1. About us

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 Codes of Practice 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.

Our Mission, Vision and Values

Our Mission, Vision and Values, which lie at the heart what we do, and the way that we work with others, are:

<table>
<thead>
<tr>
<th>Our Mission</th>
<th>Our Vision</th>
<th>Our Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide the best dispute resolution service through engaged people driving excellence in customer service across the automotive sector</td>
<td>To be the Automotive Dispute Resolution Body</td>
<td>Professionalism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Integrity</td>
</tr>
<tr>
<td></td>
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<td>Effectiveness</td>
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<td></td>
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<td>Openness</td>
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<td>Accountability</td>
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<tr>
<td></td>
<td></td>
<td>Independence</td>
</tr>
</tbody>
</table>

2. Our role in the automotive sector

The Motor Ombudsman has four principal functions within the automotive sector. They are as follows:

1. To promote, develop and operate self-regulation for the UK automotive industry, by raising standards and the quality of service
2. To resolve individual complaints
3. To identify issues in individual complaints and make recommendations to improve complaints handling
4. To drive industry improvements

TheMotorOmbudsman.org
3. Our key imperatives

Our six key imperatives that formed our strategy for 2017 are as follows:

1. To raise awareness amongst consumers and businesses of the service we provide
2. To demonstrate our effectiveness to consumers, businesses and key stakeholders
3. To deliver excellence in what we do
4. To increase our market share and maximise coverage for consumers
5. To gain endorsement from industry, media, consumers and stakeholders
6. To ensure the financial security of TMO
Following our transition from Motor Codes in November 2016, 2017 was our first full year operating as the Ombudsman within the automotive sector. During these 12 months, awareness of The Motor Ombudsman grew significantly amongst motorists and businesses, presenting us with new opportunities and challenges. Overall contacts increased by 48% year-on-year to 42,553, matched by a 49% rise in the number of cases. In order to meet the level of demand for our services, we streamlined our internal processes and expanded our organisational structure and capabilities, thereby enabling us to continue to provide a high level of service to both consumers and accredited businesses.

We also looked to enhance the protection we provide to consumers by expanding our automotive Code of Practice portfolio. Joining our Service and Repair, New Car and Vehicle Warranty Products Codes, we introduced the Vehicle Sales Code. This Code covers the purchase of both new and used cars and received full approval from the Chartered Trading Standards Institute (CTSI) at the beginning of 2017. Consumers can now be confident that businesses who are accredited to The Motor Ombudsman are working to the highest quality standards across the entire vehicle buying and ownership cycle. The Vehicle Sales Code accounted for the biggest proportion of our workload. Versus the year before, we experienced a 130% growth in consumer contacts, plus a notable 300% upsurge in the volume of cases handled within this Code, thus reinforcing our decision to introduce a Code of Practice in this area.

In May, the Ombudsman Association’s Service Standards Framework came into effect, providing a ‘roadmap’ to raise our own performance and to continually improve the service that we provide to both consumers and businesses. We have taken many positive actions against each of the measures contained within the Framework, and this will remain a core focus in the coming year.

With the majority of vehicle manufacturers, warranty providers and OEM franchise dealer networks part of our accredited network, expanding the number of independent garages accredited to us remains a key priority to ensure that our services are available to the highest number of consumers across the UK.

The next 12 months are set to be a period of growth for our organisation as we seek to build our position as the automotive dispute resolution provider. Significant investment in our staff and IT systems, which will continue in 2018, has laid the foundations for future efficiency improvements, speeding up the time taken to resolve cases as well as providing a rich source of data to assist accredited businesses in improving both the quality of their products and customer service.

4. Foreword from the Chief Ombudsman and Managing Director
5. 2017 numbers at a glance

- 40% of car owners are aware of The Motor Ombudsman
- 61 final decisions by our ombudsman which related to the New Car Code (a year-on-year increase of 126%)
- 84% of motorists would feel more confident in using a business knowing that they are TMO-accredited
- 132% increase in the volume of Vehicle Sales Code consumer contacts versus 2016

- 415 pieces of coverage in the media about The Motor Ombudsman
- 450 more consumer contacts about breaches of the Vehicle Warranty Products Code versus 2016

- 1,851 Service and Repair Code consumer contacts (a year-on-year increase of 7.7%)
- 2,214 cases raised by our adjudicators

- 3,810 requests for information from consumers and businesses
- 12,545 more consumer contacts relating to our Codes of Practice than in 2016 (an overall rise of 48%)

- 42,553 contacts received from consumers and businesses (the equivalent of 116 every day of the year)
- +250,000 Garage Finder searches on our website

- +637,000 unique visitors to our website
- +£25 million worth of media coverage
### 6. 2017 activity highlights by month

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Our Stage Two CTSI Vehicle Sales Code certification was officially presented to TMO by Baroness Crawley.</td>
<td>► We were invited to attend a BEIS workshop assessing the consumer landscape ahead of a consumer green paper regarding the future direction of ADR.</td>
<td>► Jon Walters of Citizens Advice and Judith Turner, Head of ADR for The Furniture Ombudsman, joined our ICAP Panel.</td>
</tr>
<tr>
<td>► We appointed a digital communications agency.</td>
<td></td>
<td>► The Vehicle Sales Code generated the highest level of contacts and cases in Q1.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>► We launched our digital advertising and social media programme for 2018.</td>
<td>► We witnessed a substantial 80% rise in the usage of our online vehicle recalls tool.</td>
<td>► MotorEasy joined our Vehicle Warranty Products Code.</td>
</tr>
<tr>
<td></td>
<td>► The Ombudsman Association’s Service Standards Framework came into effect.</td>
<td>► We launched our “StayCoolThisSummer” campaign with a story in the media on the causes of in-car arguments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Our annual consumer brand awareness survey revealed that 84% of consumers said that knowing a business was accredited to us would make them feel more confident in choosing them for a service or repair.</td>
<td>► The Vehicle Sales Code records 10,000 contacts during the first eight months of 2017 with a monthly average of around 1,100.</td>
<td>► We achieved the prestigious Investors in People Silver standard.</td>
</tr>
<tr>
<td></td>
<td>► Fiat Professional joined our New Car Code.</td>
<td>► We launched our New Driver Guide to help those that have just passed their test with buying and servicing a vehicle.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>► We reported that 9,400 contacts were received from consumers between July and September (Q3).</td>
<td>► We celebrated one year of The Motor Ombudsman.</td>
<td>► We closed the year with a record 42,553 contacts and 2,214 cases.</td>
</tr>
<tr>
<td>► We recruited a new Business Services Manager to oversee subscriber relationships.</td>
<td>► We launched our winter campaign centered around a vehicle maintenance checklist for motorists.</td>
<td>► We recruited three new customer service advisors and an adjudicator in response to higher demands placed on our ADR service.</td>
</tr>
<tr>
<td></td>
<td>► Our four Codes of Practice passed CTSI’s annual audit.</td>
<td></td>
</tr>
</tbody>
</table>
7. Our priorities for 2018

Looking forward, our core areas of focus for next year are as follows:

1. To raise awareness of The Motor Ombudsman amongst businesses and consumers in the UK

We will look to increase the volume of consumers and businesses that recognise The Motor Ombudsman as the automotive sector’s “Quality Mark” and the authority for resolving motoring-related disputes. This will be primarily achieved through ongoing PR and marketing campaigns, the attendance at industry trade shows, and continued investment in our digital advertising and social media programme.

2. To grow the number of businesses accredited to us in order to provide increased market coverage for consumers across the UK

We will look to increase the number of businesses accredited to our four Codes of Practice, with a specific focus on growing the volume of independent garages and niche vehicle manufacturers, thus providing consumers with an even wider choice of TMO Accredited businesses across the UK.

3. To demonstrate our effectiveness as an ombudsman and communicate the value of what we offer to businesses and consumers

We will look to achieve this through the following principal means:

▶ By making our processes and working practices more streamlined and efficient to deliver faster case outcomes and final decisions for consumers and businesses;
▶ By providing consistent and regular engagement with our accredited businesses;
▶ By supplying market and individual insight to the industry, best practice guidelines and marketing opportunities for businesses, as well as annual performance reports detailing our activities;
▶ By establishing a new case studies section on our website to show how adjudication outcomes and final decisions have been reached across our four Codes of Practice for the purpose of transparency;
▶ By continuing to source and increase the volume of testimonials on our website to illustrate how our service has been effective for businesses and consumers; and
▶ By delivering webinars to our accredited businesses to reinforce the value of the services provided by The Motor Ombudsman.

4. To gain endorsement of our activities from our key stakeholders (e.g. the Chartered Trading Standards Institute)

As a member of the CTSI’s Consumer Codes Approval Scheme (CCAS), we will continue to engage with our accredited businesses to encourage them to introduce our online “Smart Badge” on their website. This is so that they openly endorse the fact that they are accredited to The Motor Ombudsman and a CTSI-approved Code of Practice (refer to section 6), whilst championing the importance of what we do and providing consumers with the peace of mind of knowing the business they are using is accredited to TMO.

5. To ensure the financial security of The Motor Ombudsman

To ensure we can continue to provide a free of charge service to consumers, we will continue to identify additional revenue streams and manage our budget effectively in line with our long term strategy. This will allow us to develop our service according to customer demand and ensure the long term security of our business.

