



INDEPENDENT COMPLIANCE ASSESSMENT PANEL

Annual Compliance Report 2015



MOTOR
CODES

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Managing Director's foreword



Bill Fennell
Managing Director

2015 has been an exciting time to lead one of the most important consumer organisations in the UK representing one of the most important and successful sectors in today's economy.

Government continued its consumer protection and competition reforms with the Consumer Rights Act being transposed into UK law making consumer law clearer and easier to understand, meaning that consumers can buy and businesses can sell to them with confidence. Complemented by the implementation of the EU Directive for ADR, consumers now have swifter access to redress and are able to sort out disputes more efficiently with little or no cost and without having to navigate daunting and complex legal avenues.

In 2016 the business will transition as the team continue to work with all partners, not just to widen our subscriber base but to ensure we enhance the quality of service within the motor industry and improve the satisfaction and overall confidence of consumers.

Motor Codes is essential to this task and we are keen to engage consumers, subscribers and stakeholders to ensure that the organisation delivers on all fronts.

Chairman's foreword



Tim Milsom
ICAP Chairman

In a market sector that receives the most consumer complaints to the Citizens Advice Consumer Service, signposting consumers to reputable garages who provide exemplary levels of customer service is high on the Motor Codes Ltd (MCL) agenda.

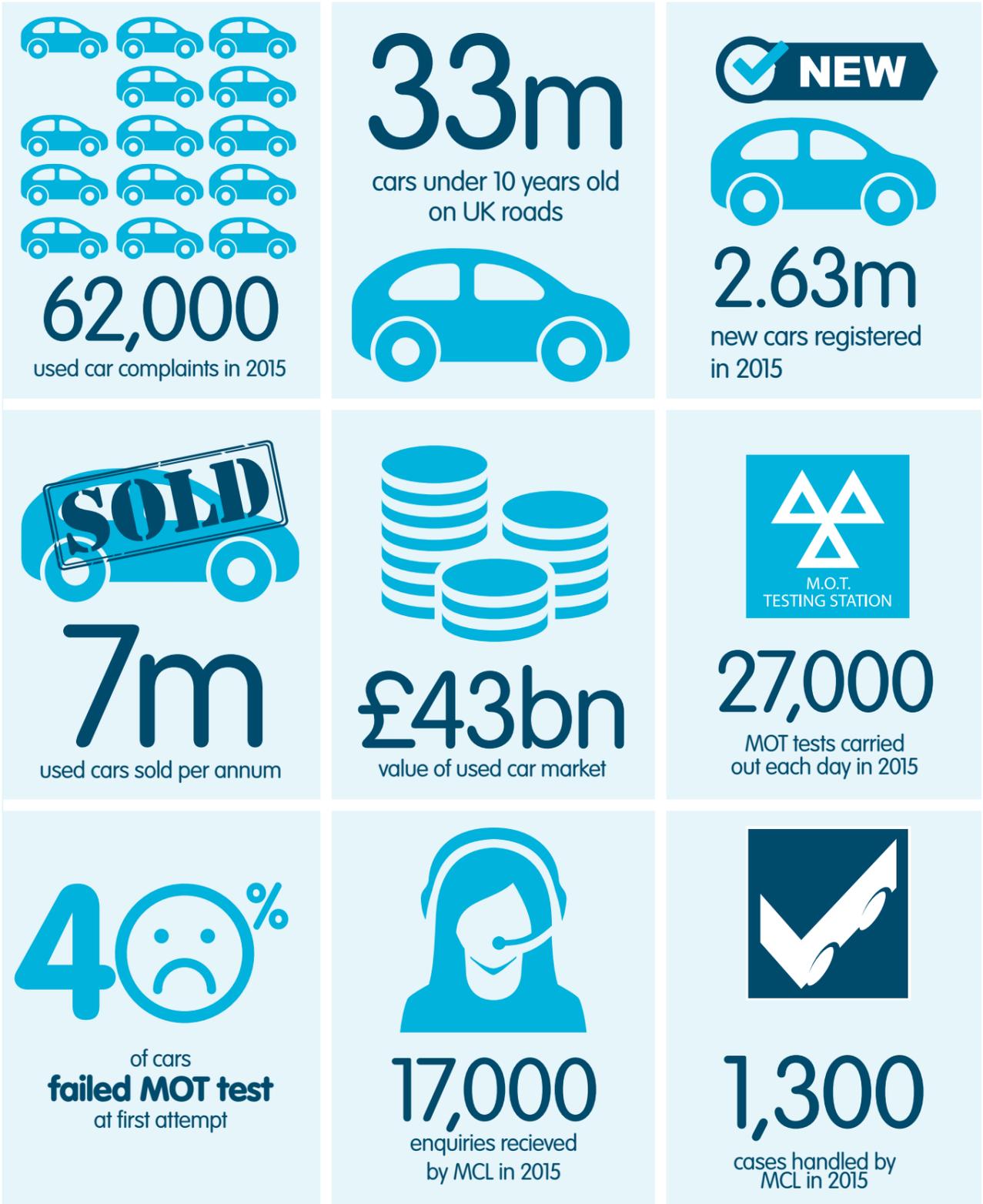
The Independent Compliance Assessment Panel (ICAP) made up of Duncan MacRae (The AA), Paul Swindon (British Association of Removals), Tim Roberson (National Consumer Federation) and chaired by Tim Milsom (Chartered Trading Standards Institute) monitors the effectiveness of MCL, reviews annual performance data, analyses subscriber performance and comments on compliance issues along with the application of sanctions should they be required.

