

# Independent Compliance Assessment Panel (ICAP)

Annual Compliance  
Report 2019



**THE MOTOR  
OMBUDSMAN**

A man in a dark suit and tie stands on the right, holding a black clipboard and looking towards a man and a woman on the left. The man and woman are dressed in light blue shirts and dark trousers, looking at each other. They are in a car dealership with a red car in the foreground and a white car in the background.

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# Managing Director and Chief Ombudsman's foreword



**Bill Fennell**  
Managing Director

Mirroring the trend seen in recent years, the volume of cases and contacts handled by The Motor Ombudsman once again increased significantly in 2019. We answered in excess of 56,000 phone calls from consumers throughout the 12-month period and processed nearly 35,000 e-mails. To put this into perspective, this equates to a combined average of 250 contacts from motorists every single day of the year.

To ensure that we continue to provide an efficient service to our accredited businesses, and deliver case outcomes to consumers within the shortest possible timescales, we invested heavily in both our workforce and IT infrastructure in 2019. The result of this is that our adjudication and ombudsman teams grew significantly, whilst we also introduced new back office systems to enable us to provide even more detailed information to both business and consumers, a programme that will see further upgrades in 2020.

Looking back at other notable developments for our organisation during 2019, we commemorated the 10-year anniversary of the introduction of the Motor Industry Code of Practice for Vehicle Warranty Products, launched under our previous banner of 'Motor Codes'. With around 70% of vehicle warranty providers now accredited to The Motor Ombudsman, this means our Code of Practice covered circa two million policies sold in 2019, demonstrating the influential role that the Code has in providing a safety net for today's businesses and consumers.

We also continued to work closely with the Department for Business, Energy & Industrial Strategy (BEIS) to provide input for their forthcoming White Paper on the future of Alternative Dispute Resolution (ADR). This report is looking at whether all automotive businesses will be obliged to appoint and use a dispute resolution provider going forward, thereby offering even greater protection to consumers when they purchase any kind of automotive product or service.

Turning our focus towards the coming 12 months, our vision for the start of the new decade will be to expand and consolidate our position in the ADR arena. This will see us evolving the remit of our Codes of Practice and continuing to pursue our programme of ongoing investment in both our staff and systems, thereby benefiting motorists, as well as organisations operating in the motor industry.

I would like to take this opportunity to thank the Panel for their support and hard work throughout 2019, but specifically Judith Turner, Deputy Chief Ombudsman at The Furniture Ombudsman, as well as Jon Walters, Consumer Service Delivery Manager at Citizens Advice. They have proved highly valued members during the past few years and have sadly stepped down from The Motor Ombudsman's Independent Compliance Assessment Panel. However, I am pleased to welcome Sarah Terrey, the Senior Improvement Officer at the Parliamentary and Health Service Ombudsman to the Panel, and I look forward to working with Sarah and the other members as they scrutinise the work of The Motor Ombudsman in 2020 and beyond.

## ICAP Chairman's foreword

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**Tim Milsom**  
ICAP Chairman

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A handwritten signature in black ink, appearing to read 'Tim Milsom', written over a light blue circular background.

It has been another busy year for The Motor Ombudsman, an organisation which has seen an increase in staffing levels across the different departments to manage the rising workloads. During 2019, ICAP has become more streamlined and effective by improving its case monitoring procedures and revising its terms of reference to reflect its function and purpose. This process has included reviewing the diversity of experience and representation of members of the Panel, and ensuring compliance with the requirements of the Ombudsman Association (OA), the Chartered Trading Standards Institute (CTSI), the Consumer Codes Approval Scheme (CCAS) and ADR Regulations.

As technology in the motor trade makes even larger strides, and dealers and vehicle manufacturers attempt to second-guess the demise of the internal combustion engine, The Motor Ombudsman has added to the resources on its website to reflect and keep up with the ever-evolving landscape. For example, it launched a new search facility on its Garage Finder for consumers to find accredited businesses servicing and repairing electric vehicles, and introduced a section dedicated to zero emission cars on its hugely popular online Knowledge Base.

From an organisational point of view, our members change from time to time, and this year has been no different. In fact, we welcomed a new panellist towards the end of 2019, and I would like to sincerely thank all members, past and present, who have made a significant contribution to ICAP.

As in previous years, my role as Chairman has continued to focus on the decisions made by The Motor Ombudsman to ensure that they are timely, fair and impartial, and adhere to our rules of transparency, fairness, professionalism and communication contained in our quality assessment framework.

The following report provides evidence of our work in ensuring that The Motor Ombudsman maintains its objectives, and shows annual data from previous years for the purpose of comparison.