6. To deliver excellence as an organisation

We will look to continue to provide an environment which attracts, develops and retains the best talent, and maintain our ongoing commitment to delivering best-in-class service levels to consumers and businesses.
### 8. Consumer contact volumes

<table>
<thead>
<tr>
<th>Contact Code</th>
<th>2016 Volume</th>
<th>2017 Volume</th>
<th>Annual Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service and Repair Code</td>
<td>9,012</td>
<td>10,863</td>
<td>+1,851 (7.7%)</td>
</tr>
<tr>
<td>New Car Code</td>
<td>9,104</td>
<td>9,806</td>
<td>+702 (7.7%)</td>
</tr>
<tr>
<td>Vehicle Warranty Code</td>
<td>844</td>
<td>1,294</td>
<td>+450 (53%)</td>
</tr>
<tr>
<td>Vehicle Sales Code</td>
<td>7,238</td>
<td>16,780</td>
<td>+9,542 (132%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,198</strong></td>
<td><strong>38,743</strong></td>
<td><strong>+12,545 (487%)</strong></td>
</tr>
</tbody>
</table>

#### Contact volumes by Code FY 2017

- **Vehicle Sales Code**: up 132% (9,542) vs 2016
- **New Car Code**: up 8% (702) vs 2016
- **Service and Repair Code**: up 21% (1,851) vs 2016
- **Vehicle Warranty Products Code**: up 53% (450) vs 2016
Analysis - key points:

- The Motor Ombudsman handled a total of 42,553 contacts in 2017 (including 3,810 requests for information from consumers and businesses), up 48% from 28,853 in 2016 (which also includes 2,625 requests for information from consumers and businesses).

- Vehicle Sales contacts witnessed the biggest growth during the year, with a total of 16,780 recorded during 2017, up 132% on that seen during 2016 (7,238).

Where the consumer contacts came from:

The table below shows a comparison of the main reasons for consumer complaints in 2017 versus the year before.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Code type</th>
<th>Issue</th>
<th>Code type</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Standard of work (16%)</td>
<td>S&amp;R</td>
<td>1 Vehicle purchase quality (30%)</td>
<td>VSC</td>
<td>▲ +22%</td>
</tr>
<tr>
<td>2 Replacement parts (14%)</td>
<td>NCC</td>
<td>2 Standard of work (13%)</td>
<td>S&amp;R</td>
<td>▼ -3%</td>
</tr>
<tr>
<td>3 Advertising (13%)</td>
<td>NCC</td>
<td>3 New car advertising (9%)</td>
<td>NCC</td>
<td>▼ -4%</td>
</tr>
<tr>
<td>4 Warranty (11%)</td>
<td>NCC</td>
<td>4 Staff competency (5%)</td>
<td>S&amp;R</td>
<td>-</td>
</tr>
<tr>
<td>5 Vehicle purchase quality (8%)</td>
<td>VSC</td>
<td>5 Vehicle sales process (5%)</td>
<td>VSC</td>
<td>-</td>
</tr>
</tbody>
</table>

Analysis - key points:

- As the Vehicle Sales Code was only live for a relatively short period in 2016, the quality of a new or used vehicle at the point of purchase was only the fifth largest source of contacts. However, in the Code’s first full year of operation, it became the biggest consumer issue during 2017, accounting for just under a third of complaints.

- Concerns about the standard of work provided by a business have decreased slightly, accounting for 13% of complaints in 2017 versus 16% in 2016.

- Potentially inaccurate advertising relating to a new car remained the third most prominent issue for consumers year-on-year, but nevertheless showed a reduction in the proportion of consumers raising this subject in 2017 (9% versus 13% in 2016).

- Problems relating to the competency of staff and the vehicle sales process have entered the top five issues for consumers for 2017 compared to a year earlier.
### 9. Adjudication case volumes

<table>
<thead>
<tr>
<th>Code</th>
<th>2016 Volume</th>
<th>2017 Volume</th>
<th>Annual Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service and Repair Code</td>
<td>557</td>
<td>573</td>
<td>+16 (3%)</td>
</tr>
<tr>
<td>New Car Code</td>
<td>581</td>
<td>626</td>
<td>+45 (8%)</td>
</tr>
<tr>
<td>Vehicle Warranty Code</td>
<td>64</td>
<td>71</td>
<td>+7 (11%)</td>
</tr>
<tr>
<td>Vehicle Sales Code</td>
<td>285</td>
<td>944</td>
<td>+659 (231%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,487</strong></td>
<td><strong>2,214</strong></td>
<td><strong>+727 (49%)</strong></td>
</tr>
</tbody>
</table>

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**Case volumes by Code FY 2017**

- **Vehicle Sales Code**: up 231% (659) on 2016
- **New Car Code**: up 8% (45) on 2016
- **Service and Repair Code**: up 3% (16) on 2016
- **Vehicle Warranty Products Code**: up 11% (7) vs 2016

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*TheMotorOmbudsman.org*
Analysis - key points:

- 2,214 consumer contacts progressed to a case for adjudication in 2017
- The escalation ratio from a contact to a case was 6%, the same as that seen in 2016 a statistic that we will look to improve upon in 2018

What the cases were about

The breakdown of the main case subjects by Code handled by The Motor Ombudsman throughout 2017 can be seen in the following tables:

### Vehicle Sales Code

<table>
<thead>
<tr>
<th>Breach</th>
<th>Percentage of Vehicle Sales Code cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality of a vehicle at point of purchase</td>
<td>64</td>
</tr>
<tr>
<td>The vehicle sales process</td>
<td>11</td>
</tr>
<tr>
<td>Advertising</td>
<td>6</td>
</tr>
<tr>
<td>The provision of finance</td>
<td>6</td>
</tr>
<tr>
<td>Issue with a used vehicle</td>
<td>5</td>
</tr>
<tr>
<td>Aftersales</td>
<td>4</td>
</tr>
<tr>
<td>Issue with a new vehicle</td>
<td>2</td>
</tr>
<tr>
<td>The provision of warranty</td>
<td>1</td>
</tr>
<tr>
<td>Complaints handling</td>
<td>1</td>
</tr>
</tbody>
</table>

### New Car Code

<table>
<thead>
<tr>
<th>Breach</th>
<th>Percentage of New Car Code cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle warranty</td>
<td>43</td>
</tr>
<tr>
<td>Advertising</td>
<td>33</td>
</tr>
<tr>
<td>New car provisions</td>
<td>15</td>
</tr>
<tr>
<td>Parts delays</td>
<td>5</td>
</tr>
<tr>
<td>Complaints handling</td>
<td>4</td>
</tr>
</tbody>
</table>
### Service and Repair Code

<table>
<thead>
<tr>
<th>Breach</th>
<th>Percentage of Service and Repair Code cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard of work</td>
<td>54</td>
</tr>
<tr>
<td>Approach of staff</td>
<td>21</td>
</tr>
<tr>
<td>Booking in of a vehicle</td>
<td>20</td>
</tr>
<tr>
<td>Billing process</td>
<td>2</td>
</tr>
<tr>
<td>Advertising</td>
<td>2</td>
</tr>
<tr>
<td>Complaints handling</td>
<td>2</td>
</tr>
</tbody>
</table>

### Vehicle Warranty Products Code

<table>
<thead>
<tr>
<th>Breach</th>
<th>Percentage of Vehicle Warranty Product Code cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point of sale material</td>
<td>44</td>
</tr>
<tr>
<td>Claims handling</td>
<td>26</td>
</tr>
<tr>
<td>Clarity of information</td>
<td>25</td>
</tr>
<tr>
<td>Advertising</td>
<td>5</td>
</tr>
</tbody>
</table>

### Analysis - key points:

- The quality of a vehicle at the point of purchase generated the highest proportion of cases for a Code of Practice. This was followed by the standard of work which was the subject of just over half of Service and Repair Code breaches (54%).
- The complaints handling process used by a garage tended to cause the smallest proportion of breaches of The Motor Ombudsman’s Codes of Practice (ranging between one and four per cent).
### Analysis - key points:

- In line with the significant increase in the volume of contacts and cases, the Vehicle Sales Code also witnessed the highest proportion of final decisions in its first year of being live.
- This was followed by the New Car Code which saw a doubling in the quantity of ombudsman final decisions compared to those issued in 2016.
11. Case outcomes

The following is a glossary of terms used in the graphic below:

**Adjudication outcome in favour of the consumer:** sufficient evidence has been provided to deliver an outcome in the sole favour of the consumer or the parties have reached a settlement via goodwill. In these cases, the business will be required to offer a remedy. This could be in the form of goodwill gesture such as a repeat repair, or the replacement of a component at no charge to the customer.

**Adjudication outcome in favour of the business:** the consumer’s claim has been dismissed based on the facts supplied by both parties to the adjudicator. The business in question is therefore not obliged to offer a remedy or incur any further costs.

**Split adjudication outcome:** based on the evidence provided by the consumer and the accredited business to the adjudicator, The Motor Ombudsman was unable to rule in favour of either party. This could be due to a number of reasons, such as a lack of evidence, or where the claim can only be partially upheld. An example of a split outcome is where the cost of a repair to rectify the issue has been divided between the customer and the garage.

**Case withdrawn from the Alternative Dispute Resolution (ADR) process by the consumer:** during the ADR process, consumers have the right to withdraw their case at any time. This can be for varying reasons including deciding to pursue the case through court, or it may be that they have resolved the matter directly with the business.

**Case outcome breakdown for 2017**

Where Motor Ombudsman cases were upheld in favour of the consumer, and where a value was attributed to the award given to them (e.g. a repair), individuals saved in excess of £1.2 million during 2017. In 2017, The Motor Ombudsman equally saved accredited businesses the equivalent of £2.3 million in consumer claims (e.g. requests to reject a vehicle).

