition, the adjudicator awarded £60 for the wheel alignment, as this was necessary to ensure any unnecessary wear to the newly fitted tyres.

It was noted that Mr C had also made a complaint for the inconvenience and loss of the vehicle, but The Motor Ombudsman does not award compensation for losses which are not easily quantifiable, such as time, inconvenience or stress. On those grounds, the adjudicator awarded £60 for the alignment and the internal cost of two replacement tyres. Both parties agreed to this remedy and the case was closed.

2.1.6 Additional Service and Repair Code case studies (continued)

Consumer's claim

Vehicle age	12 months old
Vehicle mileage	12,000

Mr D's vehicle suffered a snapped crankshaft, which he felt was likely to be the result of a manufacturing defect. The engine seized and the wheels locked, and he was therefore given a 70% contribution towards the cost of repair by the vehicle manufacturer. It took months for the vehicle to be returned to him, and 400 miles later, the car broke down, and he was told that it was because the gearbox had not been checked for shock damage after work was completed on the crankshaft. Mr D deemed that the repairer had not completed their diagnostics correctly, and did not identify the underlying issues from the previous failure.

Response of accredited business

The business confirmed that Mr D's vehicle was recovered to them in October 2017 in a non-running condition. Their investigations revealed that the engine's crankshaft had broken, and they felt that the most likely cause of this was a failure of the engine's oil pump. A crankshaft failure due to a manufacturing defect at this mileage was considered to be highly unlikely.

The vehicle manufacturer agreed a 70% contribution towards the cost of the repair, but due to supply issues, the new engine took some time to arrive. It was then fitted, and the vehicle was road-tested and returned to the customer. No vibrations were noted by technicians on this occasion.

The next time that the business saw the vehicle was in March 2018 when it was recovered because of a loss of drive. On inspection, the front differential had suffered a failure, and the pinion bearing had disintegrated. The idea that the differential failure was due to shock damage from the engine seizing was deemed unlikely. It was considered far more probable that the failure occurred due to the four-wheel drive low ratio (which locks the differentials together) being used in the snowy conditions that were prevalent at that time, and not being disengaged once good traction was obtained. Unless the car was moving in a straight line, this would have caused torsional stress to build up throughout the drivetrain until something broke. Based on this considered opinion, and as they were not there at time of their failure, the business advised the customer to this effect, and offered Mr D a repair at his cost.

Adjudication outcome

The adjudicator considered that, when a business repairs a car, they have an obligation to use reasonable skill and care in accordance with The Motor Ombudsman's Code of Practice for Service and Repair. If the business fails to satisfy their obligations, the customer may be entitled to a repeat repair.

The adjudicator saw that Mr D had demonstrated that the business failed to use reasonable skill and care when repairing the crankshaft, as they did not check the differential for shock damage, and therefore missed an opportunity to identify a fault with it. Considering vehicles develop problems due to a wide range of reasons, it was not sufficient to state that, simply because the business repaired the car, any issue with the car thereafter is related to workmanship.

As such, in order to uphold Mr D's claim, the consumer would have to be more sure than not that a failure by the business to conduct the repairs with reasonable skill and care would have caused the differential failure. The evidence submitted to the adjudicator did not find this to be the case, and therefore, Mr D did not receive an award.



2.1.6 Additional Service and Repair Code case studies (continued)



Consumer's claim

Vehicle age	5 years old
Vehicle mileage	43,370

Ms E had to replace her brake discs and pads so that her vehicle passed its first MOT in September 2015. She had never had to replace pads so early, but had the work done nonetheless. She then had to have the discs and pads replaced again in April 2017, and therefore felt that the material used for the discs and pads was of poor quality. As a result, she was looking for a refund for the cost of the replacement of the parts totalling £750.

Response of accredited business

The accredited business found on both occasions that the discs and pads had excessive corrosion, and that the work should remain chargeable in full to the consumer.

Adjudication outcome

The adjudicator didn't uphold the consumer's complaint, and the vehicle health check videos demonstrated the level of corrosion present. There was also a gap of around two years between the first and second pad and disc replacements, and there was no evidence to demonstrate this was due to substandard materials. Ms E was unhappy with this and the adjudication outcome, and the case was referred to the ombudsman for a final decision.

Ombudsman's final decision

The ombudsman agreed with the adjudicator. The issue was whether the parts supplied were fit for purpose, of satisfactory quality and as described. The first set of pads and discs failed after three years and 30,000 miles, which was not too concerning. However, the second set failed after two years and 13,500 miles, so substantially less. That could lead to a conclusion that the second set was not of the same quality as the first.

However, the ombudsman had two key considerations to take into account for their decision: the first was that, when parts fail more than six months after purchase, the assumption is that they meet the required standard, unless evidence is provided to the contrary by the consumer; the second was that both sets of discs and pads failed due to excessive corrosion, which would suggest that they were both subjected to the same external influences.

On a balance of probability, and in the absence of any supporting technical evidence, it was more likely that both sets of discs and pads failed due to the same external influence. No other reasonable explanation was provided for why both sets failed for the same reason in a similar timeframe, despite being at different mileages. It was more logical for this to be an external influence than both sets of discs and pads coming from a "bad batch". As such, the consumer's complaint was not upheld by the ombudsman and the case was closed.

2.2 New Car Code



Launched in 2004, the **Motor Industry Code of Practice for New Cars** ensures that vehicle manufacturers supply new cars and warranties to consumers responsibly. The Code helps to safeguard new car buyers from misleading adverts, that documentation supplied with the vehicle is easy to understand, that the terms of the warranty will be respected and that any complaints will be handled swiftly.

38 vehicle manufacturers are accredited to the New Car Code, meaning that around **99%** of all new vehicles sold across the UK are covered by this comprehensive guide of best practice.

The New Car Code covers the following principal areas:

- ✓ Advertising;
- ✓ New car provisions;
- ✓ Manufacturer new car warranties;
- ✓ Replacement parts and accessories; and
- ✓ Complaints handling.

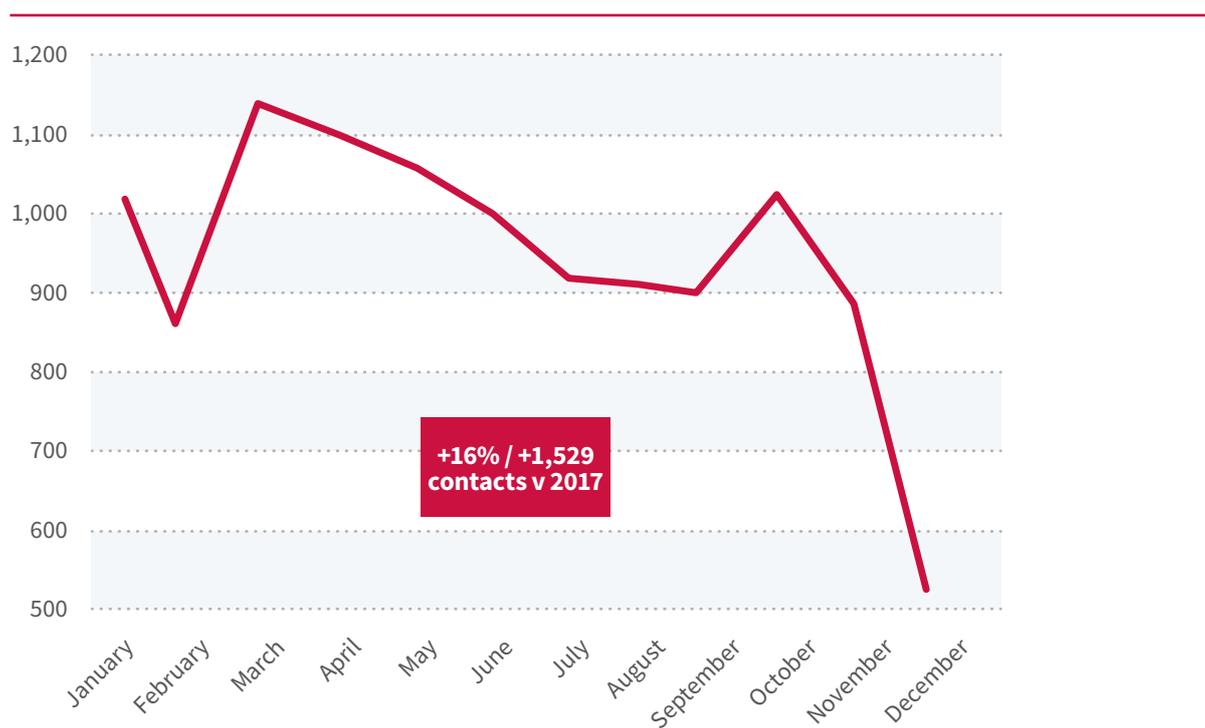
No changes were made to the New Car Code in 2018. Going forwards, The Motor Ombudsman will be looking at refreshing the Code in line with the emergence of alternatively fuelled vehicles (AFVs), so that it includes a greater level of guidance on technology and software. Similarly, issues around software updates have also been a more prevalent issue and this will be taken into account within future revisions to the Code.

2.2.1 New Car Code performance data

Accredited businesses	2018	2017	Trend vs 2017
Consumer Contacts	11,335	9,806	▲
Early Resolutions	35	112	▼
Adjudication Cases	1,206	514	▲
Ombudsman Final Decisions	101	61	▲
Escalation Rate	11%	7%	▲

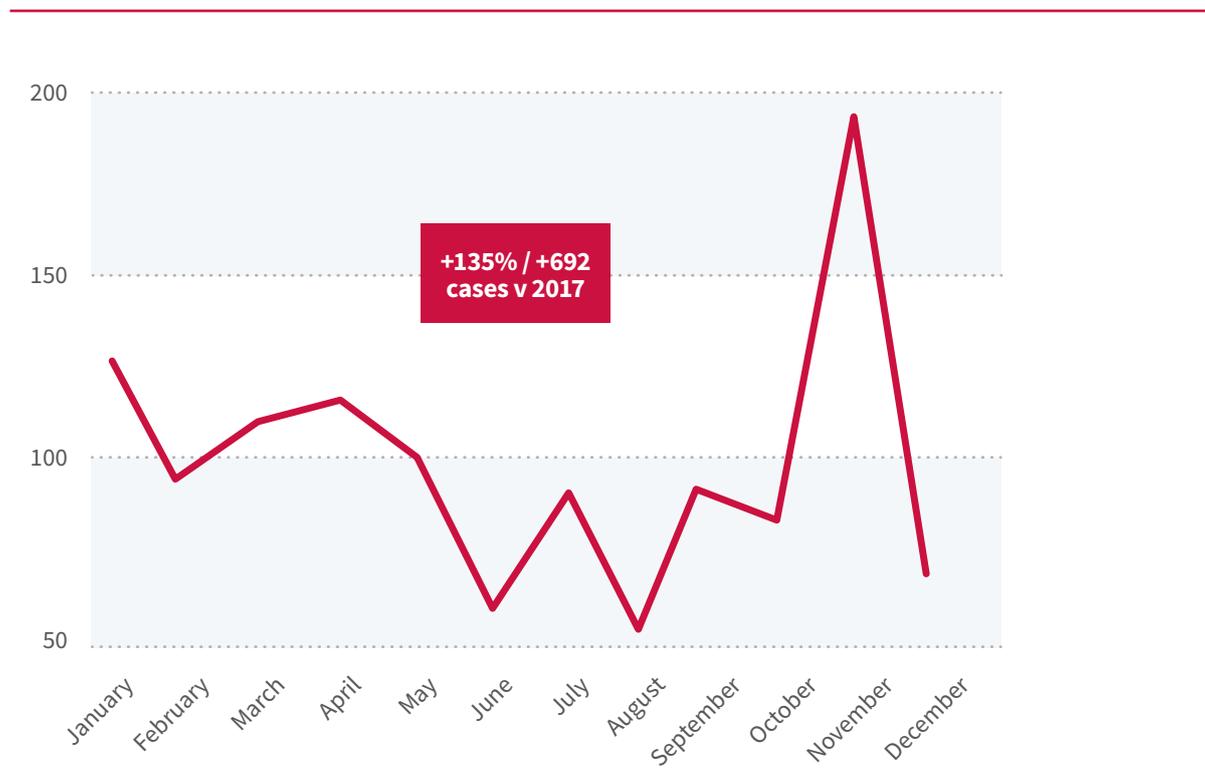
2.2.2 New Car Code performance charts

New Car Code contact volumes by month (Jan to Dec 2018)



Note: The spikes in contacts seen in March and October coincided with the two '18 and '68 plate changes during the year.