With the abolition of The Sale of Goods Act, The Supply of Goods and Services Act, Distance Selling Regs and the introduction of the Consumer Rights Act along with the new EU ADR Directive the consumer protection landscape has been redefined. In response MCL has been dynamic in its approach, suitably fitting of an organisation leading on standards in the Motor Trade.

This annual report provides information on the effectiveness of the Codes administered by MCL and for consistency summarises year on year performance.

Setting the scene

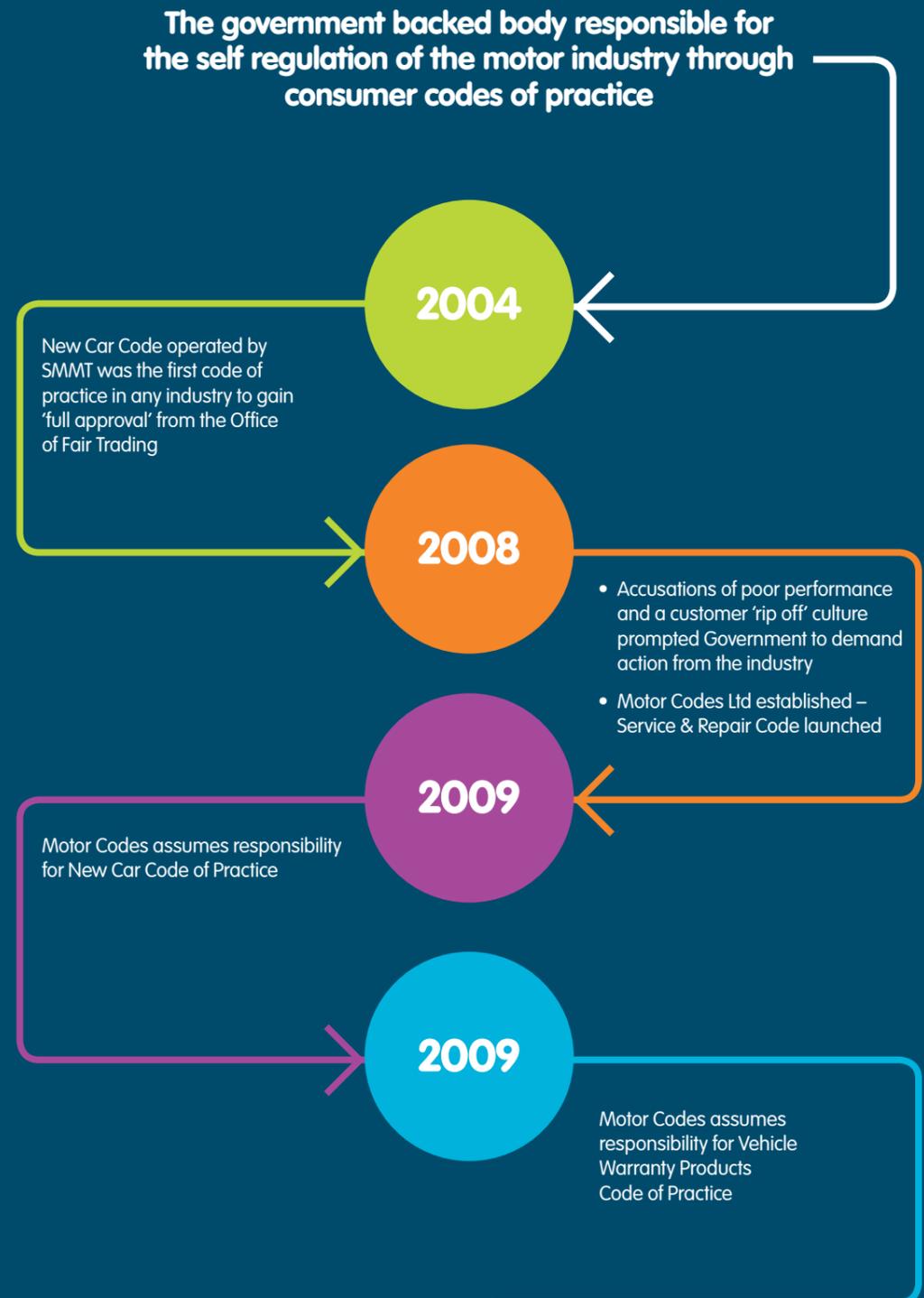
Industry facts & figures



Who we are

Motor Codes is responsible for operating Codes of Practice covering:

- Service and Repair
- New Cars
- Vehicle Warranty Products



Performance summary 2015

Service & Repair Code

Subscribers	2015	2014	Trend vs 2014	2015 FY Target
New	540	536	▲	700
Renewals	5,053	5,230	▼	5,469
Total	7,534	7,812	▼	7,750
Consumer Contacts	6,258	5,997	▲	6,500
Fast Track Assistance	116	194	▼	250
Conciliation Cases	467	441	▲	412
Arbitration Cases	7	11	▼	10
Garage Inspections	2,136	2,837	▼	3,250
Garage Finder Searches	247,272	277,015	▼	350,004
Consumer Survey Volume	184,855	145,640	▲	•
No. of subscribers with penalty points	19	28	▼	•
No. of subscribers suspended	8	2	▲	•
No. of subscribers expelled	0	1	▼	•

Survey returns are up 27%

on 2014 with a shift in submission methods, 41% more returned through vehicle manufacturers and independent groups and 36% reduction in paper survey submissions

Only 1% of enquiries are related to advertising

Website views are down over 6% possibly driven by the number of websites operated and a reduction in profile, **major development work in 2016 should see this improve**

Customer service and complaint handling is positive with only 4% of enquiries relating to this area