Nearly a third of outcomes delivered by adjudicators during 2017 were in favour of the accredited business. Consumer claims which were upheld by The Motor Ombudsman accounted for around a fifth of outcomes based on the fair and impartial evaluation of the case evidence provided. Split adjudications accounted for just over 40% of outcomes.
12. 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.

Consumer brand awareness survey highlights

Background

The 2017 consumer brand awareness survey was the first to be conducted 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 2017. A total of 1,002 responses were received, and the survey was completed by a representative sample of participants - 49% of respondents were female and 51% were male. They were also of a wide range of ages above 18 years old, and spanned the length of the UK. The sample required the respondent or their household to own a car - 95% stated that they had a current driving licence, whilst 5% did not.

Key findings

Brand awareness has increased.

The Motor Ombudsman achieved 40% awareness amongst consumers versus 35% the year before when the organisation was formerly known as Motor Codes. 16% of consumers surveyed had heard of or knew of The Motor Ombudsman (compared to 13% in 2016), 24% had heard of but didn’t know much about TMO, and 60% were not aware of TMO. Overall awareness was slightly higher amongst men - 41% knew/had heard of The Motor Ombudsman compared with 38% of women.

Consumers value the added reassurance that being a member of The Motor Ombudsman brings.

The majority of respondents, (85%) thought that knowing a business accredited to The Motor Ombudsman would make them feel more confident in choosing that business for their car purchase of Service and Repair.

Consumers have a largely positive view of the Service and Repair industry.

Overall, 44% of respondents had a positive view of the Service and Repair industry, and there were no differences for men and women. However, younger generations were much more positive about the sector.

More than half of consumers had made a complaint about their car of service and repair.

In total, 55% of respondents said that they had made a complaint. 23% had made a complaint about a service or repair, 15% had a complaint about a warranty, 12% had a complaint about a used car purchase and 5% had a complaint about a new car purchase. 57% of consumers surveyed had never made a complaint. It should be noted that these percentages do not fall in line with the enquiries The Motor Ombudsman receives - the largest percentage of contacts related to the Vehicle Sales Code.

For those who had made a complaint, the majority said that this was resolved by the garage (73% versus 71% last year). For 24%, it was resolved by the manufacturer, whereas 3% had it resolved by a third party. For 9%, the issue was not resolved, a decrease on last year’s figure of 14%.

After complaining to the dealership or garage, consumers would likely escalate their complaint to the manufacturer (28%, compared with 36% last year) or to Trading Standards (28% compared with 31% last year). This year, consumers would be more likely to escalate it to Citizens Advice than in 2016, (12% compared with just 7% last year). Escalation to an ombudsman is also up from 7% last year to 12% in 2017.

There are mixed views on the role of an ombudsman.

When asked to describe what an ombudsman does, the majority of consumers (30%) believed that an ombudsman resolves complaints/disputes, which was much higher than last year, (22%). 17% suggested an ombudsman was a mediator, and this year, they were less likely to think that an ombudsman investigates complaints (11% this year compared with 20% in 2016).

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 52% of respondents. 24% said that it helps to drive up standards across the industry. In addition, 9% felt that an ombudsman for the motor industry was important because it is not a sector that is regulated.

Almost a third thought that the motor industry ombudsman would be government funded.

In line with last year, 31% believed that government would fund an ombudsman for the motor industry. Less people this year thought that the motor industry would fund it (27% compared with 34% in 2016). Furthermore, 31% did not know who should finance it, a 10% rise versus 2016, whereas 5% of respondents believed that a motor industry ombudsman would be self-funded.

Almost half of consumers (49%) were aware that resolving a complaint is free of charge. Also, 28% would have thought there would be a charge, and almost a quarter (23%) did not know about the cost.

For the majority, there were no qualms about having an ombudsman funded by the industry.

A total of 73% of respondents would not have a problem with an ombudsman being funded by industry. This total is made up from 47% that said it would not affect their decision to use it (42% in 2015) and 26% that said it would not matter who funds the ombudsman (33% in 2015). However, 27% believe that The Motor Ombudsman would not be impartial if it was funded by the motor industry (24% in 2015).
Overview

Every year, The Motor Ombudsman aggregates customer satisfaction data from surveys submitted by accredited independent garages, franchise dealers, authorised repairers and vehicle manufacturers. The information gathered relates primarily to the standard of work and service that has been provided to motorists. The study also serves as an effective annual barometer for The Motor Ombudsman and the wider industry to understand the sentiment of consumers on a yearly basis in relation to their experience in the service and repair sector.

Analysis

<table>
<thead>
<tr>
<th>Survey section highlights</th>
<th>Satisfaction levels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Quality of work carried out by independent garages</td>
<td>99%</td>
</tr>
<tr>
<td>Quality of work carried out by franchise dealers</td>
<td>99%</td>
</tr>
<tr>
<td>Quality of work carried out by manufacturer authorised repairer</td>
<td>96%</td>
</tr>
<tr>
<td>Overall quality of work carried out</td>
<td>98%</td>
</tr>
<tr>
<td>Level of customer service</td>
<td>98%</td>
</tr>
<tr>
<td>Booking process</td>
<td>98%</td>
</tr>
<tr>
<td>Information provided</td>
<td>98%</td>
</tr>
<tr>
<td>Overall satisfaction</td>
<td>93%</td>
</tr>
<tr>
<td>Likelihood to recommend</td>
<td>95%</td>
</tr>
<tr>
<td>Total</td>
<td>168,523</td>
</tr>
</tbody>
</table>

The degree of satisfaction for the quality of work delivered by independent garages has remained the same at 99% for 2016 and 2017. In comparison, the franchise dealer network has seen a significant and encouraging increase in the satisfaction rate from 93% to 99%. Similarly, satisfaction of the work conducted by manufacturer authorised repairers has also risen by seven percentage points to 96%. The other positive trend to be gained from the findings is that overall satisfaction of work carried out by the businesses surveyed has increased to 98% from 97%, mirroring the score seen in 2015.

Satisfaction with the customer service offered has equally returned to 98% after falling by a mere 1% in 2016 from the score recorded in 2015, demonstrating the efforts being made by garages 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, shown by a figure which remains unchanged from 2016 at 98%.

Overall satisfaction with an accredited business has once again been put at 93% by consumers for the second year running and has not yet returned to the higher level of 94% revealed in 2015, showing that there is room for improvement going forward. Finally, the likelihood of recommending the garage that serviced and / or repaired their vehicle to friends and family increased by a percentage point to 95%, mirroring the score achieved in 2015, which is once again an encouraging upward trend.
Business survey highlights

Managed by an independent market research company, an e-mail survey was sent to franchised car dealers and independent garages in October 2017 to gauge their views on various aspects of The Motor Ombudsman. The highlights of the study are as follows.*

How businesses would describe The Motor Ombudsman in one word:
“Helpful”, “Good”, “Useful” and “Professional” stood out as the most commonly used terms by businesses to describe The Motor Ombudsman. Overall, 74% of words used by the survey participants were positive. For dealers, this figure was 79%, and was slightly lower at 66% for independents.

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The most important benefits of accreditation stated by businesses were:
1. The Motor Ombudsman gives their business added credibility;
2. Being able to display CTSI-approved branding;
3. Being able to display Motor Ombudsman branding;
4. Access to a dispute resolution service; and
5. Having a profile listing on The Motor Ombudsman’s online Garage Finder.

Value of The Motor Ombudsman for business:
73% of respondents agreed that being a part of The Motor Ombudsman is valuable for business, whereas 67% stated that it gives them the edge over competitors.

The main reason for joining The Motor Ombudsman:
Increasing the credibility of the business was the most important factor for franchise dealers and independents when choosing to become accredited to The Motor Ombudsman.

How The Motor Ombudsman is seen versus its competitors:
The Motor Ombudsman compared favourably against competitors and performed better than them on a number of critical areas such as value for money, customer service and quality assurance for consumers.

Areas for improvement in 2018:
The main areas identified for improvement that need to be addressed in 2018 are:

- The level of responsiveness to accredited business enquiries;
- Raising public awareness of The Motor Ombudsman; and
- Increasing the volume of communications.

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* Sample size of 379 respondents.
13. Consumer complaints about our service

The Motor Ombudsman received a total of 46 consumer complaints in 2017, representing 0.1% of all contacts and 2% of adjudication cases that were worked on during the year.

<table>
<thead>
<tr>
<th>Complaints about The Motor Ombudsman</th>
<th>Outcome</th>
<th>Process</th>
<th>Delay</th>
<th>Staff issue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of complaints made at early resolution stage</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No. of complaints made at adjudication stage</td>
<td>15</td>
<td>12</td>
<td>5</td>
<td>6</td>
<td>38</td>
</tr>
<tr>
<td>No. of complaints made at enquiry stage</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Total no. of complaints about the service</td>
<td>15</td>
<td>14</td>
<td>6</td>
<td>11</td>
<td>46</td>
</tr>
</tbody>
</table>

23% of complaints related to the approach of staff
13% of all complaints related to a delay in responding to consumers
17% of complaints arose during the enquiry stage, 25% of which were about the process
83% of complaints arose following the adjudication stage, 40% of which related to the outcome
33% of all complaints were related to the outcome delivered by the adjudicator

How complaints to The Motor Ombudsman are being addressed

While the majority of complaints were made at the adjudication stage, and are often linked to the decision leading to accusations of bias due to the way we are funded. The feedback we receive from consumers is invaluable. While not all complaints are upheld, it can often highlight areas which can be improved, particularly as it comes from the perspective of the consumers who are using our service and therefore feeds into our continuous improvement programme.