New Car Code case volumes by month (Jan to Dec 2018)



Note: The spikes in cases in March, July, September and November were the result of changes to case handling procedures. This resulted in more cases being opened relative to other months.

2.2.3 New Car Code cases by breach

Breach	Percentage of New Car Code cases
Warranty	49%
Advertising	25%
New car provisions	18%
Complaints handling	4%
Parts availability	4%



2.2.4 New Car Code performance analysis

The number of New Car Code contacts has remained fairly constant, with a 16% rise in 2018 compared to a 41% rise across all four Codes. Increased consumer awareness of The Motor Ombudsman and effective manufacturer complaints processes are likely to have driven this increase.

Consumer complaints relating to the New Car Code in 2018 can be divided into three main categories:

1. Warranty:

- ✓ The consumer has tried to claim under an anti-perforation warranty, and the manufacturer has said this doesn't apply;
- ✓ The component, such as a clutch, has failed due to wear and tear and the manufacturer has refused the claim; or
- ✓ The consumer has failed to service the vehicle in accordance with the manufacturer's specifications and a claim has been invalidated.

2. Advertising:

- ✓ The brochure says a feature is included which isn't;
- ✓ The brochure is vague; or
- ✓ The literature is otherwise misleading or capable of being misunderstood.

3. New car provisions:

- ✓ The consumer has not been aware of the relevant aftersales provisions;
- ✓ The consumer was not provided with a copy of their handbook; or
- ✓ The handbook was not considered to be written in plain language.

2.2.5 New Car Code case study reviewed by ICAP

The following case study in relation to The Motor Ombudsman's Motor Industry Code of Practice for New Cars was reviewed by members of ICAP to ensure that the adjudication outcome was delivered correctly.

Note: The vehicle age and mileage is that which was recorded at the time that the consumer submitted their complaint to The Motor Ombudsman.

Consumer's claim

Vehicle age	12 years old
Vehicle mileage	60,000

Ms F owned a vehicle subject to a recall, and had a number of conditions that required businesses to adapt the way they communicated with her, such as not interrupting her and only being able to talk over the phone. Whilst liaising with the accredited business, Ms F said that they had refused to make these adaptations and this had caused her serious distress and harm. Ms F wanted The Motor Ombudsman to investigate the accredited business' treatment of her, and to look into the way they had handled the recall.

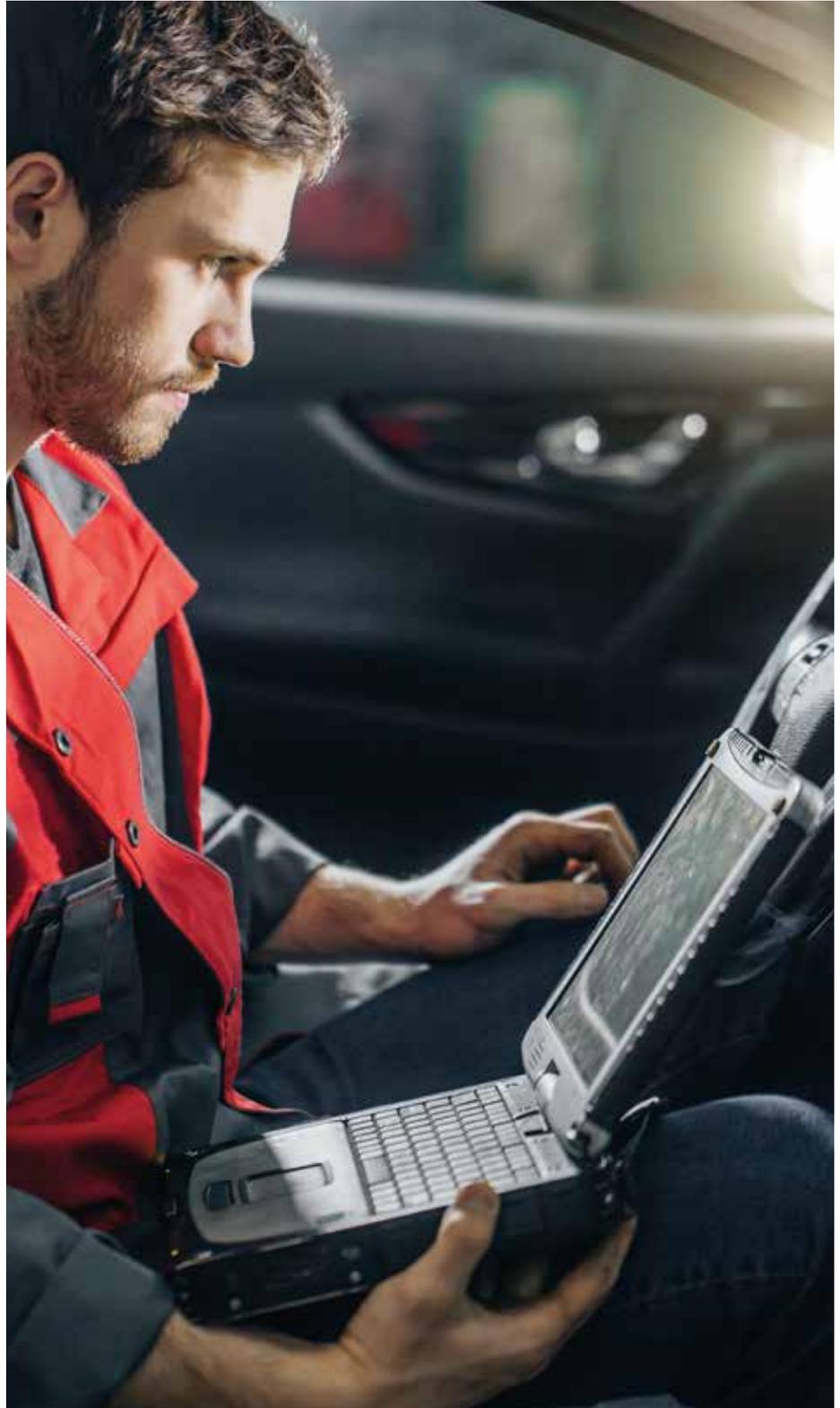
Response of accredited business

The accredited business said that they had tried to accommodate Ms F's needs as much as possible. They recognised that there were some occasions where they had fallen short, and had apologised for these, but said that overall, they had been trying to help Ms F and had made several adaptations far beyond their usual processes. With the recall, the accredited business said they had acted within their guidelines, and therefore, there was nothing further they could do for Ms F.

Adjudication outcome

The Motor Ombudsman adjudicator listened to all of the calls between the accredited business and Ms F. He concluded that, whilst there were some good interactions between the accredited business and Ms F, there were several that fell short of the standard expected by The Motor Ombudsman, particularly where members of staff continued to interrupt Ms F and misinform her about their complaints process. The adjudicator did not make an award to the consumer, but made recommendations to the business to prevent the situation happening in future and to allow them to improve their service for consumers with accessibility needs.

With regards to the recall, the adjudicator found that the accredited business had acted correctly and that there was nothing further they needed to do.



2.2.6 Additional New Car Code case studies

The following additional case studies in relation to The Motor Ombudsman's Motor Industry Code of Practice for New Cars illustrate the diverse range of adjudication outcomes and ombudsman final decisions that were reached in 2018. These have not been reviewed by ICAP members.



Consumer's claim

Vehicle age	2 years old
Vehicle mileage	20,372

Mr G noticed a rumbling noise coming from the underside of his vehicle. After various investigations, it was found that the gearbox sump plug had come out and oil had been lost. The repairer took three weeks to decide that this was not a mechanical fault, and concluded that if it were the case, it would have presented itself sooner.

The business that conducted the second service outside of the network confirmed that this part was not touched during the work, and that there was no reference to the gearbox on the invoice. The vehicle manufacturer confirmed that servicing by garages outside the network does not void the warranty, and that there was no evidence of mistreatment, damage or tampering, which left only a manufacturing defect as being the reason for the issue in Mr G's eyes. The customer was therefore looking for the repair of the gearbox and any associated costs to be covered under his warranty.

Response of accredited business

The business stated that the vehicle was previously a rental car and would have been driven by a number of people. As such, the vehicle history was unknown. As per the information shared by the consumer, the car had its first service completed by an independent business on the 03rd of May 2018 at 20,130 miles. As part of this standard service, the engine oil was replaced. To perform this oil change, it was necessary to remove the undertray of the vehicle to gain access to the sump plug for the engine oil to be drained. Had an oil leak been apparent

(stemming from any part of the vehicle), or had any plug been loose, the repairer would have made Mr G aware of this.

On the 14th of May 2018 at 20,372 miles, the vehicle was recovered to the network, as a grumbling noise was apparent when Mr G was moving between the first three gears. This caused a loss of power. Upon the removal of the undertray, the business discovered that the drainage plug, which was linked to the gearbox, had detached itself and was sat loose at the top of the undertray. Consequently, oil escaped from the vehicle, hindering lubrication and causing the gearbox to seize. From the information above, the business presumed that the removal of the plug occurred at some point between these two dates.

On analysis, the business found no abuse or damage to the undertray, drain plug or threads. However, on the basis of the investigation and a process of elimination, they concluded that on the 03rd of May (at the time of the vehicle's service), the plug was not loose and was correctly positioned. The business confirmed on 14th May that the oil residue had coated the undertray and it is reasonable that the third party repairer would have acknowledged and reported any flaw of this kind. It is also possible that the repairer that performed the vehicle service had misjudged the location of the engine drainage reservoir, had incorrectly disconnected the gearbox drainage plug, and had failed to reattach the plug to the outlet, thereby causing the oil to leak.

The gearbox oil did not need to be replaced at the service, nor was this referenced on their invoice. The plug itself was also not damaged in any way and was free from any defects, hence, it is not possible that the plug came loose without physical manual force. In light of these circumstances and the evidence

presented, there was no suggestion that the gearbox failed as a result of a manufacturing defect, and therefore advised that Mr G should address his concerns to business that carried out the service.

Adjudication outcome

The Motor Ombudsman adjudicator considered that the cause of the failure was that the plug gradually became loose. This is confirmed by the fact that there was no damage to the plug, which would imply an external influence. The conclusion therefore was that the plug itself was insufficiently torqued.

The adjudicator looked at whether this inadequate torqueing was more likely to have been either at the point of building the vehicle, or whether it was more likely to have happened due to a mistake. As there was no compelling evidence in either one side's favour, the matter had to be considered on probability.

The adjudicator concluded it was more likely that the vehicle was in a fit condition when it was built as it lasted for 20,000 miles before work was required by the third party. The adjudicator suggested that, if it was working its way loose over the period of two years and 20,000 miles, there would have likely been an earlier loss of oil and issues with the gears would have occurred sooner.

As a result, The Motor Ombudsman did not uphold Mr G's claim under the vehicle's new car warranty, and concluded that the issue was more likely than not caused by another influence and was not down to the manufacturing of the car. The adjudication outcome was accepted and no request for a final decision from the ombudsman was made.

2.2.6 Additional New Car Code case studies (continued)

Consumer's claim

Vehicle age	3 years old
Vehicle mileage	15,000

The Pedestrian Safety System on Mr H's car was activated whilst driving over a speedbump, although there was no collision or exterior damage to the vehicle. He wanted the damage caused by the deployment of the pedestrian protection system to be covered by his warranty, as there was no reason for the system to be triggered. Mr H also deemed that it was a deficiency in its design or a defective system that caused this event.

Response of accredited business

Mr H contacted the vehicle manufacturer alleging that the Pedestrian Safety System deployed on his vehicle when he went over a speed bump at 19 mph, and that as there was no collision, this should not have happened. The vehicle was recovered to the retailer who confirmed that the car had hit the speed bump as it drove over it. Due to the vehicle hitting the speed bump, the pedestrian system was correct to deploy, and therefore the car operated in according with how it had been designed to function.

As the customer was unhappy with this outcome, the retailer contacted the car manufacturer's engineering team who reviewed the information. They downloaded the pedestrian impact record which showed a deployment of the pedestrian system as the speed threshold had been crossed, and because a significant impact had occurred on the front bumper. The speed was circa 19.41 mph, a valid speed for a pedestrian protection system to work.

It is plausible therefore for the Pedestrian Safety System to be deployed without damage being caused to the bumper, grille or headlights. This confirmed there was no manufacturing defect, and Mr H was advised that he would not receive any goodwill on this occasion.