# SECTION 1: Introductions

## 1.1 The Independent Compliance Assessment Panel (ICAP)

### ICAP remit

Meeting three times a year, the Panel is tasked with monitoring the effectiveness of The Motor Ombudsman, through the review of annual performance data, the analysis of accredited business performance and compliance issues, as well as the application of sanctions should they be required.

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

### Panel Members

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



**Tim Milsom**  
Chairman

Tim Milsom is an independent Trading Standards motoring consultant and an experienced automotive industry professional. Tim was formerly the director of an award-winning independent garage for over 27 years. He also specialised in Trading Standards and Regulatory Compliance within the automotive sector, and brings experience in product safety, compliance, risk management and stakeholder engagement. Tim has developed Trading Standards business support / business education initiatives including guidance and advice, training and professional development, and other business support programmes relating to regulatory activities.

Furthermore, Tim served as a Used Car Commission member, a government commissioned project to examine the root causes of complaints in the used car industry. It involved the liaison with a broad spectrum of commission members, the gathering and analysis of their input, and contributing to the drafting and development of reports.



**Paul Swindon**  
Vice Chairman

Paul Swindon is the Head of Governance & Compliance at the Bingo Association and its group of companies, which represents 100% of all licenced land-based Bingo operators in Great Britain. Forming part of the senior management team, Paul is responsible for ensuring that the Association and its Members continue to remain fully compliant within one of the most highly regulated industries in the UK, and consumer protection is at the very heart of that. He sits on a number of external stakeholder groups, including a committee at The Bank of England, and regularly liaises with The Gambling Commission, the Department for Digital, Culture Media & Sports (DCMS) and other influential Government departments.

Paul has a wealth of experience within the consumer landscape, having previously been responsible for an industry-wide ADR scheme and a Consumer Code of Practice, both approved by CTSI.

Paul has been a committee member of ICAP since 2015 and is proud to hold the position of Vice Chairman.



**Frances Harrison**

Frances is a non-executive board member of The Motor Ombudsman. In addition, she serves as an Independent Advisory Member of the Commission for Local Administration in England, which oversees the Local Government and Social Care Ombudsman. Frances is also a board member of the Consumer Code for Home Builders, a member of the Finance and Leasing Association's Lending Code Group, Chair of Brighton and Hove Citizens Advice, an Independent Complaints Reviewer for The Registry Trust, a trustee for Emmaus Sussex, and a policy adviser to the training organisation, Developing Youth Practice.

In the past, Frances has served as a member of the Legal Services Consumer Panel and the Financial Services Consumer Panel, and worked for the National Consumer Council as Head of Policy Research and Development, the National Association of Citizens Advice Bureaux providing support for local bureaux in consumer law and practice, and for local authorities where she managed consumer advice services. She chaired the Consumer Congress and the Institute of Consumer Affairs, and has represented consumers on a range of government and trade body working groups.



**Duncan MacRae**

Duncan MacRae is a registered consultant, as well as continuing to work within the motor industry at a senior management level within the vehicle movement and inspection sector.

Duncan worked for many years at The Automobile Association, serving in a variety of positions. During his tenure, he oversaw various operations including the management of the Supplier Network Management department, the Garage Approval programme within the UK, the AA brand within the UK, Police National Vehicle Recovery Schemes and the Dealership Quality Standards Programme.

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



**Tim Roberson**

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

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

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



**Sarah Terrey**

Sarah Terrey is a Senior Improvement Officer at the Parliamentary and Health Service Ombudsman, leading its Service Model and casework policy and guidance. She has been working at the office for almost a decade, initially across a range of casework roles, before moving into her current position five years ago.

Sarah has also represented her office at the Ombudsman Association's casework interest group for the past four years. As part of this role, she has presented with other association members on casework topics at two annual conferences.