Complaints about staff ranged from tone and attitude, to a lack of understanding of the facts presented by the consumer, disagreement with our interpretation of legislation and misinterpretations from poor communication. While many complaints had been handled correctly, 50% of these cases required individual feedback.

As well as the individual feedback staff receive, we have call listening sessions and case reviews to share best practice. In addition, we introduced a competency framework across the business to complement our personal development programme, crystallising what is expected from staff as they develop, and helping them to identify and fill gaps in their learning.

Our Ombudsman also joined the Ombudsman Association’s Caseworker Competency Framework working group to share our experience and learn from others, with a view to implementing this when it is deployed in 2018.

As part of 2018’s objectives, we have set out a “customer first” initiative to instil our company values into all of our staff, and ensure they are at the heart of everything we do. Furthermore, we have developed a new training programme to upskill staff with their telephone handling techniques, to be able to adapt communication style and deal with more difficult customers. Our ADR officials will also be enrolling on an Ombudsman-approved course with Queen Margaret University.

Given accusations of bias are often at the heart of complaints, during 2018 we will be increasing the volume of cases reviewed by ICAP with a monthly flow of cases once our revised Privacy Policy is in place ahead of the GDPR changes arriving in May.

We will also be looking at ways to improve our service in line with the Ombudsman Association’s service standards by enhancing our quality assessment regime and introducing a complexity rating for cases to assist in speeding up and managing workflow.
14. Consumer testimonials about The Motor Ombudsman

“The adjudicator, who dealt with my call was brilliant, especially when I got upset, and he was very patient and so professional. A big thank you to him!”

“I am deeply impressed by the depth and seriousness with which my complaint has been investigated and am truly grateful”

“I would like to say how helpful my adjudicator was. I was feeling a little nervous about making the call initially. However, his call handling helped me to feel so much better. I have scaled all questions as a ten as he was very professional, helpful and understood my needs. I feel confident that my case will be resolved efficiently. Thank you”

“Really appreciate your time and effort, and everything you do to make people feel safe! You have all my respect!”

“Thank you for listening to my complaint and sending the forms. I have managed to sort this out with the business and they have acknowledged that they were in the wrong. It took me three days of arguing our case, which was very stressful. However, when I phoned you, the lady who spoke to me was very kind and supportive. At the time, they had decided that they were not going to mend the vehicle, but as stated above, they will now do the repairs. Thanks again for listening through my tears”

“We would like to thank you for your intervention in this matter, because without it, we did not have the confidence that the manufacturer would have undertaken such a rigorous inspection of our vehicle”
15. Accredited business compliance

Business expulsions and penalty points

<table>
<thead>
<tr>
<th>Points</th>
<th>Sanction description</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>Written Warning 1</td>
</tr>
<tr>
<td>60</td>
<td>Written Warning 2</td>
</tr>
<tr>
<td>70</td>
<td>Website Consumer Warning / Performance Monitored</td>
</tr>
<tr>
<td>90</td>
<td>Referral to the Independent Compliance Assessment Panel (ICAP)</td>
</tr>
</tbody>
</table>

In 2017, there was full compliance with Motor Ombudsman case outcomes, with no expulsions required. Only five organisations contested the adjudicator’s findings, and in-turn, requested a final decision from the Ombudsman, with whom they subsequently agreed with.

Training modules to adhere to the law
The Motor Ombudsman offers a suite of CTSI-approved online training modules to ensure that businesses are operating in accordance with the requirements of key pieces of legislation, namely ADR and the Consumer Rights Act. Ahead of the introduction of the General Data Protection Regulation (GDPR) coming into force on 25 May 2018, The Motor Ombudsman is developing a third online module to help businesses operating specifically in the automotive sector to conform with the new law.

Bespoke webinars
To further aid compliance with the Codes of Practice and legislation beyond the online training modules, The Motor Ombudsman delivered the first two of the four planned quarterly webinars to the nationwide Ford dealer network on the subjects of the role of The Motor Ombudsman and how to handle complaints effectively to maximise business performance. The remaining webinars will be provided to Ford in 2018, and The Motor Ombudsman will also be looking at rolling out the educational and interactive sessions to a greater number of vehicle manufacturers and garage groups.

Furthermore, a webinar on the requirements of the GDPR, which will be accessible to all organisations signed up to a Code of Practice, will be delivered in partnership with Radius Law ahead of its introduction.

Display of the CTSI Approved Code logo

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 2018. A detailed 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.
16. Compliance with the Ombudsman Association’s Service Standards Framework

The Ombudsman Association’s Service Standards Framework came into effect in May 2017. It provides a ‘roadmap’ that members of the OA, such as The Motor Ombudsman, can use to raise their own performance, embed good practice in their organisation, and demonstrate the quality of the service they offer. In meeting these standards, they can be more effective in supplying both individual redress and improving the service of organisations complained about.

The Framework provides five measures for members that specifically relate to the service that they provide to both complainants and the organisations being complained about. They are as follows:

1. Accessibility;
2. Communication;
3. Professionalism;
4. Fairness; and
5. Transparency.

Where are we against the Ombudsman Association’s Service Standards Framework?

In 2017, The Motor Ombudsman has undertaken the following actions inline with the five measures detailed in the Ombudsman Association’s Service Standards Framework.

| Accessibility          | ✔ We have introduced a vulnerability policy to promote awareness and tailor our ADR service to meet the needs of our users
|                       | ✔ We have ensured that all adjustments have been made to accommodate vulnerable customers on a case-by-case basis
| Communication         | ✔ We have introduced regular reviews of the information provided to consumers
|                       | ✔ We have focused on communications being in plain and clear language
| Professionalism       | ✔ We have developed a new competency framework to identify internal staff training needs
|                       | ✔ We introduced an improved and comprehensive training programme for new and existing staff
|                       | ✔ We increased our level of engagement with accredited businesses to share learnings and drive up industry standards
| Fairness              | ✔ We changed the way we record case outcomes to provide more in-depth data of the decisions we make
|                       | ✔ We strengthened quality processes to ensure impartial and consistent decision-making
|                       | ✔ We presented an increasing number of cases and service complaints to ICAP to provide external scrutiny
| Transparency          | ✔ We developed a conflict of interest policy
|                       | ✔ We started regularly publishing case studies on our website to provide business, consumers and the media with an overview of the outcomes and final decisions that we have reached during the previous month

Extract from the Accounts for The Motor Ombudsman Limited

### Profit and Loss Account for the year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2017</th>
<th>Year ended 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Turnover</td>
<td>1,478</td>
<td>1,226</td>
</tr>
<tr>
<td>Operating costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other external expenses</td>
<td>(134)</td>
<td>(131)</td>
</tr>
<tr>
<td>Staff costs</td>
<td>(780)</td>
<td>(797)</td>
</tr>
<tr>
<td>Amortisation written off intangible fixed assets</td>
<td>(49)</td>
<td>(45)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(618)</td>
<td>(558)</td>
</tr>
<tr>
<td><strong>Loss before interest and taxation</strong></td>
<td>(103)</td>
<td>(305)</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td><strong>Loss before taxation</strong></td>
<td>(103)</td>
<td>(303)</td>
</tr>
<tr>
<td>Tax on loss</td>
<td>11</td>
<td>65</td>
</tr>
<tr>
<td><strong>Loss for the financial year</strong></td>
<td>(92)</td>
<td>(238)</td>
</tr>
</tbody>
</table>
### Balance sheet as at 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>2017 (£'000)</th>
<th>2016 (£'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>490</td>
<td>534</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debtors</td>
<td>259</td>
<td>506</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>95</td>
<td>74</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td>(1,169)</td>
<td>(1,351)</td>
</tr>
<tr>
<td><strong>Net current liabilities</strong></td>
<td>(815)</td>
<td>(771)</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td>(325)</td>
<td>(237)</td>
</tr>
<tr>
<td><strong>Provisions for liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>(6)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Net liabilities</strong></td>
<td>(331)</td>
<td>(239)</td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called up share capital</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>(331)</td>
<td>(239)</td>
</tr>
<tr>
<td><strong>Total shareholders’ deficit</strong></td>
<td>(331)</td>
<td>(239)</td>
</tr>
</tbody>
</table>

### Summary of accounts:

These summarised accounts may not contain sufficient information to allow for a full understanding of the financial affairs of the Company. For further information, the full accounts, including the unqualified auditor’s report on those accounts and the Directors’ Annual Report, should be consulted.

Copies of these can be obtained from The Motor Ombudsman Limited, 71 Great Peter St, London SW1P 2BN.

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2018 and were signed on their behalf by Mr W H Fennell, Managing Director of The Motor Ombudsman.

**Company Registration No. 06517394**
Appendices

These appendices are extracts from the full Motor Ombudsman’s Independent Compliance Assessment Panel (ICAP) Annual Compliance Report 2017 which is available to view and download on TheMotorOmbudsman.org.
A1. The Motor Ombudsman’s Alternative Dispute Resolution process

1. COMPLAINT TO BUSINESS (8 weeks to respond) unless mutual deadlock agreed
   - Customer complains to TMO-accredited business
   - TMO-accredited business will consider the complaint and try to resolve it
   - If a decision is not reached the customer can escalate this to TMO

2. ENQUIRY TO THE MOTOR OMBUDSMAN
   - Adjudicator determines if the case falls under TMO remit and appropriate guidance provided
   - Adjudicator gathers more information
   - Case Adjudicator reviews the dispute

3. ADJUDICATION
   - Adjudicator will ask the business for a response
   - Adjudicator reviews the response and gathers information
   - Adjudicator gives its decision

4. OMBUDSMAN
   - Ombudsman makes final decision

5. CLOSED

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.
A2. Benefits of The Motor Ombudsman for consumers and businesses

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 increase 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

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

- Allows the business 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 the business’ premises, customer-facing literature and on their website
- A profile on the Garage Finder which can help to drive footfall, new business leads and revenue
- Valuable ratings and reviews from customers on the Garage Finder
- 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, 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
The Code of Practice performance summary provides a year-on-year comparison of key metrics for each of The Motor Ombudsman’s (TMO) four CTSI-approved Codes of Practice. The following is a glossary of terms used in the summaries:

**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 raised.

**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. A case will not be raised in this instance.

**Escalation Rate** is the proportion of cases that were passed to the Ombudsman for a final decision.

**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.
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.¹

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 2017.