Adjudication outcome

The adjudicator understood that the vehicle manufacturer said that the system worked as designed. However, the information that they provided was not communicated to the consumer prior to this incident occurring.

Specifically, in the handbook, it does not identify the necessity for individuals to drive the vehicle below a certain speed to avoid the deployment of the Pedestrian Safety System. It would also have been helpful

to outline instances where the system would deploy in the absence of a collision. Furthermore, the manufacturer stated: "The vehicle would expect the pedestrian system to deploy in this instance", which shows they have the knowledge of scenarios where the parameters would be crossed. Nevertheless, a lack of transparency in this situation caused a consumer to incur extra costs.

As this information was not in the vehicle handbook, the consumer could have had no prior knowledge of driving the car under a certain speed limit when approaching obstacles. This information was deemed to be crucial, and Mr H was not provided with this.

The adjudicator therefore concluded that it was unfair for Mr H to be made liable for the cost of the repair that was necessary as a result of this incident. They requested that the costs of repair should be met by the vehicle manufacturer, and that relevant documents are revised to prevent future instances such as this. Both parties accepted The Motor Ombudsman's adjudication outcome, and the cost of the repair was reimbursed to Mr H.



2.2.6 Additional New Car Code case studies (continued)



Consumer's claim

Vehicle age	3 years old
Vehicle mileage	34,000

In May 2018, Mr I realised that the air conditioning in his car was no longer working. He claimed that the warranty had no exclusion for the air conditioning unit, and therefore concluded that it should be repaired under the vehicle's warranty at no cost to him.

Response of accredited business

Under the terms of their warranty, the vehicle manufacturer explained that they are only liable for the repair or replacement of genuine parts that are defective in material or workmanship. They also stated that an authorised business will only make any repairs, using new or remanufactured parts, and to put right any problem free of charge that is covered by the warranty.

The vehicle manufacturer spoke to the service manager at the business who said that Mr I had visited them. Upon inspection, they found a stone embedded in the condenser. Mr I was advised that, as this was not covered under the vehicle's warranty, he would have to pay for the repair, which Mr I subsequently declined, and proceeded to collect his car.

The car manufacturer liaised with their in-house warranty department regarding the above and they agreed that the repair would not be covered under warranty, as it was not deemed to be a manufacturing defect. They concluded that as Mr I had owned the vehicle for a short period of time, the vehicle manufacturer would cover 20% of costs of the repair at an authorised business as a gesture of goodwill. Mr I was also not charged a diagnostic fee for the inspection.

Adjudication outcome

The adjudicator felt the policy wording was clear that the warranty covered defects in material and workmanship. The exclusions explained that damage due to factors beyond the vehicle manufacturer's control are not covered, and it goes on to list examples of such cases. This is not an exhaustive list, because the terms and conditions merely list examples, so there is no need for stone damage to the air conditioning unit to be a listed item.

The business is a different entity and separate from the manufacturer, so it is in their interest to identify and support any potential warranty claims because this would generate revenue for them. The information provided by the authorised business was not sufficient to confirm that the damage was caused by a manufacturing defect. In such circumstances, the onus was on Mr I to prove that the damage was the result of a manufacturing defect. Consequently, having considered the information provided, the adjudicator did not uphold Mr I's complaint, and no request was made for a final decision.

2.2.6 Additional New Car Code case studies (continued)

Consumer's claim

Vehicle age	4 years old
Vehicle mileage	34,000

At the time of buying her vehicle, Ms J enquired about the car's emissions, as they were advertised as being either 114g/km or 119g/km CO₂. She was told that her vehicle was 119g/km, but when she received the copy of her V5, it showed 122g/km CO₂, thereby placing it in a higher vehicle tax band. Ms J was initially told this was a mistake and that she should apply to have the V5 changed. However, as she was later informed that the higher figure was in fact correct, Ms J felt misled. There was now an additional tax burden and she incurred a loss in the value of the vehicle. Ms J deemed an appropriate resolution would be, either the accredited business changing the car, or that she receives £5,000 in compensation.

Response of accredited business

The accredited business stated that the correct figure was on the V5 and the certificate of conformity. Unfortunately, a lower figure was originally confirmed to Ms J. This is an extremely common query due to the fact that technical data is always

structured and published according to the latest available data, which continues to change. The 119g/km CO₂ figure was correct at the time of publishing, but this vehicle had an earlier production date, which is why it was different. The accredited business confirmed that the emissions level could not be modified.

Adjudication outcome

The adjudicator did not uphold Ms J's complaint. This was because it would be unduly restrictive or onerous to expect the manufacturer to publish specific and accurate figures in brochures and literature, which are designed to be "general". He felt this complaint was more appropriate against the retailer as the manufacturer did not hold liability for them, and the seller should equally be responsible for information given to customers at the point of sale. Ms J disagreed on the basis that the information came from the vehicle manufacturer, not the seller, and the case was referred to the ombudsman for a final decision.

Ombudsman's final decision

The ombudsman upheld Ms J's complaint, and acknowledged that the New Car Code only covers new car advertising because,

typically, manufacturers provide general information on specification, figures and features when advertising brand new cars. However, advertising used cars requires specific information, which only the seller would be aware of, so it isn't fair to hold a vehicle manufacturer liable.

However, in this particular case, the problem appeared to be with the manufacturer's advertising template and the figures being populated within it. The consumer had been provided with several examples of incorrect figures, and this was the only logical explanation for the volume of discrepancies. This would be outside of the seller's control and it was therefore fair to hold the manufacturer to account.

The ombudsman, though, did not feel that £5,000 was a reasonable compensation award. She looked at the difference in tax and awarded this back to Ms J for a period of five years. This totalled £420. She also said Ms J could pursue a complaint against the seller if she sought further compensation, as the adjudicator was correct to point out that they would be legally liable for any misinformation provided at the point of sale. Ms J was happy with the ombudsman's final decision and accepted the award.



2.3 Vehicle Warranty Products Code



Unveiled in 2009, the **Motor Industry Code of Practice for Vehicle Warranty Products** aims to drive up standards across a wide range of automotive warranties, including coverage of both insured and non-insured products, by committing accredited businesses to higher standards than those required by law. The Code currently represents about 70% of the industry's major providers that administer over three million products and is fully approved under the Chartered Trading Standards Institute (CTSI)'s Consumer Codes Approval Scheme (CCAS).

The Vehicle Warranty Products Code:

- ✓ Advertising;
- ✓ Point of sale obligations;
- ✓ The clarity of information provided to customers;
- ✓ The handling of claims;
- ✓ Service contracts, guarantees and non-insured products;
- ✓ Insured products; and
- ✓ Complaints handling.

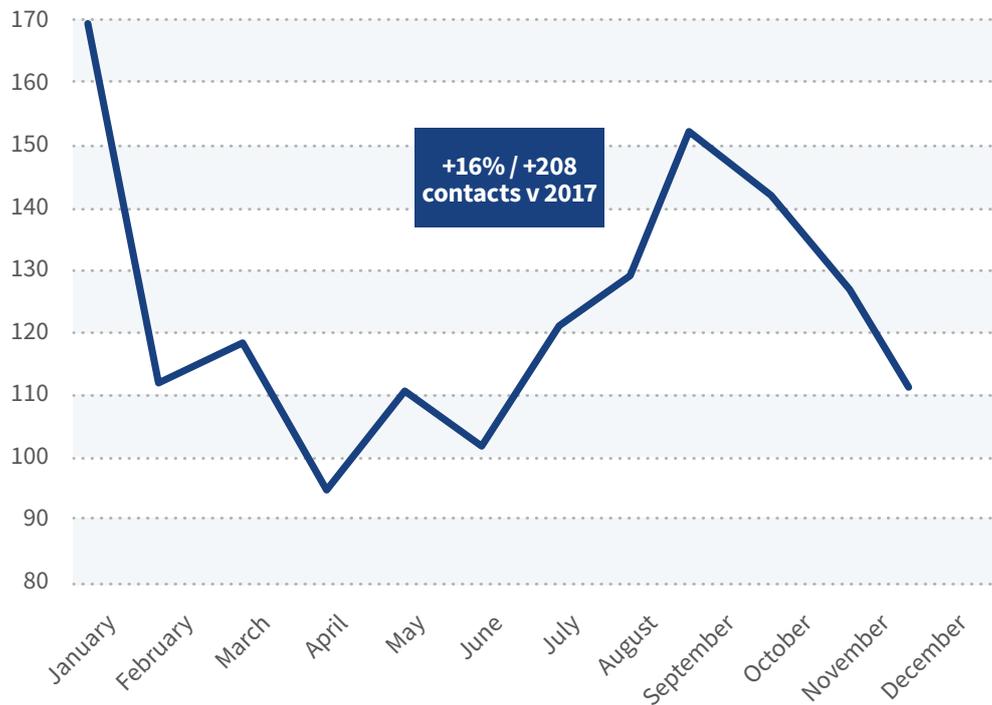
No changes were made to the content of the Vehicle Warranty Products Code in 2018.

2.3.1 Vehicle Warranty Products Code performance data

Accredited businesses	2018	2017	Trend vs 2017
Consumer Contacts	1,502	1,294	▲
Early Resolutions	0	1	▼
Adjudication Cases	162	70	▲
Ombudsman Final Decisions	16	4	▲
Escalation Rate	11%	6%	▲

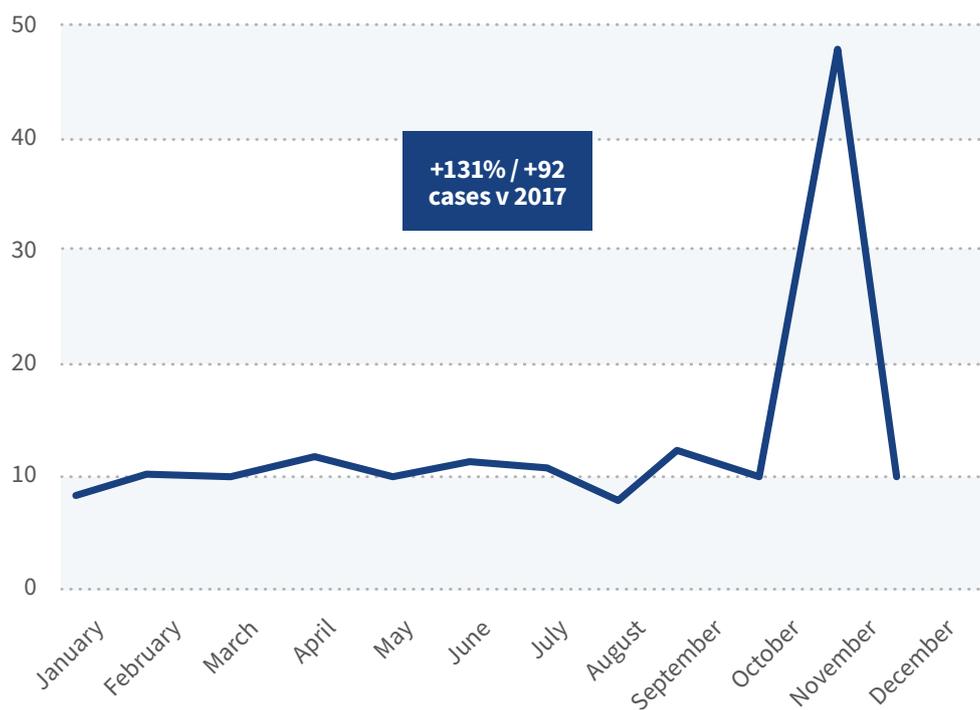
2.3.2 Vehicle Warranty Products Code performance charts

Vehicle Warranty Products Code contact volumes by month (Jan - Dec 2018)



Note: The spike in January was likely due to issues occurring over the Christmas period, which can hit consumers harder than other times of the year. The ability to submit claims is also affected by office closures during the festive period.

Vehicle Warranty Products Code case volumes by month (Jan - Dec 2018)



2.3.3 Vehicle Warranty Products Code cases by breach

Breach	Percentage of Vehicle Warranty Product Code
Point of sale	52%
Claims handling	27%
Clarity of information	11%
Advertising	10%



2.3.4 Vehicle Warranty Products Code performance analysis

The Vehicle Warranty Products Code has performed similarly in 2018 compared to 2017, with a 16% rise in consumer contacts. The number of cases considered in 2018 was more than double than the volume investigated in 2017.