56%

of complaints are related to the quality of work carried out

Garage inspections are down from 2014 but a self assessment regime **supported by CTSi will see a big increase in 2016**

The escalation ratio from contact to cases remains **steady at 9% against an average of 10%** indicating a reduction in the number of consumers needing formal ADR

Overall subscribers are down driven in the main by the **loss of garages** from the RAC network

435 non franchised garages have joined the code the majority of which are members of Independent Groups (Group Auto Union, Formula One Autocentres, Servicesure)

The majority of vehicle manufacturers have **continued to bulk subscribe their networks to the code**

Performance summary 2015

New Car Code

Subscribers	2015	2014	Trend vs 2014	2015 FY Target
Total	39	37	▲	37
Consumer Contacts	7,204	5,998	▲	6,200
Fast Track Assistance	244	251	▼	282
Conciliation Cases	390	326	▲	350
Arbitration Cases	3	1	▲	7
Compliance Checks	0	37	•	0
Consumer Survey Volume	2,995	2,824	▼	•
No. of subscribers with penalty points	0	0	◀▶	•
No. of subscribers suspended	0	0	◀▶	•
No. of subscribers expelled	0	0	◀▶	•



There was a marked growth in consumer contacts but this is in line with record new vehicle registrations in 2015 and subscribers having updated their complaint procedures inline with the new ADR regulations



All NCC subscribers were compliance checked in 2014

and will be again in 2016 so no compliance checks were carried out in 2015

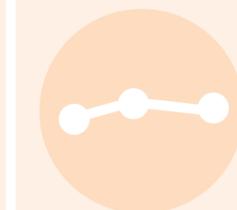


79% of complaints are related to warranty issues a further

13% are related to parts availability or delays



Complaint handling and advertising were the least mentioned grievances at just 2% of complaints each