<table>
<thead>
<tr>
<th>Accredited businesses</th>
<th>2017</th>
<th>2016</th>
<th>Trend vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Contacts</td>
<td>10,863</td>
<td>9,012</td>
<td></td>
</tr>
<tr>
<td>Early Resolutions</td>
<td>7</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Adjudication Cases</td>
<td>566</td>
<td>521</td>
<td></td>
</tr>
<tr>
<td>Final Decisions</td>
<td>59</td>
<td>57</td>
<td></td>
</tr>
<tr>
<td>Escalation Rate</td>
<td>5%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Garage Finder Searches</td>
<td>420,905</td>
<td>187,374</td>
<td></td>
</tr>
<tr>
<td>Consumer Survey Volume</td>
<td>168,523</td>
<td>179,360</td>
<td></td>
</tr>
</tbody>
</table>

Analysis:

The 21% growth in Service and Repair Code contacts between 2016 and 2017 can be attributed to ever-increasing awareness of The Motor Ombudsman, both in terms of consumers using accredited businesses and referring complaints to us. There is no evidence to suggest that there has been an increase in the number of complaints in the sector.

The consumer complaints relating to the Service and Repair Code that were seen during 2017 can be split into three main categories:

1. Problems with a diagnosis:
   - It took longer than expected;
   - The accredited business was unable to find the root cause of the fault; and
   - The diagnosis of the fault was incorrect.

2. Issues with the repair:
   - The repair didn’t solve the fault;
   - Further faults arose; and
   - The fault was resolved, but there were other negative impacts on the vehicle e.g. a loss of performance.

3. Problems with staff competency:
   - Staff didn’t look after the consumer’s property and/or caused damage;
   - Staff did not provide clear explanations, leading to consumer confusion and mistrust; and
   - Staff were not adequately qualified or overseen by suitably qualified staff.
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 terms of the warranty will be respected if the car is serviced according to the recommended guidelines, and that any complaints will be handled swiftly.

A total of 40 OEMs are accredited to the New Car Code, meaning that a large proportion 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;
- Replacement parts and accessories; and
- Complaints handling.

No changes were made to the New Car Code in 2017. Going forward, 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.

<table>
<thead>
<tr>
<th>Accredited businesses</th>
<th>2017</th>
<th>2016</th>
<th>Trend vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Contacts</td>
<td>9,806</td>
<td>9,104</td>
<td></td>
</tr>
<tr>
<td>Early Resolutions</td>
<td>112</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>Adjudication Cases</td>
<td>514</td>
<td>491</td>
<td></td>
</tr>
<tr>
<td>Final Decisions</td>
<td>61</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Escalation Rate</td>
<td>6%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

Analysis:

The consumer complaints relating to the New Car Code that were seen during 2017 can be split into three main categories:

1. **Warranty disputes:**
   - The accredited business didn’t deem the cause of the failure to be due to a manufacturing defect;
   - A previous warranty repair failed; and
   - The consumer had multiple repairs under warranty and the issue was not resolved.

2. **Advertising and literature:**
   - The advertising was factually incorrect;
   - The consumer misunderstood the advertising because it was unclear or ambiguous; and
   - The manual omitted information relevant to a particular fault or issue.

3. **Parts delays:**
   - A consumer was left off the road because a part had not arrived;
   - A part was no longer in production so the consumer was unable to repair their vehicle; and
   - The part arrived, but the consumer was now looking for compensation.
Vehicle Warranty Products Code

Unveiled in 2010, 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 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 covers the following principal areas:
- 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 2017.

<table>
<thead>
<tr>
<th>Accredited businesses</th>
<th>2017</th>
<th>2016</th>
<th>Trend vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Contacts</td>
<td>1,294</td>
<td>844</td>
<td></td>
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<tr>
<td>Early Resolutions</td>
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<td>2</td>
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<tr>
<td>Adjudication Cases</td>
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<tr>
<td>Final Decisions</td>
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<tr>
<td>Escalation Rate</td>
<td>6%</td>
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**Analysis:**

There was a 53% increase in the volume of contacts from 2016 to 2017. This has resulted from the natural organic growth of consumers using The Motor Ombudsman to resolve their dispute following increased awareness of the body’s ADR service.

The consumer complaints relating to the Vehicle Warranty Products Code that were seen during 2017 can be divided into three main categories:

1. **Point of sale:**
   - The consumer was given incorrect or misleading information during the sales process;
   - The consumer believed that the policy had been mis-sold because it failed to cover the repair of their vehicle; and
   - The accredited business/retailer did not provide the consumer with the relevant literature or information.

2. **Claims handling:**
   - The accredited business took too long to make a decision on the claim;
   - The accredited business unfairly declined the claim; and
   - The consumer disagreed with the accredited business’ independent report, or sought their own report which was conflicting in its content.

3. **Clarity of information:**
   - The warranty terms were ambiguous or were capable of being misunderstood;
   - Key conditions, such as servicing requirements, or exclusions were not made clear in the warranty; and
   - Cancellation rights were not made clear to the customer.
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 Finder. 6

The Vehicle Sales Code covers the following principal areas:

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

No changes were made to the content of the Vehicle Sales Code in 2017.

### Accredited businesses

<table>
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<tr>
<th></th>
<th>2017</th>
<th>2016</th>
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<tr>
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<tr>
<td>Escalation Rate</td>
<td>6%</td>
<td>3%</td>
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Analysis:

The Motor Ombudsman saw a 132% increase versus 2016 in the number of customer contacts relating to vehicle sales. When making a comparison year-to-year, the rise was significant as the Code was only live for the last three months of 2016 versus a full twelve-month period in 2017. However, the underlying causes of this heightened demand for The Motor Ombudsman’s adjudication service was due to the new Code responding to the breaches in this area for the first time, it becoming more well-known amongst consumers due to PR and marketing activities, and was also the first Code of its kind to cover the new and used car market.

The consumer complaints relating to the Vehicle Sales Code that were seen during 2017 can be split into three main categories:

1. Vehicle quality:
   - The vehicle experienced a fault shortly after purchase;
   - The consumer believed a part failed prematurely; and
   - The accredited business failed to adhere to its obligations under consumer law.

2. The sales process:
   - The consumer was not been given all of the information that they needed to make an informed decision about their purchase;
   - The consumer felt that they have been pressured or misled into buying the vehicle; and
   - The terms of the contract and/or finance agreement were not made sufficiently clear.

3. Used vehicle presentation:
   - A consumer was not given all of the relevant information about the vehicle’s history;
   - The car was not properly checked prior to handover, and had faults and/or cosmetic issues; and
   - The consumer was unhappy with the condition of the vehicle.
A4. Management of cases

In response to the growing demand for The Motor Ombudsman's adjudication service, coupled with a continued commitment to delivering case outcomes and responses within the shortest possible timeframe, an expanded and more efficient alternative dispute resolution (ADR) team structure was adopted in 2017. As well as hiring one additional adjudicator, three customer service advisors were recruited to fill newly-created positions. They are now the “frontline” of the dispute resolution service, and are responsible for responding to all initial telephone and e-mail consumer contacts, and to ascertain whether the business that a consumer has raised a dispute with is accredited to The Motor Ombudsman. In addition, they are tasked with recording the details of a case, and completing all of the preparatory work before the case is passed to the adjudication team. This helps to decrease the time it takes for the case to be reviewed and to deliver a fair and impartial outcome to a customer’s dispute based on the evidence presented.
A5. Case studies - adjudication outcomes and final decisions

Service & Repair Code cases

Consumer’s claim

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle age</td>
<td>4 years old</td>
</tr>
<tr>
<td>Vehicle mileage</td>
<td>55,100</td>
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</table>

Mr A took his vehicle to a business for a service. Five months later, the car had to be recovered to another business as it had suffered a complete loss of oil. The diagnosing garage found that the sump plug had come out, and, as a result, the turbo and engine lost oil. Mr A believed that the accredited business who completed the service had failed to tighten the sump plug correctly after the work. Furthermore, Mr A expressed concern that the service had been completed by an apprentice without a supervisor checking the quality of the work which had been undertaken. As a resolution, Mr A wanted the first business to repair the vehicle free of charge.

Response of accredited business

The business was satisfied with the level of care and skill taken to do the service, and did not believe that they could have caused the fault. This is because, if they had left the sump plug loose, the vehicle would have started to lose oil immediately and Mr A would have had a fault light illuminate on his dashboard. Furthermore, the car would not have been able to complete the 12,100 miles following the service.

The business also confirmed the tools used to tighten the sump plug, and provided evidence to The Motor Ombudsman adjudicator that, although an apprentice had completed the service, the work was carried out by a third year apprentice under the supervision of both a technician and a master technician who quality checked the vehicle before returning it to Mr A. The probable cause of the failure was therefore likely to be external influence or third party contact post the service.