The consumer complaints relating to the Vehicle Warranty Products Code in 2018 can be divided into three main categories:

1. Point of sale:

- ✓ The consumer was given incorrect information about the product;
- ✓ The consumer was given insufficient information to enable them to decide whether to buy a product; or
- ✓ The consumer was not properly informed about their cancellation rights.

2. Claims handling:

- ✓ The warranty provider refused the claim;
- ✓ The warranty provider would not accept the claim because the vehicle had not been serviced within the manufacturer's specifications; or
- ✓ The warranty provider took too long to make a decision on the claim.

3. Clarity of information

- ✓ Warranty terms were ambiguous or difficult to understand;
- ✓ The consumer was not fully informed about which components were and were not covered; or
- ✓ Significant exclusions were not sufficiently brought to the consumer's attention.

2.3.5 Vehicle Warranty Products Code case study reviewed by ICAP

Note: No cases relating to The Motor Ombudsman's Motor Industry Code of Practice for Vehicle Warranty Products were reviewed by ICAP members in 2018.

2.3.6 Additional Vehicle Warranty Products Code case studies

The following case studies in relation to The Motor Ombudsman's Motor Industry Code of Practice for Vehicle Warranty Products illustrate the diverse range of adjudication outcomes and ombudsman final decisions that were reached in 2018. These have not been reviewed by ICAP.

Consumer's claim

Vehicle age	10 years old
Vehicle mileage	47,000

Mr K bought a car privately. The seller had purchased the car five months earlier from a retailer with a warranty that cost £400, and which covered a 12-month period. In this private sale, the warranty was an important factor for Mr K, and the price was adjusted after the seller and buyer had confirmed with the warranty company that the policy was transferable. Mr K was asked to fill out the transfer of ownership form and to send a cheque to the warranty administrator for £25. On this basis, Mr K bought the car, but the warranty company then sent his cheque back and declined the coverage. The customer therefore wanted a refund of the extra money that he spent on the vehicle due to the warranty company indicating that he would benefit from the cover once it had been transferred.

Response of accredited business

The reason for the rejection of the transfer was that the underwriters of the policy declined to cover the vehicle, and to take on any risk under a different name. No explanation was given at the time of the transfer request, and it did state on the transfer of ownership form inside the agreement booklet that the warranty administrator has the right to decline any transfer without providing an explanation. They also advised that the new owner of the vehicle had no involvement in the initial purchase of the agreement.

Adjudication outcome

The adjudicator noted that, whilst the terms of the transfer rights were clearly explained and written in plain English, the Vehicle Warranty Products Code notes that the relationship between the warranty company and the policyholder is covered by the Consumer Rights Act 2015.

Under this legislation, provisions are made for the fairness and fair usage of terms. The adjudicator considered the term of cancelling the policy might be fair in principle, but the question was over its usage. This is because the vehicle had only completed a few miles since its MOT, and this same test was used to determine that the warranty coverage should be offered just five months earlier.

In principle, this meant that the vehicle represented virtually the same liability and risk that the warranty administrator was willing to take on earlier, and that the decline of cover was without sufficient grounds in the eyes of The Motor Ombudsman.

The adjudicator therefore determined that there was only one remedy that was proportionate in the circumstances. This was that the warranty should be reinstated on the receipt of the administration charge from Mr K, and that he should be awarded with full coverage of any claims up until the policy's original end date.



2.3.6 Additional Vehicle Warranty Products Code case studies (continued)

Consumer's claim

Vehicle age	4 years old
Vehicle mileage	43,146

Mr L's car was functioning normally, until he noticed on the 17th June 2018 that the air conditioning system wasn't working. Mr L booked his car in for a full diagnostic check, and at first, he thought it was a simple gas issue. However, it turned out to be because the fan motor had suddenly failed. When Mr L made the claim against his warranty policy, the administrator declined it as they deemed that the issue was pre-existing despite his explanation that this fault occurred on the 17th June 2018.

Response of accredited business

Mr L's car had been covered by his warranty policy for a period of 17 days. During this time, he travelled 146 miles. The warranty administrator was presented with no evidence to indicate that there was a sudden and unexpected failure of the air conditioning system as per the terms of the warranty. The policy stated that repairing or replacing components which have not suffered a breakdown are not included.

The business explained to Mr L, that from an engineering perspective, the particular fault reported was more likely to have developed over time and would most certainly have been in existence prior to the policy being taken out. Normally, vehicles undertake a 20-point health check before the cover is approved. However, this was not applicable to Mr L on the basis that his vehicle had passed an MOT just two months earlier in April.

Had the car been presented for a health check, this fault would have been noticed at that time, which would also have been noted on the customer's policy that this was a pre-existing issue. The vehicle covered 2,400 miles between the MOT and the start of the policy, and 146 miles later, the consumer reported the fault. The warranty administrator therefore concluded that Mr L's car was likely to have had the problem when the agreement was taken out.

Adjudication outcome

The Motor Ombudsman adjudicator noted that vehicle owners purchase extended warranty products as a form of protection against mechanical breakdowns after a vehicle manufacturer's new car warranty has expired.

The adjudicator understood Mr L's dissatisfaction, but as with any warranty contract, there are terms, conditions and exclusions that need to be considered when a consumer makes a claim. In order to make a successful claim under this particular warranty, the component in question must have suffered a sudden and unexpected failure, which caused the component to stop working. Furthermore, the administrator in their technical opinion stated that the fault must have been present at the time of purchasing the warranty cover, which is also an exclusion.

The adjudicator concluded that, on balance, the evidence suggested that the fault pre-dated the policy, and no technical or professional evidence to the contrary could be supplied. As a result, The Motor Ombudsman did not uphold Mr L's claim, and the case was closed.



2.3.6 Additional Vehicle Warranty Products Code case studies (continued)

Consumer's claim

Vehicle age	8 years old
Vehicle mileage	66,000

Mr M contacted the warranty administrator, explaining that he was having problems with the roof bow mechanism, outer Constant Velocity (CV) boot, window regulator, window motor and timing chain on his car. He took the vehicle to an approved dealership and was given quotes for the necessary repairs. However, Mr M later received an e-mail from the administrator stating that none of the work would be covered. They claimed that the specific parts in question were excluded from the policy, or that the faults predated the warranty being taken out. He felt frustrated, as Mr M had purchased the warranty policy to protect against this kind of expense.

Response of accredited business

Mr M's claims, which were made in the first few weeks of taking out his policy, were rejected for the following reasons. The roof bow mechanism, outer Constant Velocity (CV) boot and window regulator were components that were not listed on his policy. The workshop diagnosis informed

the administrator's Claims Engineers that the customer's timing chain was rattling on start-up. They were also not told that the timing chain had broken or snapped or that it had suddenly failed. Therefore, the claim was rejected on the basis that it did not meet with the terms of Mr M's policy.

Mr M made a claim for his driver's side window motor after the vehicle had been covered by his warranty policy for 45 days. The window motor was a listed component on the customer's policy, but the administrator had not been presented with any evidence to confirm the customer's window motor had suddenly failed. They believed that, from an engineering perspective, the motor had been gradually deteriorating over time, and the issue would have already existed when the policy started 45 days earlier. The administrator stated that they specifically reject claims where they deem a problem to have been present prior to the start of the policy.

Adjudication outcome

The adjudicator noted the roof bow mechanism, outer Constant Velocity (CV) boot and window regulator were not covered by the policy and Mr M's claim was declined fairly under the policy. In respect of the timing chain, the adjudicator stated in their assessment that it had not failed, but needed

attention to prevent failure. Therefore, this claim was also refused correctly by the administrator.

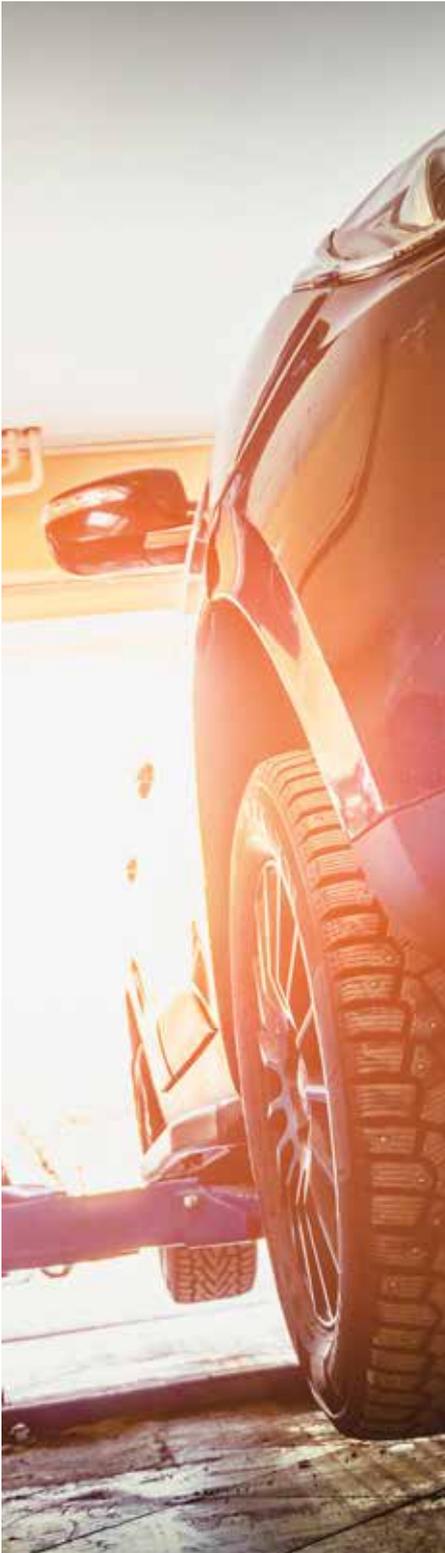
For the window motor however, the adjudicator noted the diagnosis was neither clear in its reasoning, nor did the business present an explanation for why they believed the motor had a pre-existing fault other than the time frame. A motor can fail for a number of reasons, and not all of them would be declined purely due to the time that has elapsed.

The burden in the contract placed a requirement on the business to be able to justify their position, and their reply was considered to be lacking any merit. The adjudicator also noted that the business, in their terms, had a contingency for disputes such as this, to instruct an engineer to justify their position, but no engineering opinion or comprehensive statement was ever given.

On those grounds, the adjudicator considered that the repair of the motor was not fairly declined, and unless new evidence could be provided by the administrator, the claim should be treated as if it were accepted as a repair under the warranty. The business did not disagree with this adjudication outcome, and therefore, Mr M was reimbursed for the costs of the repair of the window motor.



2.3.6 Additional Vehicle Warranty Products Code case studies (continued)



Consumer's claim

Vehicle age	7 years old
Vehicle mileage	81,270

Ms N had a serious issue with her car where the engine was shaking, and it turned out to be a problem with the flywheel. She contacted the seller of the vehicle, but they said there would be a delay in looking into it, and could rely on her warranty to get it repaired. However, she was later told by the warranty administrator that the fault wouldn't be covered because the flywheel had failed due to wear and tear. The retailer said that this wasn't what they reported to the warranty administrator, and Ms N was therefore looking for her claim of £1,300 to repair the flywheel to be paid.

Response of accredited business

As the warranty administrator believed that the part had failed due to wear and tear, it fell outside of the warranty's terms and conditions, and therefore, they said that they would not be covering Ms N's claim.

Adjudication outcome

The Motor Ombudsman adjudicator initially didn't uphold Ms N's complaint because there was no technical evidence to support the flywheel failing as a result of a sudden mechanical breakdown. However, Ms N provided evidence from the business that repaired the vehicle, who said that, in their opinion, the fault was a sudden mechanical failure.

The adjudicator then upheld Ms N's complaint on the basis that the repairer had no vested interest in the outcome of the dispute, and that their evidence demonstrated that they believed the fault met the terms of the warranty.

The warranty administrator disagreed however, because in their opinion, the repairer's statement was factually incorrect and the failure was due to a long, slow deterioration of the flywheel springs, as demonstrated by the elongated boltholes. They therefore requested for the case to be referred to the ombudsman for a final decision.

Ombudsman's final decision

The ombudsman didn't uphold Ms N's complaint. She looked at how a breakdown was defined in the policy, which said it was defined as: "the failure of a mechanical or electrical component, causing a sudden stoppage of its function, for a reason other than wear and tear, deterioration or negligence". For a claim to be valid, it had to satisfy all parts of this term.