As with SRC escalation rates remain steady

Performance summary 2015

Vehicle Warranty Product Code

Subscribers	2015	2014	Trend vs 2014	2015 FY Target
Total	10	5	▲	10
Consumer Contacts	741	443	▲	800
Fast Track Assistance	6	5	▲	5
Conciliation Cases	40	27	▲	48
Arbitration Cases	0	0	◀▶	0
Compliance Checks	10	10	◀▶	10
No. of subscribers with penalty points	0	0	◀▶	•
No. of subscribers suspended	0	0	◀▶	•
No. of subscribers expelled	0	0	◀▶	•

VWP code saw its strongest year since its relaunch, contacts up 40% on 2014 with most warranty administrators updating policy documents and helping to drive enquiries, while we do not anticipate volumes to rise significantly we do anticipate

numbers will continue to rise in 2016 with new policies being circulated



Overall compliance across subscribers is high.

There are however a few key areas of the compliance check relating to visibility, promotion and raising awareness of subscription which need to be highlighted and addressed



80% of complaints relate to **clarity of information for terms and conditions**

and exclusions or complaints handling issues



Only 3% of complaints are related to advertising and promotion

Penalty points and sanctions

Motor Codes operates a robust compliance regime which has various sanctions dependent on the severity of a Code Breach including penalty points for low level issues, suspension for more serious offences and expulsion resulting in a consumer warning against the business where there are persistent failures or a refusal to comply with the Code terms and conditions.

Code type	No. of subscribers with Penalty Points		
	2015	2014	Trend
New Car Code	0	0	•
Service & Repair Code	19	28	▼
Vehicle Warranty Products Code	0	0	•
Total	19	28	▼

Code type	No. of subscribers suspended		
	2015	2014	Trend
New Car Code	0	0	•
Service & Repair Code	8	2	▲
Vehicle Warranty Products Code	0	0	•
Total	8	2	▲

Code type	No. of subscribers Expelled		
	2015	2014	Trend
New Car Code	0	0	•
Service & Repair Code	0	1	▼
Vehicle Warranty Products Code	0	0	•
Total	0	1	▼

The number of subscribers with penalty points is down from 2014

The number of subscribers suspended is greater in 2015 than it was in 2014.

These two statistics seem at odds with each other and need explaining. During 2014 it was noted that whilst recording penalty points against non compliant sites was a good means of tracking poorer performers it didn't necessarily address some of the issues. To enhance the disciplinary regime the suspending of subscribers was introduced in late 2014 for those sites reaching unacceptable penalty point levels.

Case study 1 - Vehicle Warranty Products Code

Consumer's claim

AutoProtect have not agreed to cover what I consider to be a fair amount in respect of labour charges and costs incurred in connection with my claim. Delays met with the claim in particular relate to the supply of a faulty replacement turbo unit and additional labour costs incurred. To date I have received £108 from AutoProtect, although have not banked the cheque as this falls short of the total of a minimum of £792 that I would expect. A further offer of £300 plus £108 is I feel unacceptable.

Copies of emails and correspondence are attached; I had raised a complaint with AutoProtect, and they are aware that I would submit my enquiry to yourselves as the complaint is unresolved.

My delay in submitting a complaint via yourselves is due to having cataract surgery on my eyes, although I have found the whole matter concerning my car to be distressing to say the least.

With many thanks, Alan

Subscriber response

- AutoProtect have supplied a full summary of the case files and correspondence between their organisation and the consumer.
- AutoProtect have advised according to industry standards a repair to the turbo should be an average of 2 hours furthermore that is all that was authorised with the repairer.
- It is further advised the T's & C's limit the claim to a max of £45 p/h labour rates
- AutoProtect accept the higher costs should be paid but have not issued a cheque as the consumer disputes other areas of the claim.
- AutoProtect have given no valid reason why they have not covered the labour for the second repair to the turbo to be completed due to the faulty turbo they provided

Motor Codes decision

- AutoProtect have caused undue delay during the repairs due to a faulty unit being supplied and furthermore have not considered the consumer expenses incurred as a consequence of these delays and thus have breached various areas of the VWP Code as follows;
- 4.2 Your claim will be assessed as quickly as possible and we will take reasonable steps to ensure you are kept updated with the status of your claim
- 4.5 Labour costs will be covered unless specifically excluded