Adjudication outcome

The adjudicator had to assess whether or not the business had exercised reasonable care and skill when completing the service, and whether failure to do so had caused the fault Mr A was experiencing. As Mr A was not able to provide any evidence confirming a loose sump plug following the service, the adjudicator had to assess the case on a balance of probability if the business had indeed left the sump plug in the aforementioned condition.

The adjudicator felt that too much time and mileage had lapsed since the service had been completed, and therefore, it is unlikely that the sump plug was left loose by the business during the service. As such, the complaint was not upheld in favour of the consumer.

Going forward, if Mr A is able to provide a report from the business, or an independent assessment confirming the status and condition of the vehicle, and that the car would have been able to complete the time and mileage it did with a loose sump plug, and without displaying any symptoms, then The Motor Ombudsman adjudicator would review the case further.
Consumer’s claim

Vehicle age | 6 years old
Vehicle mileage | 91,000

Mr B took his vehicle to a business for a replacement All Wheel Drive (AWD) Haldex clutch filter and an oil service. It was returned back to Mr B, but there was an oil leak. The customer was adamant that his car did not have an oil leak before the car went in for the work.

It was therefore taken to the business for at least six attempts to rectify the oil leak, but they were unable to repair the fault, as they did not have the tools required. Mr B therefore wanted a replacement vehicle of the same specification or a refund of the equivalent value of his vehicle.

Response of accredited business

The business advised that they had received an instruction to service the vehicle, to change the filter, and to replace the oil. The business had advised Mr B against exchanging the AWD filter as it’s designed to last the lifetime of the vehicle, and as such, the manufacturer did not recommend that this part should be changed. However, Mr B continued with the repair as he had read that this increases vehicle performance.

The business also stated that there was no evidence that there was a pre-existing oil leak. They equally claimed that an oil leak was inevitable, as the unnecessary removal of this component may have disturbed the good seal that had formed between the coupling and the differential unit.

Although several attempts were made, they believed that they had resolved the leak, as they had not heard from Mr B following on from the latest repair to it. However, upon making contact with Mr B in response to the case referral by The Motor Ombudsman, the business learnt that Mr B had subsequently sold the vehicle.

Adjudication outcome

The adjudicator assessed the case under the Service and Repair Code, whereby the business is obliged to ensure that all diagnostics and repairs are carried out with reasonable care and skill. They were satisfied that the business had acted correctly and that the fault was an inevitable consequence of changing a filter that should not have been replaced.

Nonetheless, the business perhaps should not have accepted this repair due to the high risks involved. Equally, the adjudicator believed that Mr B should have taken heed to the advice given by the business with regards to the replacement of the filter.

As the business had already attempted to carry out the repair of the oil leak, but did not have the correct tools, it would only be fair that the business subcontracts the repair out to a garage that is able to rectify the fault. However, as the vehicle was sold on, the adjudicator recommended to the business that they refund the cost of the repair in full and final settlement. This remedy was accepted by both parties and the case was closed.
Consumer’s claim

Vehicle age | 9 years old
Vehicle mileage | 49,000

Ms C took her vehicle to a business because it wouldn’t start. Upon investigation, the business diagnosed that the catalytic converter needed changing, and Ms C authorised the repair. However, after collecting the car, it failed again. Having taken the vehicle to a third party business, Ms C learnt that the first business had fitted the wrong catalytic converter. Moreover, in order to fit the wrong catalytic converter, the component had to be cut and fitted. Ms C was therefore looking for a refund of the initial repair costs, as well as the charges incurred for the work carried out at the third party business.

Response of accredited business

The first business stood by their work to Ms C’s vehicle and provided supporting documentation from their supplier to show that the part fitted was indeed the correct one. Being an aftermarket component, it was difficult to have this verified by the vehicle manufacturer, but the supplier had confirmed the engine number and the vehicle registration, which demonstrated that the part fitted was the correct component. However, as a gesture of goodwill, the business was willing to refund the costs incurred if Ms C returned the part, so it could recoup their losses back from their supplier, should it be the case that the part was faulty. Ms C rejected this offer and continued to request a refund for both repairs and compensation on top of this.

Adjudication outcome

The adjudicator assessed the complaint to ascertain if the business had breached the Service and Repair Code by failing to replace the catalytic converter without exercising reasonable care and skill. The adjudicator was not presented with any evidence confirming the above, which could justify obligating the business to either carry out a repeat performance or refund Ms C in full, as she would be entitled to, if the complaint was upheld. However, Ms C could not supply a written report. Therefore, the adjudicator did not uphold the dispute in the favour of Ms C, but advised her that if she could supply the required information, the case would be reviewed further. In addition to this, Ms C was advised that even if this complaint was upheld, she would only be entitled to a repeat performance or a full refund, but the business was already willing to offer the refund. Ms C wanted to be compensated for both repairs, but this would put Ms C in a position of betterment which she was not entitled to.
Consumer’s claim

<table>
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<th>Vehicle age</th>
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</thead>
<tbody>
<tr>
<td>Vehicle mileage</td>
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In July 2017, Mr D went to a business for a service and MOT, and was told that the car had failed its MOT due to the right rear light unit being burned out. Mr D believed the light had been fine before he took the car to the dealership and that, as the dealership had noticed this on the service, they should have told him about it before they failed the car’s MOT. Mr D part-exchanged the car for £500 as a result of the MOT failure and was looking for a full refund of the service, and £1,095 for the loss of value of his vehicle.

Response of accredited business

During the service in 2017, the technician noted that the rear lights were not working correctly. The fault was reported to Mr D, and Mr D was upset that the MOT had gone ahead despite them knowing from the service that it would fail. The business said that they carried out the work requested and that they will not typically call customers until both the service and MOT are completed, as there is the possibility of a car failing on non-serviceable items.

Adjudication outcome

The adjudicator did not make a financial award in this instance. In terms of the service and MOT, and the failure of the MOT on an item noticed on the service, the adjudicator felt that this was a breach of the Service and Repair Code as work should be authorised before it goes ahead, but didn’t think there had been any financial loss. Mr D was unhappy and said the only reason he part-exchanged the car was because of the MOT failure, so asked for a final decision from the Ombudsman.

Ombudsman’s final decision

On review, the Ombudsman disagreed with the adjudicator and believed the work had been authorised in that Mr D had asked for both the service and MOT to be carried out and both had been completed. No repair work had been undertaken without authorisation and it made more sense to carry out both the service and MOT before calling Mr D. This is so consumers could be fully informed of all repairs required on the vehicle, rather than calling multiple times and being given several lots of information which could cause confusion. As such, there was nothing to justify a financial award and the consumer’s complaint was not upheld.
Consumer’s claim

<table>
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<th>Vehicle age</th>
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</thead>
<tbody>
<tr>
<td>Vehicle mileage</td>
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Mr E bought a brand new car that was a convertible. Following the purchase, Mr E discovered the material on the sunroof had started to deteriorate. Given that the vehicle was less than a year old, Mr E was adamant that it had failed due to a manufacturing defect. Having arranged an inspection of the vehicle at a business, the vehicle manufacturer advised that there was no evidence of a production defect. The fault was therefore put down to Mr E stowing the sunroof whilst wet.

However, Mr E obtained an independent assessment of the vehicle by a leather specialist who confirmed that the sunroof was suffering from the ‘sandpaper effect’ – a phenomenon attributed to material coming into contact with one another and rubbing against each other. This therefore caused the waterproof layer to wear away, and in turn, resulted in premature wear. Mr E also provided an independent assessment carried out by DEKRA who confirmed the previous independent assessment, but instead of stating the sandpaper effect, the evaluation referred to the failure as ‘chafing’. Therefore, Mr E wanted the manufacturer to put the sunroof right under the warranty.

Response of accredited business

The vehicle manufacturer reviewed the case and found that as DEKRA had not confirmed there to be a manufacturing defect with the sunroof, they would not extend the warranty to correct the fault.

The manufacturer interpreted from the DEKRA report that rubbing during wet stowage was causing the issue. They believed it was clear that during the ownership of the vehicle, the roof care instructions in the owner’s manual were not followed, and as such, they determined that there was no evidence of a defect. As a result, they stood by their initial decision to reject the customer’s warranty claim.

Adjudication outcome

Having assessed the case under the New Car Code, the adjudicator accepted the DEKRA report confirming the chafing issue with the sunroof. The vehicle manufacturer had not been able to provide any evidence to the contrary. The adjudicator did not accept the vehicle manufacturer’s diagnosis of the cause being that Mr E was storing the sunroof wet, therefore resulting in the deterioration of the material. DEKRA made no mention of this point and nor did the previous independent report. Therefore, based on the independent assessment received, the adjudicator awarded a repair or replacement of Mr E’s sunroof under the warranty. The business rejected the adjudicator’s decision and escalated the case to the Ombudsman for a final decision who duly upheld the adjudicator’s outcome in favour of the consumer.
Consumer’s claim

Vehicle age | 1 year old
Vehicle mileage | Not available

Ms F’s brand new vehicle broke down three months after buying the car, and she required roadside assistance. The failure was found to be with the battery. The vehicle was then taken to a dealership who replaced the battery. Ms F did not wish to pursue the complaint against the seller, but against the manufacturer, on the basis that it was a brand new vehicle and that they had very high expectations of it. Reference was made by the customer to The Motor Ombudsman’s New Car Code, namely clause 2.0: “Once you have ordered your new car, it is the accredited business’s responsibility to ensure that the car supplied to the retailer is manufactured to a high standard which will meet your expectations”.