All parties agreed that the flywheel was a covered component and that at least to Ms N, it failed suddenly. The issue was whether it failed due to wear and tear or was a sudden mechanical failure. Looking through the evidence, it appeared the warranty administrator and the repairer had not been understanding each other. The repairer believed that the administrator was arguing that the part was not actually broken, whereas the warranty administrator was saying that the part had broken, but they thought it was due to wear and tear, which isn't covered by the policy.

The repairer confirmed that they were unaware of what caused the fault and that they thought the bearing in the flywheel had reached the end of its working life. This is more indicative of wear and tear than a sudden mechanical failure. To this end, Ms N's complaint could not be upheld and the case was closed.

2.4 Vehicle Sales Code



The **Motor Industry Code of Practice for Vehicle Sales** provides guidelines on the sale of both new and used cars, as well as the supply of finance and warranties. Businesses accredited to the Vehicle Sales Code can be found on The Motor Ombudsman's Garage Finder⁷.

The Vehicle Sales Code covers the following principal areas:

- ✓ Advertising;
- ✓ The presentation of used cars for sale;
- ✓ The presentation of new cars for sale;
- ✓ The vehicle sales process;
- ✓ The provision of warranty products;
- ✓ The provision of finance products;
- ✓ Aftersales support; and
- ✓ Complaints handling.

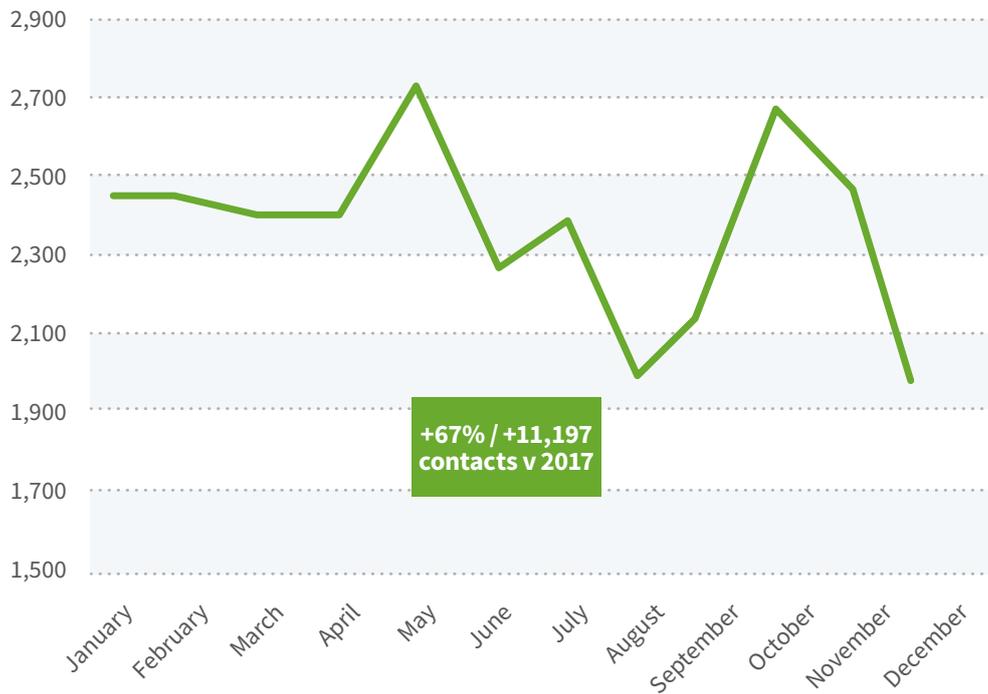
2.4.1 Vehicle Sales Code performance data

Accredited businesses	2018	2017	Trend vs 2017
Consumer Contacts	27,977	16,780	▲
Early Resolutions	4	12	▼
Adjudication Cases	1,993	944	▲
Ombudsman Final Decisions	161	97	▲
Escalation Rate	7%	6%	▲

⁷ www.themotorombudsman.org/garage-finder

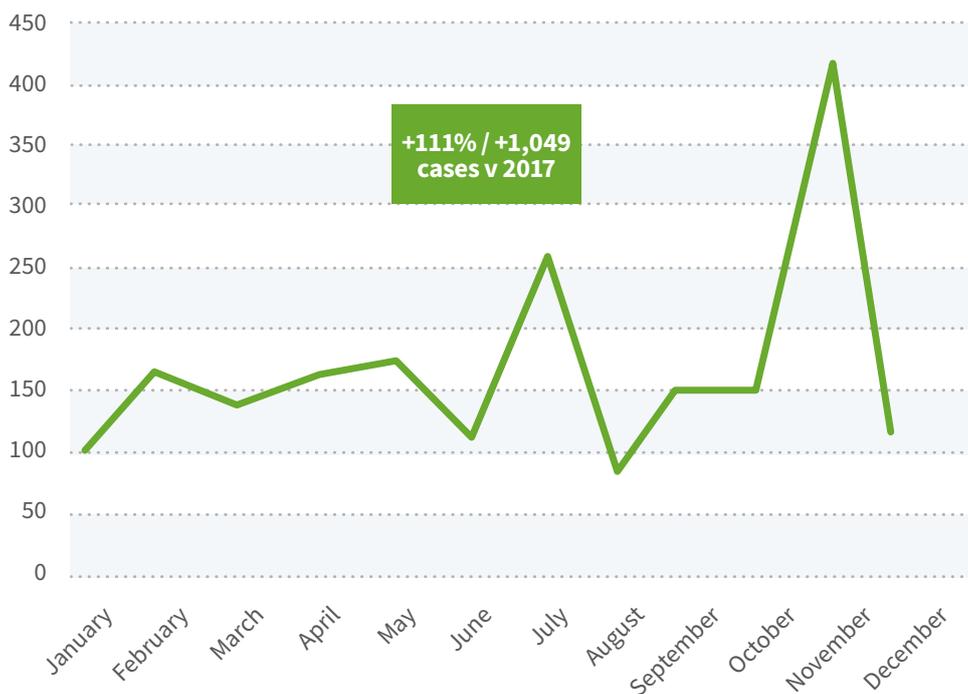
2.4.2 Vehicle Sales Code performance charts

Vehicle Sales Code contact volumes by month (Jan - Dec 2018)



Note: The increased contacts in May and October are most likely due to the '18 and '68 plate changes in March and September.

Vehicle Sales Code case volumes by month (Jan - Dec 2018)



Note: The spikes in case volumes in July in November were due to changes to case handling procedures, which resulted in more cases being opened relative to other months.

2.4.3 Vehicle Sales Code cases by breach

Breach	Percentage of Vehicle Sales Code cases
Vehicle purchase quality	55%
Aftersales	12%
Advertising	11%
Sales process	11%
Used vehicle presentation	6%
Finance provision	2%
New vehicle presentation	2%
Other	1%



2.4.4 Vehicle Sales Code analysis

The Vehicle Sales Code continues to drive a significant amount of consumer contacts and cases, with 51% of all consumer contacts relating to the purchase of a new or used vehicle. Awareness of the Code, as well as the number of businesses accredited to it, continues to grow, and this will naturally increase the number of enquiries received.

The consumer complaints relating to the Vehicle Sales Code in 2018 can be split into three main categories:

1. Vehicle purchase quality:

- ✓ The vehicle developed a significant fault shortly after purchase;
- ✓ The vehicle failed to meet the consumer's expectations; or
- ✓ The vehicle was deemed unfit for purpose.

2. Aftersales:

- ✓ The accredited business did not meet its legal obligations to the consumer;
- ✓ The consumer was not made aware of the aftersales support available; or
- ✓ The accredited business did not handle an issue effectively which occurred after the purchase of a vehicle.

3. The sales process:

- ✓ The accredited business withheld information which would have influenced the consumer's purchasing decision;
- ✓ The consumer felt pressured into the vehicle sale; or
- ✓ The consumer left a deposit, but was not made aware of terms and conditions.

2.4.5 Vehicle Sales Code case studies reviewed by ICAP

The following case studies in relation to The Motor Ombudsman's Motor Industry Code of Practice for Vehicle Sales were reviewed by ICAP members to ensure that all adjudication outcomes and ombudsman final decisions were delivered correctly.

Note: The vehicle age and mileage is that which was recorded at the time that the consumer submitted their complaint to The Motor Ombudsman.

Consumer's claim

Vehicle age	11 years old
Vehicle mileage	54,000

Mr O purchased a used vehicle and a gold cover warranty, and was told that the agreement included breakdown cover. The booklet provided to Mr O confirmed this and he bought the car. However, the following day, the customer received an e-mail from the warranty company saying he had been sold bronze cover and that he had no breakdown cover. Mr O was told he couldn't have been sold breakdown cover as it hadn't been offered for three years, and the car was ineligible for gold warranty cover due to its age. The consumer originally looked for a 12-month gold warranty, or an equivalent and breakdown cover, but later decided he would like a refund for the vehicle and his insurance costs for the courtesy car provided during repairs, as Mr O was unable to benefit from the accredited business' insurance.

Response of accredited business

The accredited business said the vehicle's wear and tear was reflected in its sale price of £1,917. They believed Mr O had been offered a bronze warranty, but this had been incorrectly entered as a gold warranty on the paperwork. The accredited business had made three offers. These were namely 12 months' breakdown cover on top of the warranty, a refund of the price paid for the warranty and three months' basic warranty cover, or a full refund. They understood it was frustrating that Mr O could not be covered under their insurance when his car required repairs, but were still not prepared to reimburse him for those costs.

Adjudication outcome

The adjudicator said that Mr O's vehicle was ineligible for the gold warranty, so felt that the paperwork referring to it was in error. He also thought the offers made by the accredited business were reasonable to resolve the complaint and encouraged Mr O to accept one of the options. However, the adjudicator said that if the customer were now to accept a refund, this would be subject to a deduction for use for the miles covered.

The consumer had covered 3,000 miles since he purchased the car, so the adjudicator said a fair deduction would be 25p a mile, equating to the sum of £750.

The adjudicator also awarded back Mr O's insurance costs. He didn't think it was fair that Mr O was left out of pocket for a fault that happened so soon after purchase, and the accredited business hadn't provided any evidence to show the fault was not present at the point of sale. This was subject to Mr O providing a receipt to show how much he had paid.

Mr O wanted to get a refund for the car, but was unhappy at the amount being deducted. He felt it was unreasonable considering what he had bought it for. Mr O was also unhappy that the adjudicator concluded the gold warranty was an administrative error, as the customer believed it had been mis-sold, and that he had been misled about the breakdown cover.

Ombudsman's final decision

The ombudsman looked at two issues: the alleged mis-selling of the warranty and the remedy being offered.

With the warranty, the ombudsman agreed with the adjudicator that this was more likely to have been human error than intentional mis-selling. The policy booklet provided to Mr O at the point of sale didn't specify whether it was bronze or gold cover – and the accredited business was probably aware that Mr O would receive an e-mail from the warranty company confirming the level of cover purchased, meaning it wouldn't be worth the hassle. When it came to the breakdown cover, the policy document clearly stated it that this was included. Even if Mr O wasn't explicitly told that breakdown cover would be provided, it is reasonable to assume it would be from the booklet provided. It was also of concern that this literature had been given to Mr O considering it was, according to the accredited business, out of date by three years. The accredited business was told to review its documentation to ensure it is up to date and accurate.

When looking at a suitable remedy, the ombudsman felt all of the offers made were reasonable. She noted Mr O's preferred option was a refund both for the car and the insurance costs. She agreed that a deduction

for use should be made, as Mr O was no longer entitled to a refund. By the time she looked at the complaint, the car had covered an additional 1,330 miles, meaning the deduction for use, even at 25p a mile, would produce a figure of £1,082.50. And, because of the age of the vehicle, it was no longer depreciating, meaning Mr O would face a large financial loss, whereas the accredited business wouldn't. As such, the ombudsman took a different approach. She looked at the average ownership period for a vehicle, which is four years, and saw that at the point Mr O agreed to the refund, he had owned the car for four months. The price of the vehicle was £1,917 – dividing this by 48 months meant a figure of £39.94 a month, meaning the deduction for four months should be £159.75. This equated to roughly 8% of the vehicle's value, which felt fair and reasonable in the circumstances. The ombudsman also recommended a proportionate refund of the warranty, bearing in mind it had been in force for four months. She also upheld the award for the insurance costs, which was £137.84

In total, the ombudsman awarded Mr O £1,856.88 for the car and warranty, and £137.84 for his insurance costs. The consumer accepted the award and the case was closed.