Award

- The consumer is entitled to receive reimbursement of the higher vehicle during the period of delay caused by the warranty company issuing a faulty part
- The consumer is entitled to have all labour connected with both the original claim and the secondary repair within the limit of £45 p/hour laid out in the terms
- Motor Codes does not uphold the cost of the labour rate above £45 p/hour and the consumer accepts this was made aware to him in the sales process



Case study 2 - Service & Repair Code

Claimants contentions

Claimants contentions

Arguments in this matter resulted from a visit by the Claimant to Bamptons garage to have the timing belt replaced on a Ford Fiesta

- Claimant states that the timing belt was replaced but not the water pump and some 18 months and approximate 9,000 miles later it failed again causing the claimant to complain that:
- I. Bamptons had been negligent their work as it was found the timing was out but also in their advice as;
- II. In addition to the timing being out, coolant was leaking on to the belt from the water pump as it had not been changed necessitating the belts replacement irrespective of whether the belt was fitted correctly or not
- Claimant feels the charges of Bampton's were excessive and questions their transparency concerning the labour rates as these were not clearly set out in relation to the parts and labour for the individual jobs
- Manner in which the Claimant had been dealt with in this matter was poor and in particular the lack of response and rudeness by the Defendant.
- Wishes to claim for reimbursement of both original invoice from Bampton 18 months ago at a total of £502.22 and remedial work completed by another garage for replacing the timing belt again in addition to the water pump at £418.80 caused the Defendant financial strain.

Defendants position

- Claimant initially came in and asked could they have "local rates" for the work; defendant did not understand the term local rate, the business has been going for 40 years and they charged a standard labour rate to all.
- Defendant referred to the Autodata guidance for repairs to determine whether the vehicle would require a water pump and states claimant was told that the water pump was not driven by the timing belt and as such there was only a need to check it for signs of damage etc to determine if it would need replacement but if not it would be cheaper which; it is noted the consumer was pleased with this.
- Defendant confirms that the water pump was checked and as there were no signs of damage or fault that they did not advise to replace it.
- Autodata does not require the water pump to be replaced, nor did the belt manufacturer believe this needed to be replaced.
- Defendant feels considering all of the above they have done nothing wrong and argue that best practice is not in any way a mandatory requirement to complete something and therefore best practice does not put them foul of the law when the work they completed was to the Autodata and belt manufacturer's specifications.
- Defendant also states that at no point did the Defendant give them a chance to rectify the matter.

Motor Codes decision

Motor Codes did uphold a number of breaches of the Service and Repair Code had been occurred as follows;

- 5.2 – Staff will be attentive to consumers needs
- 6.1 – We will take immediate action to ensure you receive a just settlement of your complaint
- 6.7 – We will give every assistance to the Codes conciliation service

Motor Codes did not uphold the consumer's claim that the original invoice was overpriced furthermore the amount had been agreed by the consumer.

Motor Codes could not uphold the work had not been completed correctly due to lack of evidence and time passed although acknowledges that only 9,000 miles had been achieved.

Motor Codes does not uphold the consumers claim to have both invoices reimbursed as essentially all work would have been completed at no cost thus only gave consideration to the secondary invoice of £418.90

- Motor Codes upheld that irrespective of the work being done correctly or not due the advice given by the garage to not replace the water pump that the consumer would have required to have paid for the belt to be replaced again prematurely and incur duplicate costs of stripping the engine.

Award

- Consumer was not entitled to reimbursement of both invoices but instead only the second invoice however as the timing belt amount had been reimbursed by a third party we did not uphold the consumer should receive the part costs to be paid by Bampton again and as such on the labour amount of:



Motor Codes recommended that the subscriber be suspended from the Code of Practice, this decision was supported by the Independent Compliance Assessment Panel

2015 overview & operational development

Subtitle TBC

The training developed by Motor Codes in conjunction with CTSI for Alternative Dispute Resolution (ADR) and the Consumer Rights Act has been received positively, with a number of manufacturers hosting the training directly on their own learning management systems (Kia, Renault, Vauxhall, Suzuki). **In total 34 Manufacturers involving over 6,000 dealer staff have completed the training.**