In addition to the fault with the vehicle, Ms F was also unhappy with the level of customer service received from the vehicle manufacturer and the manner in which her complaint was handled. Ms F was therefore looking for a one-month finance payment to be refunded, as well as compensation for her time, stress and trouble caused by the issues.

Response of accredited business

The vehicle manufacturer confirmed that following on from their investigation, the breakdown provider’s report confirmed that the battery had failed due to an external influence. This report was signed for and accepted by Ms F.

Nonetheless, when the vehicle was booked into a business for diagnostics and a repair, the business offered a free of charge battery replacement as a gesture of goodwill.

In terms of the poor service received from the business, there was a communication breakdown. Ms F assumed the case manager would refund a month’s finance payment, but there was no call or e-mail log to confirm this. However, the manufacturer accepted that the level of customer service fell short of their prescribed standards and they therefore offered a £100 voucher to spend at the dealership as a gesture of goodwill. Ms F declined this offer.

Adjudication outcome

The adjudicator assessed this case in line with the New Car Code to ascertain if there was a manufacturing defect and a gap in the level of service offered to the customer. The adjudicator was unable to uphold the customer’s complaint in relation to the fault with the battery as no evidence had been submitted to confirm that it had failed due to a manufacturing defect. In fact, the adjudicator only had evidence to support the vehicle manufacturer’s position, i.e. the breakdown provider’s report explaining that the battery had failed due to external influences. Even if the adjudicator was able to uphold the complaint in favour of the consumer, Ms F was advised that she would have only been entitled to the remedy she had already been offered which she accepted - a repair or a replacement battery.

In terms of the customer service, the adjudicator accepted that it had fallen short of the standards expected of the vehicle manufacturer. Ms F was advised that this complaint was logged against the business and was something that TMO would continue to monitor. Ms F was equally informed that whilst the adjudicator was unable to make a financial award against poor customer service as this goes beyond The Motor Ombudsman’s remit, the goodwill gesture made was reasonable in this case.
Consumer’s claim

Mr G purchased a new vehicle in December 2015. Shortly after the sale, Mr G’s front suspension failed without warning, resulting in a loss of control and an impact with some parked cars. He also experienced a minor injury and sufficient damage to render the car a total loss. A subsequent DEKRA inspection described a heavy impact and adverse driving styles as being to blame. Mr G did not see anything in the road or any debris which could have caused the problem. He believed that the failure was due to a manufacturing defect, and was angry that his driving had been criticised, and had lost over £1,500 worth of deposit. Mr G was therefore seeking a refund of the deposit, an apology and a compensatory gesture.

Response of accredited business

The vehicle manufacturer responded to explain that they were unable to attribute the incident to a manufacturing issue as no evidence of a defect had been provided. The conclusion of the DEKRA report was that there were no indications of any component failure. As the insurer had not reported any concerns of a manufacturing nature, they were unable to accept responsibility and considered it to be a matter for Mr G’s insurer.

Adjudication outcome

The adjudicator didn’t uphold the complaint in favour of the consumer. He referred to the technical evidence which he felt was unclear on the cause of failure, and due to the car no longer being available, there was no way to acquire any further technical data. The adjudicator noted that Mr G accepted it was an external influence and therefore couldn’t uphold the complaint. Mr G was unhappy with this, as he believed there had been a production issue with the part and that the DEKRA engineer’s version of events was not credible. He therefore requested a final decision from the Ombudsman.

Ombudsman’s final decision

Like the adjudicator, the Ombudsman did not support the customer’s complaint. To her, the strongest evidence was the DEKRA report, as it is independent and expert evidence. This firmly concluded that the cause of the failure was a severe impact, and, although it didn’t provide an explanation for how the impact occurred, there was no indication that any other cause was likely. The insurance assessor also agreed that it looked like impact damage.

The Ombudsman could understand Mr G’s frustration, as his driving was being called into question and he had provided evidence to show he had a lot of experience with vehicles and driving. However, as all the technical evidence suggested that the vehicle had not failed because of the manufacturing defect, the warranty would not apply and an award could not be made to the consumer.
Consumer’s claim

Vehicle age: 10 years old
Vehicle mileage: 37,000

Ms H purchased a used vehicle, but had to return the car to the trader within two months due to faults relating to central locking and water ingress. Although the water ingress issue was resolved, the central locking problem remained outstanding, and a further problem was found with the ABS.

The business advised Ms H that it would cost £1,370 to replace the ABS. Having lost faith in the vehicle, and with the business failing to complete the repairs, Ms H sold the car and suffered a financial loss as a result. Ms H therefore wanted the business to reimburse her for the financial loss she suffered as a result of them selling her a faulty vehicle.

Response of accredited business

The business stated that Ms H went against their advice and refused to take out an extended warranty to protect herself in this kind of situation. Upon further investigation of the issues reported by Ms H, the business learnt that the vehicle had failed not only because of the ABS, but the brake control modulator was equally at fault.

Despite not taking out the warranty as advised to the customer, the business still offered Ms H a gesture of goodwill in the form of a 25% contribution towards the cost of the repair. However, upon learning that Ms H had disposed of the vehicle, they offered her an equivalent cash refund.

Adjudication outcome

Having assessed the case in full, The Motor Ombudsman adjudicator did not feel the business had complied with the Vehicle Sales Code, whereby they are obliged to ensure goods are of satisfactory quality and that they do not diminish their legal responsibility.

The fact that the business kept referring to the lack of warranty in this case was concerning as Ms H was clearly relying on her consumer rights. Therefore, upon receiving confirmation that the ABS module and brake control modulator caused an inherent failure of the vehicle, the adjudicator ruled that this was in breach of both the Code and the Consumer Rights Act 2015.

As such, Ms H was entitled to a free and full repair. Although Ms R was no longer in possession of her vehicle, the adjudicator felt it would be fair to put her in the position she would have been in had she received the repair. Therefore, the adjudicator ruled that the business converted the full cost of the repair into a cash refund. Both parties accepted this remedy and the case was closed.
Consumer’s claim

Mr I purchased a vehicle, and within the first 30 days of buying it, he took the car back to the dealership for a clutch judder, but no fault was found. However, nine months later, the vehicle went back into the retailer with the same symptom and the business diagnosed a fault with the clutch. Mr I was unhappy in that, had the business diagnosed the fault correctly when it went in the first time, he would have been able to return the vehicle back to the trader in order to get his money back. Mr I was therefore looking for the business to buy the car back from him instead of any repairs as he deemed the fault present when he first raised the issue with the business.

Response of accredited business

The business confirmed with supporting job cards that the vehicle first came into the business after the first 30 days of ownership, which was the contrary to what Mr I had stated. Furthermore, the business stood by their initial diagnosis of being unable to diagnose a fault on the car in the condition in which it was presented. The business explained that this was due to the fact that the symptom was intermittent, and most importantly, Mr I did not authorise the dealer to strip down the gearbox for further investigations. It was not until nine months later when the symptoms worsened and were more consistent that Mr B returned and authorised the business to strip down the gearbox. It was only at this stage that the business was able to diagnose a fault with the flywheel. Furthermore, due to the dissatisfaction of the customer, the dealer carried out a free-of-charge repair as a gesture of goodwill.

Adjudication outcome

The adjudicator identified that Mr I did not report a fault within the first thirty days. Even if the business was able to diagnose the fault in the first visit, Mr I would not have been entitled to return the vehicle to get his money back. His short-term right to reject only existed for the first thirty days following the purchase.

Moreover, the adjudicator was satisfied that as the fault was intermittent and Mr B did not authorise the business to strip the gearbox in the initial visit, it is unlikely the business would have been able to diagnose a problem. Had the vehicle been presented in the same condition, and the same level of investigation was carried out nine months later, then Mr I could potentially have a case to answer. However, as Mr I only authorised the further investigation in the last visit, the adjudicator did not feel the dealership could have diagnosed the failure the first time round. As such, the consumer’s complaint was not upheld.

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Consumer’s claim

<table>
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Mr J purchased parking sensors in October 2012 from a dealership. Mr J assumed these parts were genuine vehicle manufacturer components. However, when the parking sensors failed in May 2017 (five years later), he learnt that they were not genuine, contrary to what he thought. As such, Mr J contended that as well as being faulty, the business mis-sold the parking sensors. As a resolution, Mr J wanted the business to replace the parking sensors with genuine parts, in line with what he initially required.

Response of accredited business

Having investigated Mr J’s contentions, the business confirmed that no correspondence between the two parties pointed to Mr J’s intention to purchase genuine vehicle manufacturer parts. Mr J had bought a car and requested parking sensors as an optional extra, which is what the order form stated. However, no reference was made to these being from the vehicle manufacturer.

In response to the fault, the business advised that they had no history of any complaints from Mr J in relation to the parking sensors so they were clearly of satisfactory quality. However, as a gesture of goodwill, the business offered a free of charge diagnostic to determine the cause of the failure.

Adjudication outcome

In assessing the case against The Motor Ombudsman’s Vehicle Sales Code, the adjudicator was not presented with any evidence confirming Mr J had ordered genuine parking sensors. Without this information, the adjudicator was not able to uphold this aspect of the complaint.

However, in relation to the satisfactory quality of the parking sensors, although the business mentioned that they have not received any complaints in relation to them, the adjudicator reminded the business that Mr J had protection for up to six years under his consumer rights. Nonetheless, no diagnostic evidence was made available to confirm that the parking sensors were indeed faulty.