2.4.5 Vehicle Sales Code case studies reviewed by ICAP (continued)

Consumer's claim

Vehicle age	5 years old
Vehicle mileage	38,000

Ms P purchased a used vehicle. Soon afterwards, she found that the roof was leaking and a radio button was delaminating. Ms P complained and the accredited business investigated the issues. They said they weren't prepared to deal with the delaminating button because it is wear and tear and they repaired the water leak. However, Ms P continued to complain that the vehicle was leaking and requested a refund.

Response of accredited business

The accredited business said that they stood by their position that the delamination of the radio button was due to wear and tear. The unit worked as it should and was therefore fit for purpose. In relation to the roof, the

accredited business said they had replaced the whole roof and seals. They also water-tested the vehicle at the angle of Ms P's drive, and the roof was sealed and working correctly. As such, the accredited business didn't feel that they needed to do anything further.

Adjudication outcome

The adjudicator believed that the delamination of the button was wear and tear and, in any event, it wasn't reasonable to replace the entire unit because of the button. With the water ingress, she said that the dealership believed the issue to be fixed, and therefore, there were no grounds to seek a rejection or replacement. To this end, the consumer's case was not upheld.

Ms P was unhappy with this, as she felt that some mistakes had been made in the adjudication and that sufficient evidence had been provided of the faults. As a result, the case was submitted to the ombudsman for a final decision.

Ombudsman's final decision

The ombudsman broadly agreed with the adjudicator's reasoning. With the radio button, the purpose of it was to operate the radio and it was fulfilling that purpose. Whilst the ombudsman could see it wasn't as aesthetically pleasing as it could be, it was entirely disproportionate to replace the whole head unit for one button – which would be the only way to repair the issue.

In terms of the water ingress, this was a much more serious issue. However, the accredited business was adamant that the issue had been repaired and no evidence had been provided to show that the vehicle was currently faulty and, if so, whether the fault was present at the point of delivery. The ombudsman therefore didn't make an award in favour of Ms P.



2.4.5 Vehicle Sales Code case studies reviewed by ICAP (continued)

Consumer's claim

Vehicle age	2 years old
Vehicle mileage	21

Mr Q saw a vehicle advertised as a pre-registered vehicle with 21 miles on the clock for £11,000. The vehicle was a rare example and was a low price for its age and mileage. The consumer tried to see the vehicle, but was told the accredited business didn't have it on site. Mr Q was told that the vehicle was genuine and that it would be held for him without a deposit and the manager was aware of this. However, this didn't happen and the vehicle was sold to somebody else. Mr Q believed that the vehicle had never existed and the accredited business had used this as a tactic to lure him into the dealership and for them to sell him a more expensive vehicle. Mr Q was looking for a like-for-like replacement vehicle, which he considered should be a brand new vehicle.

Response of accredited business

The accredited business said that Mr Q hadn't signed a contract or order form, nor had he paid any money to them. Therefore, they were not bound to supply the customer with the vehicle. They did try to source other vehicles for Mr Q, but none of them were to his satisfaction.

Adjudication outcome

The adjudicator partially upheld Mr Q's complaint. She found that no contract had been formed, and as such, the accredited business didn't have an obligation to supply the vehicle to Mr Q. She was unable to comment on what had been discussed between the consumer and the accredited business. Industry practice is that a deposit is taken when reserving a vehicle meaning that, in her view, it was unlikely the accredited business had taken the vehicle off the market. However, she did find that the accredited business had failed to refer Mr Q to The Motor Ombudsman at the end of their complaints process, and she made recommendations for them to amend this to ensure complaints were sent to The Motor Ombudsman in future.

Mr Q disagreed with the adjudicator's conclusions. He was still of the opinion that the accredited business had deliberately misled him and that the vehicle had never existed. The complaint was referred to the ombudsman for a final decision.

Ombudsman's final decision

The ombudsman noted that there were several different issues, so she considered each one separately.

There was first an issue around whether a pre-registered vehicle is a new or used vehicle. She turned to the Vehicle Sales Code, which defines a pre-registered car as a new vehicle which has had a previous registered keeper. As such, a pre-registered vehicle is not used, in the sense that it has had no owners and should have very little mileage on it. Neither is it a brand new vehicle, because the addition of a keeper reduces the value of it. As such, a like-for-like vehicle wouldn't be a brand new vehicle because this would cost significantly more than the vehicle Mr Q wanted to buy.

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The second issue was around advertising. The ombudsman found that the car should not have been advertised as a pre-registered vehicle because of its age. Pre-registered vehicles are usually a few months old, rather than two years old. The accredited business also couldn't really explain why the vehicle hadn't been sold previously, which was particularly unusual as the car was, according to both parties, highly sought after. Whilst it wasn't really material to Mr Q's complaint, the ombudsman wanted to note this so the accredited business did not do this in future.

The third issue was whether the vehicle actually existed, the short answer being yes. The accredited business was also able to provide evidence demonstrating it had been sold to somebody else around the time Mr Q was enquiring about it. The ombudsman therefore found no evidence of false advertising or 'bait and switch' tactics. However, the situation was evidence of a poor process for the allocation of vehicles

within the accredited business' group. It was surprising that the accredited business had been unable to find the vehicle when Mr Q enquired about it.

The final issue was whether the vehicle had ever been reserved for Mr Q. Having looked at the evidence, there was no proof to demonstrate this. The adjudicator took into account that it is standard industry practice to take a deposit to protect against customers cancelling and exposing the dealership to financial losses.

All things considered, there was evidence of misleading advertising and that the accredited business had poor internal processes, resulting in a frustrating situation for Mr Q. Nevertheless, the accredited business had done what it could to rectify the situation, and the ombudsman didn't think they needed to do anything, other than to review its systems to ensure that this didn't happen again.



2.4.5 Vehicle Sales Code case studies reviewed by ICAP (continued)



Consumer's claim

Vehicle age	Less than 1 year
Vehicle mileage	1,000 miles

Ms R ordered a brand new vehicle. When she collected it, she found that the figures on the finance document were £1,500 more than expected – it looked like the accredited business had financed the full amount of the vehicle, i.e. £13,927, rather than the amount of the vehicle minus the deposit of £1,500 that Ms R had put down to secure her order. Ms R was given a range of reasons for why the vehicle was costing £1,500 more than the agreed price and left confused. Ms R's friend helped her go through the figures and he reaffirmed Ms R's suspicions that there had been a mistake, or that she had been overcharged. The consumer contacted the accredited business, but they produced a new order form showing Ms R had allegedly agreed to £1,500 of extras. The customer wanted a refund for her £1,500 overpayment.

Response of accredited business

The accredited business said that the factory closed almost at the same time as Ms R's vehicle was ordered. After months of waiting for it to open, nothing was moving at the speed they would have hoped for, so a car was sourced from elsewhere with extras. Ms R discussed the extras and agreed to them, and the car was supplied less the cost of the deposit as this covered those extras. Due to it being Ms R's word against that of the accredited business, they tried to reach a compromise, but this was not possible. No issues were raised at the time Ms R collected the car.

Adjudication outcome

The Motor Ombudsman adjudicator didn't uphold the complaint raised by Ms R. She went through the paperwork and found no evidence that the accredited business had acted incorrectly. She could see the initial order, which matched Ms R's description of events, and the second order form, which matched the accredited business' description of events. As neither party could really show what happened, the adjudicator didn't feel that she could make an award to Ms R, who subsequently requested for the case to be reviewed by the ombudsman.

Ombudsman's final decision

The ombudsman carefully considered all of the evidence provided by both parties. She noticed a number of changes and discrepancies between the two order forms. For example, Ms R's metallic paint wasn't stated as an extra cost on the first order form, but was on the second. Furthermore, an additional discount was reduced on the second order form, whilst the deposit allowance was also decreased on the second order form, and a part-exchange was added on to the same paperwork.

The ombudsman said she had very little to go on, and expressed concern with the accredited business' paperwork. Neither of the order forms were signed, even though the finance agreement was, so the order forms weren't really evidence of what happened. And, the accredited business said it didn't record its calls, so anything agreed over the phone, couldn't be proved either.

There were two pieces of evidence that tipped the balance in the accredited business' favour on the issue of the additional £1,500. This was that the finance agreement was signed and it showed Ms R had agreed to a price that was significantly more than what was shown on the first order form. The second was that a part-exchange had been added to the second order which, to the ombudsman, demonstrated some kind of conversation had taken place between Ms R and the accredited business.

However, the ombudsman felt that Ms R had been treated unfairly as a result of the factory closure. Whilst this was not the accredited business' fault, it was certainly not the customer's. In total, she had lost out on £950 of discounts and extras, and that didn't feel right. The ombudsman therefore awarded Ms R £950 to compensate her for this loss. Whilst not entirely happy with this, she accepted the award and the case was closed.

2.4.6 Additional vehicle Sales Code case studies



Consumer's claim

Vehicle age	5 years
Vehicle mileage	Unknown

A few weeks after Mr S purchased a used car, the engine warning light appeared on the dashboard, but did not stay on. He reported the issue to the seller of the vehicle, but no defect was found, and they concluded that it was an intermittent fault. A year later, the light came on again, but this time, it did not go out. The retailer advised that this was not a mechanical issue, but was a problem with the wiring loom.

Mr S complained to the bank who financed his vehicle, and they paid him the funds for the repair and for his inconvenience. Mr S equally made a formal complaint to the retailer as the parts for the repair were on back order. With everything that had happened, he felt that he should have had a vehicle that was working correctly at the time of purchase, and wanted to return the car as he didn't feel that it was fit for purpose.

Response of accredited business

Although a warning light was on, there were no mechanical issues with the car. The business appreciated that this was very irritating for the customer, but the fault did not adversely affect the performance of the vehicle. As Mr S had correctly stated, the business was unable to source a replacement wiring loom as the part was on back order, and the vehicle manufacturer was unable to supply it.

Adjudication outcome

The Motor Ombudsman adjudicator noted that the Consumer Rights Act 2015 (CRA) does have provisions to support the consumer when repairs are taking a significant period of time to complete.

Whilst it was acknowledged that Mr S was inconvenienced by the light coming on, he was assured that the issues were electrical and not mechanical, and the vehicle was still usable. There was no evidence to suggest the contrary. In terms of a reasonable time frame to complete the repair, the business could not get the parts any sooner to repair the vehicle.

However, the business should have kept Mr S better informed, and their failure to do so was a breach of the Vehicle Sales Code.

When reviewing the bigger picture of the dispute, rejection was not considered to be proportionate to the issue. Repair was deemed to be a more appropriate remedy. Both parties accepted the adjudication outcome, and the case was closed.

2.4.6 Additional vehicle Sales Code case studies (continued)

Consumer's claim

Vehicle age	4 weeks
Vehicle mileage	Under 300

When Ms T returned home on the first day of owning her new car, she tried to park on the hill outside her house, but she noticed that the vehicle was rolling down the hill. Through some guesswork, she managed to find the right button to stop the car from rolling. The next day, she left her vehicle in a car park to do some shopping, and about 15 minutes later, Ms T was told that her car had rolled into another, causing £2,500 worth of damage. She felt that she should not have to claim on her insurance, as the issue was clearly with the vehicle, rather than being user error.

Response of accredited business

The business prepared the car in line with manufacturer guidelines, and carried out a full and detailed handover of the vehicle with Ms T when she came to collect it. All of the required documentation was also completed. When the business was made aware of what had happened, and Ms T arrived at

the seller without notice, they immediately accommodated her by checking the car while she waited.

The preliminary tests carried out on the handbrake did not find anything wrong. They advised Ms T of this, and requested more time to investigate the issue. The business also organised a courtesy car for her to use while her car was with them. After a period of three days and extensive testing, they could not find any fault with the handbrake when it was applied and used correctly. They contacted Ms T and advised her of this and agreed to deliver the car back to her so as not to inconvenience Ms T any further.