Low level informal cases routed through our Fast Track process declined in 2015, this is in part due to a reduction in escalating informal goodwill or out of remit cases, but also because we have seen an increase in more formal complex conciliation cases, **with 897 cases being resolved by our advisory and conciliation service up from 794 in 2014.**

With renewed subscriber interest following the ADR Directive a number of vehicle manufacturers are already engaging the **Consumer Team for advice and training for their customer service teams.**

Enquiry and case volumes against Code of Practices performed better than forecast at 14,203 vs. a target of 13,500. **Total enquiries and case volumes were also up vs. 2014, 16,874 vs 14,226.**

Subscriber engagement with our conciliation service has been positive during 2015 with 65% of consumer enquiries directly referred by subscribers, 20% found our details online and only 13% referred via the consumer lobby.

Outside of Code operations we have **supported 2,671 enquiries on used car sales issues** and since October have **supported 29 cases through informal ADR support** to consumers who have a used car dispute.

Contacts and cases into the Consumer Team increased significantly in 2015 which resulted in adherence to the CTSI timescales slipping from a target of 7 working days to 15 and resulting in a utilisation rate across the team of 119%. This trend is predicted to continue across 2016, an additional case handler has already been recruited and the introduction of an automated enquiry handling system should reduce the lead times in this area of the business.

Citizens Advice have noted a very large number of consumer complaints related to the sales of used vehicles, see Appendices for details. Complaints about second hand cars in fact were responsible for 10% of the issues reported by consumers to Citizens Advice.

In light of the scale of this issue **Motor Codes have been encouraged by ICAP in the development of a code of practice for vehicle sales, this will be launched in 2016.**

Annual consumer statistics

From the Citizens Advice service in England and Wales.

Used car complaints in 2015					
	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Total
Purchased from franchise dealer	2,118	2,009	1,732	1,665	7,524
Purchased from independent dealer	12,853	12,811	12,322	11,003	48,989
Purchased privately	1,286	1,199	1,145	1,093	4,723
Other	260	148	166	164	738
Total	16,517	16,167	15,365	13,925	61,974

Consumer service issues					
	Q1 2014-15	Q2 2014-15	Q3 2014-15	Q4 2014-15	2014-15
New Cars	1,320	1,280	1,158	1,439	5,197
Car repairs and servicing	3,543	3,758	3,167	3,641	14,109
Second Hand Cars	16,510	16,610	14,161	16,707	63,988
Other Motor vehicle purchases	1,395	1,382	1,042	1,199	5,018
Other Motor vehicle repairs and servicing	301	286	251	276	1,114
Total	23,069	23,316	19,778	23,262	89,426