Therefore, whilst the adjudicator upheld that the parking sensors should not have probably failed, it is difficult to comment any further without knowing the cause of the defect. Therefore, the adjudicator supported the free diagnostic offered by the business and the customer accepted the investigation as an initial remedy.

As the parking sensors were later found to be faulty following the diagnostic process, they were replaced by the business at no cost, thereby putting the customer back in the position he would have been in had the part not failed.
Miss K purchased a brand new car in April 2015. At the time of making the complaint to The Motor Ombudsman in May 2017, and after travelling about 13,000 miles, there had already been 15 warranty claims for repairs on the vehicle. These included an alarm malfunction, a faulty window seal, a defective catalytic converter, a failed door handle and an engine management light illuminating. Miss K felt that the car was unfit for purpose and not of satisfactory quality, and was therefore looking for a replacement.

Response of accredited business
The business responded to say that whilst they accepted the car had some problems, these had all been rectified under warranty and had, with the exception of one, been very minor. They had also previously offered goodwill which had been accepted. They were willing to offer £5,500 to buy back the vehicle, but were not able to do anything further.

Adjudication outcome
The Motor Ombudsman adjudicator upheld the consumer’s complaint. She thought that customers would not expect a brand new car to experience so many problems, and therefore recommended a refund for the car minus a deduction for use. The selling dealership disagreed as rejection was no longer a valid solution under the Sale of Goods Act 1979 and that there were more appropriate remedies. The case was referred to the Ombudsman for a final decision.

Ombudsman’s final decision
The Ombudsman agreed that the vehicle was most likely not of satisfactory quality, taking into account its age at the time of the faults, its mileage and durability. However, the Ombudsman didn’t deem rejection to be the most proportionate remedy when taking into account the nature of the faults and the extent of Miss K’s use of the vehicle during her ownership. As such, the Ombudsman provisionally proposed three options for a remedy: a price reduction with both parties putting forward a value they felt was fair, a like-for-like replacement vehicle, or a buyback of the vehicle valued at £6,750, taking into account the business’ original offer and the approach of the law. Miss K said she was looking for a price reduction of £6,000 due to the inconvenience this situation had caused her, and the dealership said they would offer £5,000 to buy back the vehicle.

As Miss S preferred the price reduction option, the Ombudsman thought of how to calculate this fairly. She looked at a daily figure for usage during Miss K’s ownership of the car, and the original price of the vehicle. Using an average from both calculations, the Ombudsman’s final decision recommended a figure of £1,075 as a price reduction to reflect the faults experienced and Miss K’s inconvenience. The final decision was accepted by both parties.
Consumer’s claim

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<th>Vehicle age</th>
<th>6 years old</th>
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<tr>
<td>Vehicle mileage</td>
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Mr L had an issue with his vehicle juddering and sometimes shaking rigorously whilst driving. Having approached the warranty administrator, Mr L was advised to book his vehicle into an authorised repairer who diagnosed a failure of the vehicle’s flywheel. As Mr L had an extended warranty for mechanical breakdown, he was not satisfied that the warranty provider refused his claim on the grounds of wear and tear. Mr L wanted a full reimbursement of the cost of the repair of the flywheel.

Response of accredited business

The warranty administrator confirmed that Mr L had a policy for mechanical breakdowns only. The business provided the terms and conditions of the policy to endorse this, and supplied The Motor Ombudsman with the communication log confirming the contact with the diagnosing garage, who stated that the component in question had failed due to wear. As this fell outside of the parameters of the warranty (referring TMO to the ‘exclusions’ under the consumer’s terms and conditions), the consumer’s claim was duly rejected.

Adjudication outcome

The adjudicator assessed the complaint against The Motor Ombudsman’s Vehicle Warranty Products Code to ensure the business was honouring the warranty where the claim complies with the terms and conditions. The adjudicator was satisfied that the warranty administrator’s literature was very clear on the business’s obligations, and given that there was no evidence that the flywheel failed due to a mechanical breakdown, the adjudicator was satisfied that the business had processed the customer’s claim correctly.

The Motor Ombudsman was not able to uphold Mr L’s complaint, but advised him that if he submits evidence confirming that the repairing garage diagnosed the flywheel to have failed due to a mechanical breakdown, the adjudicator would review the customer’s case further.
Consumer’s claim

Mr M took his vehicle into a dealership due to a problem with the sunroof. They inspected it and assured Mr M that the repair would be covered under the warranty. However, upon contacting the warranty administrator, he was advised this fault was not covered, as the component in question was the sunroof trim, which is excluded under the policy.

Mr M disagreed with this as the issue in question was the sunroof mechanism, and its failure would therefore be part of the warranty which covers mechanical breakdown.

Response of accredited business

The warranty administrator reiterated that Mr M’s policy only relates to mechanical breakdowns. However, the diagnosing garage confirmed the fault to be with the trim, which had no relation to an electrical or mechanical failure.

In response to Mr M’s dissatisfaction, the warranty provider instructed an independent assessor who confirmed that the faults related to the side trims, and pointed out the exclusion clause in the warranty policy document stating that trims are indeed not covered.

Adjudication outcome

The Motor Ombudsman adjudicator was not presented with any supporting evidence to the contrary of that which was made available to the business and the independent assessor. As warranties are a legally binding contract, the adjudicator reiterated that the terms and conditions of the warranty would apply. Without any evidence to corroborate Mr M’s contentions or which was contrary to that of the business and the independent assessor, the adjudicator could not uphold the complaint in favour of the consumer.

However, if Mr M was able to supply any evidence confirming the sunroof mechanism had failed, the case could be reviewed once again by The Motor Ombudsman.
Consumer’s claim

Vehicle age: 9 years old
Vehicle mileage: 51,000

Mr N’s suspension dropped on his vehicle due to a faulty ride level sensor, and therefore, his car had to be recovered to a business. Mr N was unable to get through to the warranty administrator to report the problem, and did not receive a response to his calls or e-mails.

The business confirmed that the sensor was not covered by the warranty, but Mr N requested that the warranty administrator paid for the repair under his policy.

Response of accredited business

The warranty administrator confirmed that the sensor was not listed as a covered component in the warranty and referred The Motor Ombudsman adjudicator to the terms and conditions of the policy.

However, the business also accepted that they fell short of the usual standards of customer service, and subsequently offered a 50% refund of the costs incurred by Mr N to repair the sensor.

Adjudication outcome

The Motor Ombudsman adjudicator was asked to consider two aspects in this case. Firstly, the breach of the warranty contract in terms of the sensor which had failed, and secondly, the poor customer service.

In relation to the warranty claim itself, and based on the terms and conditions presented which confirmed that the sensor was not covered, the adjudicator was not able to uphold this aspect of the complaint in favour of the consumer.

However, the adjudicator did recognise that the warranty administrator had not demonstrated a high level of customer service and advised Mr N that this will be logged against the business. Although the adjudicator was not able to make any financial awards, a recommendation of goodwill was made which was accepted by Mr N in full and final settlement of the complaint.
**Consumer’s claim**

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Mr O purchased a used vehicle in 2015 with 75,000 miles on the clock. At the point of sale, he also took out an extended warranty which would cover the cost of any major mechanical faults for a period of three years. The car had a full service history, which Mr O continued to maintain during his ownership. In April 2017, there was a sudden noise from the engine, and it subsequently shut down.

The car was recovered to a local garage who contacted the warranty company for the authorisation of diagnostics. The diagnosis was authorised and they discovered that the catastrophic and sudden engine failure had been caused by a faulty big end bearing, which led to the connecting rod ‘banging’ against the crankshaft. Mr O was told that this wasn’t normal wear for a well-maintained engine, but the warranty company’s assessor concluded it was wear and tear, and the claim therefore wasn’t covered by the policy. Mr O instructed his own engineer who said the bearing had failed due to a localised lubrication failure, meaning that it was sudden. Mr O therefore wanted the warranty company to pay for the cost of his claim.

**Response of accredited business**

The warranty company said that due to the extent of the damage, they instructed an independent assessor to look at the vehicle. They concluded that the failure was caused by wear and deterioration, and therefore wasn’t covered under the terms of Mr O’s agreement. As the failure was not a sudden mechanical breakdown, the claim could not be authorised by the warranty administrator.

**Adjudication outcome**

The adjudicator upheld the complaint in favour of the consumer. The warranty company’s assessor had concluded that the wear to the bearing was most likely caused by poor oil quality or a low oil level, but the vehicle also had a full service history in-line with the vehicle manufacturer’s specifications, so this seemed unlikely. Additionally, no explanation had been provided for why one bearing had worn to such a large extent, but the other five bearings had not. As such, the adjudicator said the claim should be paid. The warranty company disagreed as the bearing was still worn, regardless of the cause of this, and if it was prematurely worn, this would most likely be a manufacturing defect which was also not covered.

**Ombudsman’s final decision**

The Ombudsman’s final decision supported the adjudication outcome. Whilst the bearing was worn, Mr O’s assessor believed this to be due to the oil supply being interrupted – meaning it hadn’t been subject to normal wear and tear and its condition would be the result of a sudden fault. As such, it was important to look at the cause of the wear. In doing so, Mr O’s assessor’s opinion was more credible because the vehicle had a full service history.

This however cast doubt on the warranty company’s assessor and their conclusion that the bearing had failed due to poor maintenance. Additionally, a sudden failure seemed logical in explaining why only one bearing had failed and the other five were in excellent condition. The warranty company was instructed to assess the consumer’s claim and to pay Mr O up to the limits of the policy for the repair. Both parties accepted the Ombudsman’s decision and the case was closed.
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