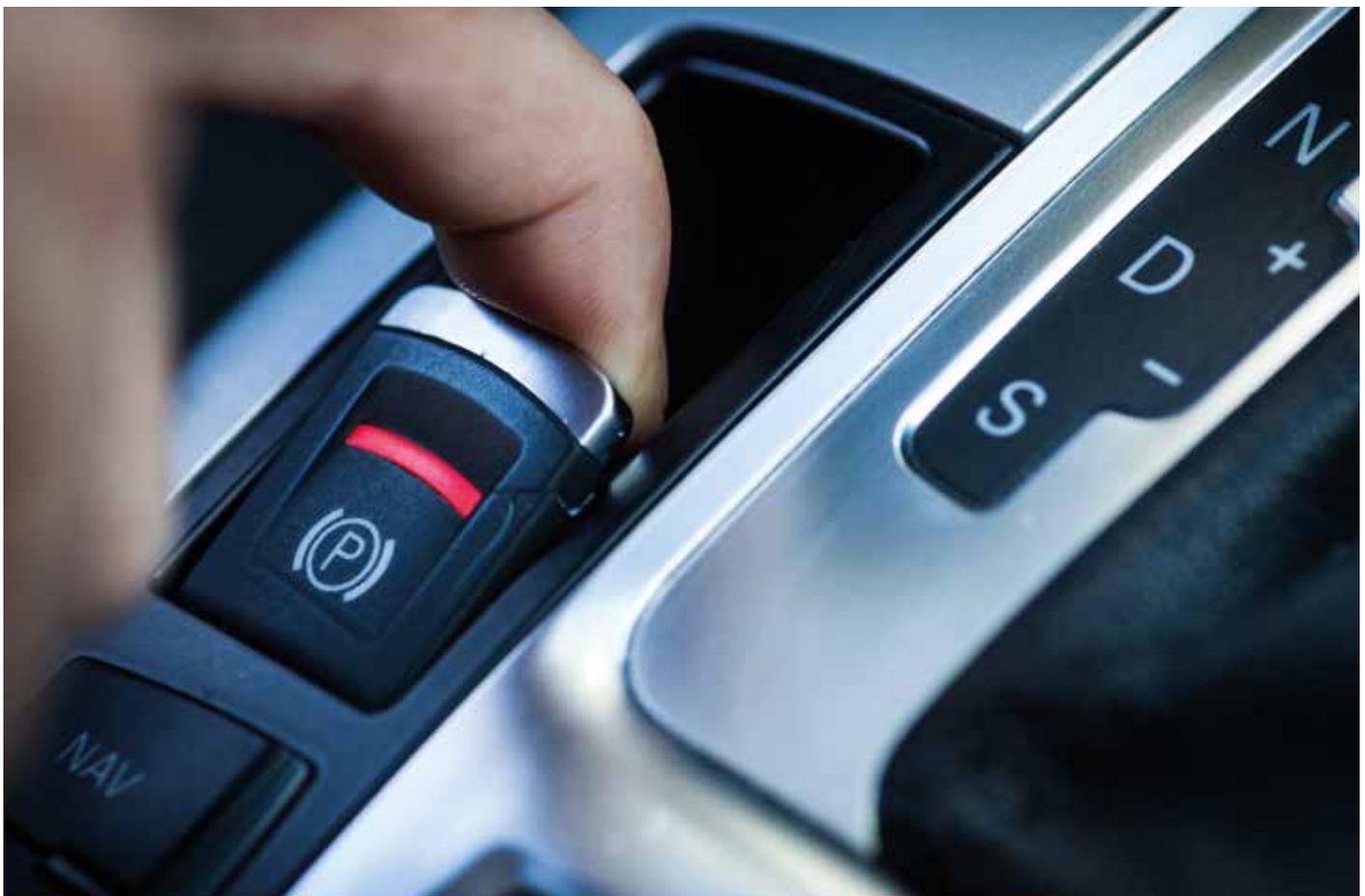
Adjudication outcome

The adjudicator reviewed Ms T's account, which made reference to the button she found on the first day of ownership, which prevented the vehicle rolling outside her home. The adjudicator equally said that, in the handbook, this button was not the parking brake, nor was its intended use for leaving the vehicle on an incline. It was designed for hill starts when pulling away on an incline.

The Motor Ombudsman concluded that the damage was not due to the business being in breach of their obligations in terms of the quality of the goods supplied, but was the result of the consumer leaving the vehicle in an unsafe and incorrect state.

The Motor Ombudsman adjudicator considered whether it was possible that the confusion as to which button, function or brake to use (it does not have the traditional handbrake lever) was because the business did not show Ms T correctly how the vehicle worked. To demonstrate that they had met their obligations towards the customer, the business was able to produce a signed and dated handover document where Ms T agreed that she was shown these functions and understood them.

Based on the above, the adjudicator concluded there was no breach of the Vehicle Sales Code, and the business could therefore not be held liable for the damage caused by Ms T. As a result, the customer received no award and the case was closed.



2.4.6 Additional vehicle Sales Code case studies (continued)

Consumer's claim

Vehicle age	5 years
Vehicle mileage	52,316

Mr U bought a used car after the advert said that it had completed 49,610 miles. However, when he collected the car, the actual mileage was 52,316. He was unhappy about this discrepancy and complained to the manager of the business who offered £125 in light of the difference. Mr U wasn't happy with this amount, and wanted to return the car, but the manager refused to have it back.

Response of accredited business

In light of the difference of 2,706 miles, the business used the CAP valuation guide as a fair way to determine the amount payable to Mr U, which equated to a fair and reasonable offer of £125.

Adjudication outcome

The adjudicator noted that the Vehicle Sales Code and the law provides a consumer with protection if they have entered into a contract based on information that has either been omitted or is considered to be misleading. The same applies to goods if they were not as described. In this instance, the contract was formed on site, but the vehicle was not present for inspection.

The remedies for such breaches are clearly defined in the consumer legislation that the Vehicle Sales Code is based on. In the event that goods are worth more than £5,000, the first remedy, if proportionate, is a partial refund to the customer. This should be proportionate to the loss in value between what the consumer thought they would get, and what indeed was received.

The adjudicator noted the business' means of calculating the amount due to Mr U for the

difference in mileage. The adjudicator stated that the £125 was based on a CAP valuation at the time of the dispute, which takes into account devaluation, not just mileage.

The Motor Ombudsman therefore ruled that the commercial value of the vehicle should have been used instead to determine the pence per mile to calculate the value due to the customer for the difference in mileage. This was duly done, which provided Mr U with a higher award of £139.90 which he accepted, closing the case.



2.4.6 Additional vehicle Sales Code case studies (continued)



Consumer's claim

Vehicle age	12 months
Vehicle mileage	1,175

Mr V bought a car on the assumption that it had leather seats, for which he would have paid an additional £912.50 extra had he bought a new vehicle with them. During his conversations with the seller, he informed them that he required leather seats. However, he later found out that the vehicle had partial leather seats, and was therefore looking for a refund of £2,000 as a result.

Response of accredited business

The accredited business said that the seats met all legal standards for advertising, and that composites were used for strength and durability, similar to how leather shoes are made. Other materials, aside from leather, are employed to help give the seats rigidity and structure. In addition, as the consumer did not pay for the leather option, he did not actually incur a financial loss.

Adjudication outcome

The adjudicator did not uphold Mr V's complaint. This was because the adjudicator wanted to see evidence that the vehicle had both been sold as having 100% leather seats, which he didn't have, and that the consumer had paid more money for those seats. The adjudicator accepted the explanation that the seats had a combination of leather and plastic to increase stability, and to decrease the risk of wear.

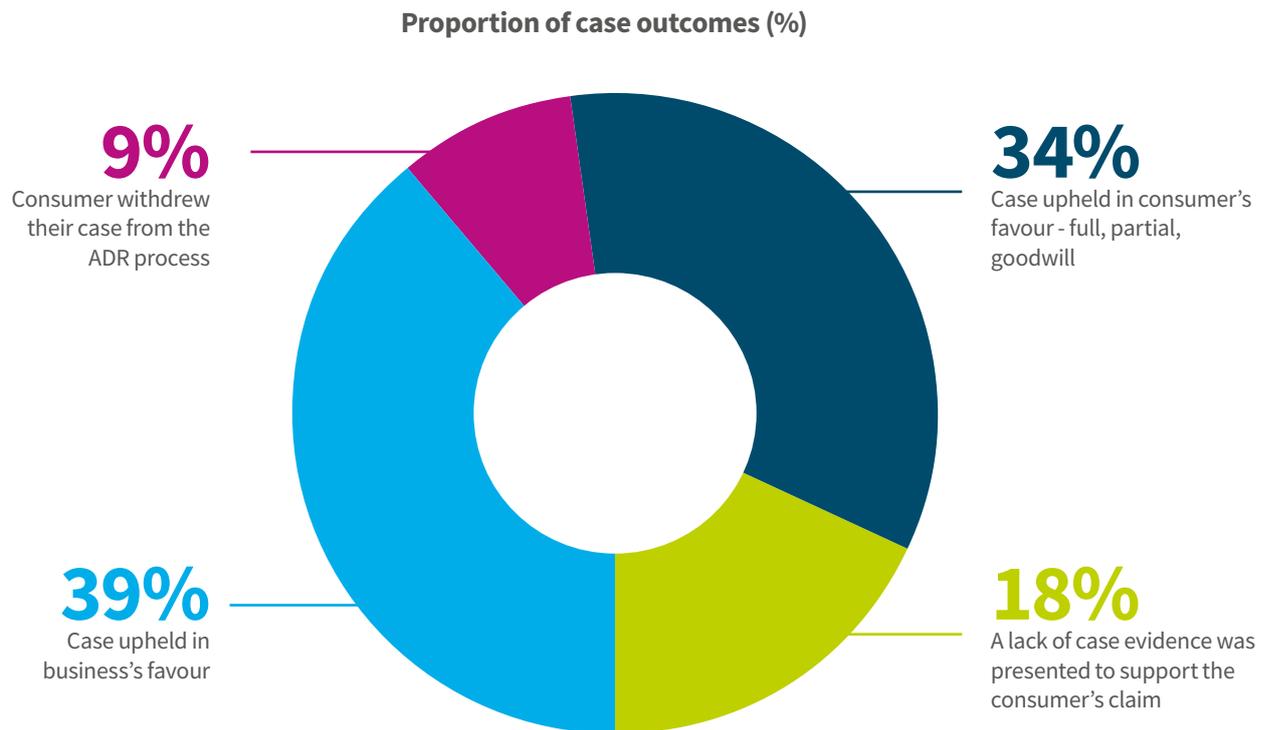
Mr V disagreed with this adjudication outcome on the basis that he had provided evidence showing the original factory specification sheet for the car which said that it had leather seats, and that the seller had given this to him before he bought the car.

Ombudsman's final decision

The ombudsman disagreed with the adjudicator and upheld Mr V's complaint. The car came with three options for the seat coverings: Artico (synthetic), leather and Nappa leather. Only the Nappa leather option was 100% leather, but in the ombudsman's view, this was not made sufficiently clear and was deemed misleading and / or capable of being misunderstood. That's because the average consumer would assume that if something is described as leather, it is leather in its entirety.

The ombudsman felt that a price reduction was proportionate in the circumstances. She didn't think £2,000 was a reasonable award, considering the price of new seats was £912.50, and Mr V's vehicle was now a year old. As such, she awarded £850 to Mr V to reflect the likely value of the seats as part of the overall price of the vehicle. Both parties accepted the ombudsman's final decision, and the case was closed.

SECTION 3: Breakdown of case outcomes in 2018



Case outcome summary:

Where a value could be attributed to the case outcome in the consumer's favour (e.g. a refund, repair or vehicle rejection), this equated to in excess of **£1.7 million** in 2018.

Where cases were upheld in the business's favour, and where a value could be attributed to the consumer's claim, this equated to **£4 million** in 2018, which is mainly made up of requests to reject a vehicle (new and used).



SECTION 4: Business compliance monitoring

Business compliance monitoring has remained a core focus in 2018. The Motor Ombudsman has increased engagement with customers, businesses and regulatory bodies, such as the Chartered Trading Standards Institute (CTSI), to address and resolve non-compliance issues as and when they arise.