Appendices

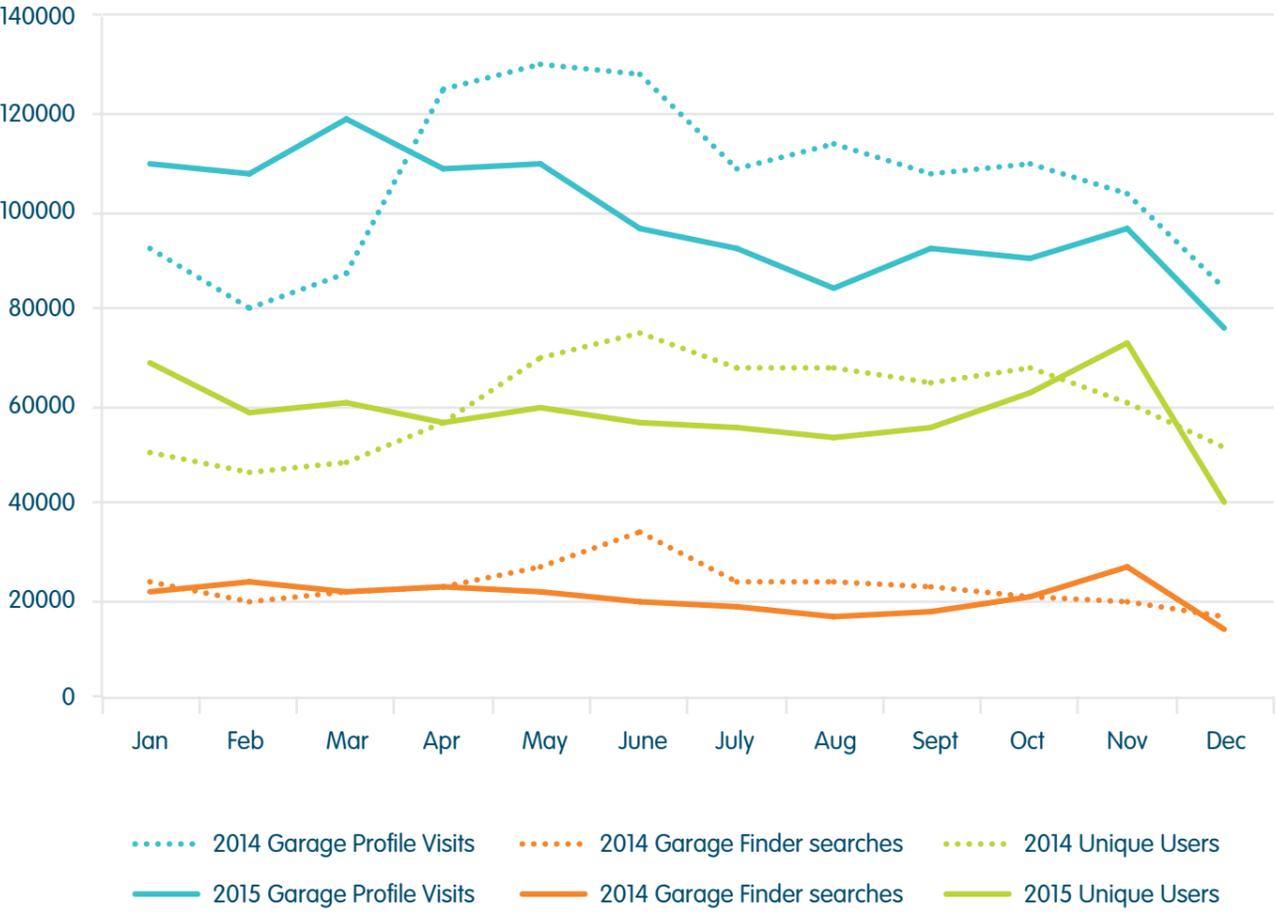
Penalty points table

Points	Sanction Description
30	Written Warning 1
60	Written Warning 2
70	Website Consumer Warning/Performance Monitored
90	Referral to the Independent Compliance Assessment Panel

Service & Repair Code survey results summary

Survey sections	Satisfaction Levels	
	2014	2015
Quality of work carried out by Independent garages	99%	99%
Quality of work carried out by franchised dealers	94%	96%
Overall quality of work carried out	98%	98%
Customer service levels	98%	98%
Overall satisfaction	92%	94%
Likelihood to recommend	95%	95%
Total	145,640	184,855

Website & marketing overview 2015



The ICAP board comments

The ICAP board noted the following points following their review

Service and Repair Code

- Whilst subscribers fell by 278 there was still an increase in number of new subscribers
- MCL planned website developments should reverse the decline in website views
- Satisfaction survey returns are up 27% over 2014 with responders preferring to submit on-line
- Over half of complaints were about the work carried out not advertising or other issues
- In relation to market coverage it is very encouraging to see 435 new independent garages join the code
- As the number of garages inspected reduced in 2015 it is of importance that the new self assessments maintain and further enhances standards



MOTOR INDUSTRY
CODE OF PRACTICE

Service and Repair

New Car Code

- Two new additional subscribers to the code in 2015 and the plans to add more in 2016 ensures excellent coverage of the new vehicle sector
- Given that no subscriber compliance checks were carried out in 2015 ICAP is pleased to see that all NCC subscribers will be subject to audit in 2016
- Even though arbitration cases had increased to 3 in 2015 and conciliation cases were up 64 to 390 no subscribers had been issued with penalty points or suspended in-line with previous years.
- 79% of new car complaints related to vehicle warranty issues and 13% to rectification delays due to parts availability



MOTOR INDUSTRY
CODE OF PRACTICE

New Cars

Vehicle Warranty Products Code

- The number of subscribers has doubled in 2015 and all subscribers had been compliance checked
- Again no penalty points had been issued to subscribers albeit conciliations had risen from 27 to 40 a year on year increase of 13
- Terms & conditions should be an area of focus during compliance checks as 80% of complaints relate to their clarity



MOTOR INDUSTRY
CODE OF PRACTICE

Vehicle Warranty Products