## 1.2 The Motor Ombudsman

### 1.2.1 Overview

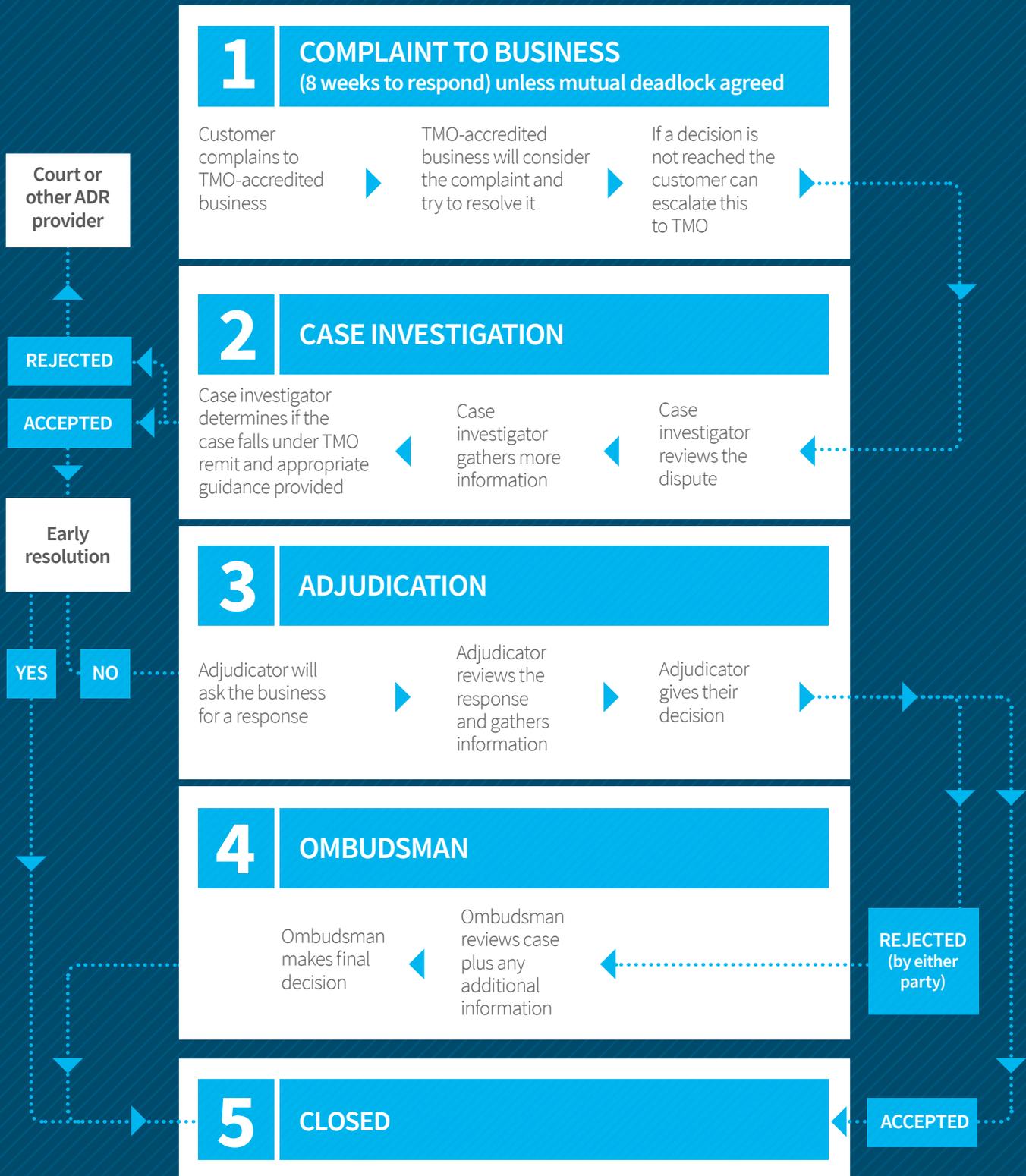
The Motor Ombudsman (TMO) is the automotive dispute resolution body. Fully impartial, it is the first Ombudsman to be focused solely on the automotive sector, and self-regulates the UK's motor industry through four comprehensive Chartered Trading Standards Institute (CTSI)-approved Motor Industry Codes of Practice<sup>1</sup> 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.



<sup>1</sup> [www.themotorombudsman.org/consumers/our-codes-of-practice](http://www.themotorombudsman.org/consumers/our-codes-of-practice)

### 1.2.2 The Motor Ombudsman’s Alternative Dispute Resolution (ADR) process<sup>2</sup>

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.



<sup>2</sup> Refer to Section 2 for the definition of terms included within the flowchart.

### 1.2.3 Benefits of The Motor Ombudsman for consumers

The Motor Ombudsman offers consumers the following key benefits:

- ✓ A clear channel and single point of contact for all motoring-related disputes
- ✓ Free access to the Alternative Dispute Resolution (ADR) and ombudsman service, which is all in-house from start to finish
- ✓ Guidance through the entire dispute resolution process to get a fair and impartial outcome
- ✓ Avoids the need for increased detriment through costly legal and court appearance fees
- ✓ Increased confidence and peace of mind when buying or servicing a car that the accredited business is meeting high standards of service and workmanship
- ✓ A Code of Practice portfolio that covers the entire customer purchase and vehicle ownership experience
- ✓ The ability to search for a local garage / dealership that is accredited to the Service and Repair and / or Vehicle Sales Codes
- ✓ First-hand customer reviews and ratings on the online Garage Finder to make an educated decision when choosing a garage
- ✓ The Motor Ombudsman website provides a valuable resource for motoring-related information on topics, such as vehicle maintenance and components
- ✓ 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
- ✓ The ability to consult over 100 informative articles on The Motor Ombudsman's Knowledge Base relating to its four Codes of Practice, car ownership and electric vehicles prior to submitting a case