4.1 Online self assessments and physical audits

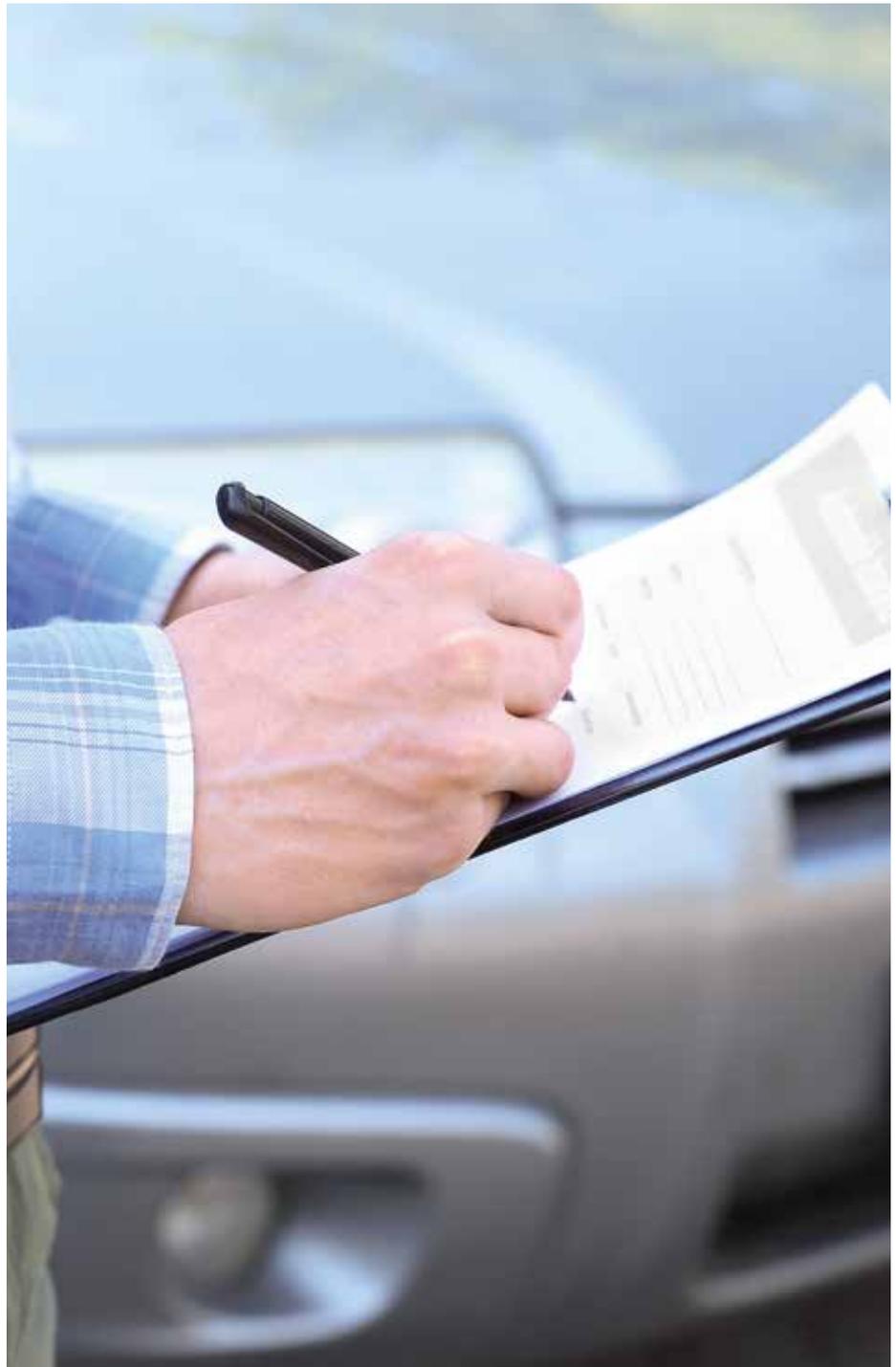
4.1.1 Online self assessments

Once an independent garage or franchised car dealership has expressed interest in joining The Motor Ombudsman, the completion of an online self assessment is required when applying for accreditation to the Service and Repair, and/or Vehicle Sales Codes for the first time to demonstrate that they are compliant with the requirements of the Code(s). It asks businesses to complete information on subjects, amongst others, such as their staff training programme, their internal complaints process, as well as the advertising and sale of vehicles.

In 2018, **596** Service and Repair assessments were completed (of which 28 businesses failed), and **97** Vehicle Sales Code assessments were completed (of which three failed). In the event of failed self assessments, further guidance is provided by The Motor Ombudsman to resolve any outstanding requirements, which are then assessed prior to being awarded a "Pass".

4.1.2 Physical on-site audits

Every year, physical on-site audits are carried out on a random sample of businesses within The Motor Ombudsman's nationwide accredited business network to ensure that they continue to meet the necessary high standards for accreditation. During 2018, The Motor Ombudsman focused on independent businesses signed up to the Service and Repair Code, and completed a total of **200** audits. Of these, five failed due to the lack of sufficient information provided, but they were subsequently contacted with the necessary remedial steps to meet the necessary standards.



4.2 Managing non-compliance

Penalty points are given to businesses for non-compliance and non-response with regards to a case at either the adjudication or final decision stage. In line with the terms and conditions of becoming accredited to a Code of Practice, it is a requirement that The Motor Ombudsman receives a satisfactory response from a business to any correspondence within five working days. Failure to respond means that the case is escalated as per the body's defined processes. Penalty points are issued and accumulated as per the flowchart below, and a business can also be suspended at any point in the process for continued non-response or compliance.

Action taken by The Motor Ombudsman	Number of working days with no business response	Penalty points awarded to the business
	5	0
The adjudication team validates all contact details and communicates with the business. The Motor Ombudsman maintains contact with the business requesting a response	↓	↓
↓	11	6
Case notes are updated by the adjudication team on actions taken to date. The Motor Ombudsman maintains contact with the business requesting a response	↓	↓
↓	16	18
↓	↓	↓
The first written warning is issued to the business once 30 points have been accumulated		30
↓	↓	↓
The adjudication team updates the consumer on the case, and points are logged against the business. A referral is made by the adjudication team to the compliance team if a response has still not been received or the business is not voluntarily responding or complying with an adjudication outcome or final decision	↓	↓
↓	↓	↓
The compliance team contacts the business with the aim of resolving outstanding issues	21	42
↓	↓	↓
A second written warning letter is sent to the business and the compliance team updates the adjudication team accordingly		60
↓	↓	↓
The business is placed under Closer Scrutiny for continued monitoring**	Continued non-response / compliance*	70
↓	↓	↓
A formal referral is made to ICAP, and appropriate sanctions / further actions are reviewed by panel members at the scheduled meetings		80

*Continued non-response and non-compliance

The adjudicator and the compliance team will take further action as appropriate, such as suspension or a referral made to ICAP, if a response has still not been received from the business and issues remains outstanding.

In the event of non-response or compliance with a case, businesses will be supplied with a guidance response factsheet as necessary by the adjudicator. Once the case has been referred to the compliance team, they will attempt to contact the business through the following means:

By phone: If contact is reached with the business, the compliance team will notify the contact of compliance procedures and e-mail information confirming the phone call.

By e-mail: The contact at the business is emailed with a deadline, if appropriate, along with any further relevant information in regards to the case or non-compliance issue.

For continued non-response or non-compliance, the adjudicator will also update any penalty points that need to be logged, but can equally remove them from the record of a business if compliance is achieved.

**Closer scrutiny

Closer scrutiny has been devised to ensure each compliance area has the ability to highlight matters for improvement to accredited businesses. This means focusing on performance enhancements without necessarily issuing penalty points or taking further action. Matters can include:

1. Repeat complaints / breaches reported to the adjudication team;
2. Areas of concern highlighted on online self assessments or the physical audits; and
3. Operational or customer service issues identified by TMO staff through internal or external sources.



Before an accredited business is added to the closer scrutiny register, all business activities are reviewed, including consumer concerns, call / case volumes, compliance checks and customer satisfaction performance scores to ascertain the extent of any overarching performance issues.

Once placed on the register at the discretion of The Motor Ombudsman, a business will be informed of any corrective action and the evidence required to remove them from it.

If the concern is not resolved, suspension and / or a referral to ICAP may be required.

4.3 Accredited business suspensions in 2018

One accredited business was suspended during 2018 following a review of the case by the Independent Compliance Assessment Panel (ICAP) in December. For continued non-compliance by the business, expulsion will be considered as the next course of action in 2019.

4.4 Accredited business expulsions in 2018

In 2018, no accredited businesses were expelled by The Motor Ombudsman.

4.5 CTSI compliance

CTSI requires that all Motor Ombudsman-accredited businesses display the Approved Code logo on their website. However, when analysed by The Motor Ombudsman, relatively few organisations were able to demonstrate this, which included the majority of vehicle manufacturers.

Therefore, to significantly increase the volume of subscribers showing the Approved Code logo and that of The Motor Ombudsman, an electronic Smart Badge (pictured) was developed, which allows consumers to immediately verify that businesses are signed up to The Motor Ombudsman, but they are equally able to navigate to the trader's profile page on the Garage Finder directly from the Badge.

Emphasising the importance of featuring the Smart Badge to both new and existing accredited businesses, principally through targeted marketing communications, will be an ongoing focus during 2019. A record will be kept of which organisations are featuring the Approved Code logo, and which remain outstanding in order for The Motor Ombudsman to have a "live" picture of business compliance.



4.6 Expansion of The Motor Ombudsman's online training portfolio

Ahead of the introduction of the General Data Protection Regulation (GDPR) on 25 May 2018, The Motor Ombudsman launched a third online training module to help businesses operating specifically in the automotive sector to conform with the new law.

This complemented the existing courses on the Consumer Rights Act 2015 and Alternative Dispute Resolution (ADR).

In addition, with an increasing volume of consumers buying a car online or over the phone without ever stepping foot in a business, The Motor Ombudsman will be looking to further expand its portfolio of online training courses to include a new module on the implications of distance contracts.

4.7 Delivery of bespoke webinars



In 2018, The Motor Ombudsman completed the delivery of the final two sessions of the four planned quarterly webinars to the nationwide Ford dealer network at the Henry Ford Academy in Daventry.

They touched on the subjects of how to drive business best practice to deliver increased customer loyalty, and understanding the nature and impact of complaints to improve staff wellbeing, business performance and customer relationships.



In addition, ahead of the introduction of the General Data Protection Regulation (GDPR) on 25 May 2018, The Motor Ombudsman delivered a webinar on the new legislation in April, in partnership with Radius Law, which saw 170 participants from 150 different organisations login to the session.

In December, a further webinar was conducted for accredited businesses on the legal changes having the biggest impact on the automotive sector in 2018 and 2019. This was attended by nearly 80 delegates.

Further webinars will be scheduled in 2019 to help to ensure compliance with The Motor Ombudsman's Codes of Practice and the latest legislation impacting businesses within the automotive sector.

SECTION 5: ICAP member comments

As in previous years, and in accordance with its remit, members of ICAP met on 03 April 2019 to review Code operation, including the examination of a selection of cases with associated commentary from adjudicators, to satisfy its terms of reference.

Overall, the Panel remarked that:

- ✓ Consumer awareness of The Motor Ombudsman was up 9% versus 2017, and had risen by 14% compared to 2016. However, there is still some work that needs to be done to publicise the role of The Motor Ombudsman, and how the organisation is funded;
- ✓ As in previous ICAP Reports, consumer dissatisfaction predominantly arose from the result of the adjudication outcome;
- ✓ Case volumes had increased across the board;
- ✓ It was pleasing to see that businesses acknowledged The Motor Ombudsman for its professionalism;
- ✓ There is a need for industry training on alternatively-fuelled vehicles (AFVs) to counteract service / repair issues as the switch away from fossil fuel-powered vehicles by consumers becomes more prominent.



Panel members also noted the following for each of the Codes of Practice:



- Contacts increased by around **3,000** year-on-year.
- Issues surrounding the quality of work accounted for nearly half of cases, some of which included incorrect diagnosis and intermittent faults. This, combined with staff issues, accounted for nearly three quarters of all cases, potentially highlighting an increased requirement for training.



- The contact to case escalation rate was up by **4%** year-on-year, with ombudsman final decisions up by **40**.
- Adjudication cases were **135%** higher versus 2017. As in previous years, warranty issues accounted for half of all cases, and advertising **25%**.



- Compared with a **16%** increase in contacts, the number of cases doubled from last year rising to **162**.
- As in previous years, point of sale information and claims handling accounted for more than three quarters of all cases. This again potentially identifies a training need.
- Ombudsman decisions related to this Code increased from 4 to **16**.



- Once again, it was noted that there had been a significant **67%** or an **11,000** year-on-year increase in contacts. The Motor Ombudsman is therefore aware of the recruitment programme to maintain case handling times.
- Ombudsman final decisions rose from 97 to **161**.
- A greater volume of businesses that are accredited to the Code, coupled with increased consumer awareness of The Motor Ombudsman, all reflect in the volume of contacts, cases and decisions handled during the year.
- As can easily be predicted, **55%** of cases in 2018 related to the quality of the vehicle supplied to the customer.