### 1.2.4 Benefits of accreditation to The Motor Ombudsman for businesses

Accreditation to The Motor Ombudsman offers businesses the following key benefits<sup>3</sup>:

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

<sup>3</sup> [www.TheMotorOmbudsman.org/garages/tmo-accreditation/benefits-of-joining](http://www.TheMotorOmbudsman.org/garages/tmo-accreditation/benefits-of-joining)

## 1.2.5 2019 activity highlights by month

### January

- ✓ TMO launched its new online **Knowledge Base** to help customers prior to raising a dispute.
- ✓ TMO **recruited** a new case investigator, customer service team leader, adjudicator and ombudsman.

### February

- ✓ **DS Automobiles** joined the New Car Code.
- ✓ Bill Fennell chaired his first **Code Sponsors Panel** meeting.
- ✓ TMO launched a **Valentine's Day** campaign to encourage garage reviews.

### March

- ✓ TMO introduced its new "**TMO Talks To**" short interviews website feature on International Women's Day.
- ✓ TMO ran a **YouGov** poll, which found that only 53% of car owners were aware they could extend a warranty.

### April

- ✓ Members of **ICAP** met with TMO.
- ✓ Bill Fennell presented the 'Extra Mile' trophy at the **Servicesure** awards.
- ✓ TMO met with **BEIS** to give input to their ADR White Paper.

### May

- ✓ TMO unveiled its "**Talk2Resolve**" campaign to encourage consumers to speak to businesses to try to solve their disputes.
- ✓ Bill Fennell and Natasha Gasson went to the **OA's** annual conference in Belfast.

### June

- ✓ TMO's Consumer Contact team took over **100 calls** in one day, the busiest ever eight-hour period in the first six months of the year.
- ✓ Bill Fennell judged the entries for the **2019 MotorTrader Awards**.

### July

- ✓ TMO celebrated the 10th anniversary of the public launch of the **VWP Code**.
- ✓ TMO won the 2019 **TyreSafe** Online and Social Media award.
- ✓ Members of **ICAP** met with The Motor Ombudsman.

### August

- ✓ TMO ran its "Share your views this summer" **social media campaign**.
- ✓ TMO's adjudicators completed their 'Professional Award in Ombudsman and Complaint Handling Practice' from Queen Margaret University.

### September

- ✓ TMO added a new course on **distance sales** to its online training portfolio.
- ✓ **Four new team members** joined the Dispute Resolution team. TMO also welcomed a new HR and Engagement Specialist.

### October

- ✓ The Knowledge Base recorded over **100,000 article views** in the first nine months of the year.
- ✓ The **Constitution** for ICAP members was revised.

### November

- ✓ The Garage Finder was upgraded with a new **electric vehicle servicing** search function.
- ✓ TMO launched its first staff intranet.
- ✓ Members of **ICAP** met with The Motor Ombudsman.

### December

- ✓ TMO handled **90,718** contacts and **6,116** cases during the year.
- ✓ TMO announced its **2020 vision**, the priorities for the next 12 months, in line with the strategy set out in its latest five-year plan.

## 1.3 Annual consumer and business survey results

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

### 1.3.1 Consumer brand awareness survey highlights

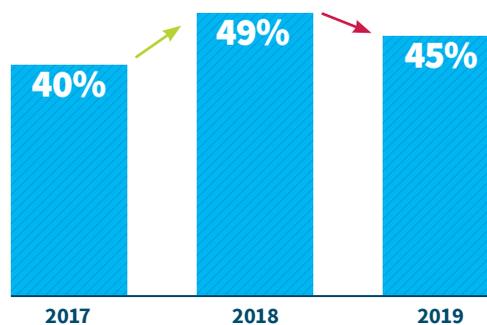
#### Background

2019 marked the third year that The Motor Ombudsman has carried out a consumer awareness study since the organisation launched in November 2016. This year's research was conducted online via a third party, using an independent panel of consumers in the UK. A total of 1,000 responses were received from a representative geographic sample, with an equal split of male and females across a range of ages above 18 years old.<sup>4</sup> The sample required the respondent or their household to own a car, and 99% of participants stated that they had a driving licence.

#### Key findings

- ▶ **Consumer awareness decreased from 49% in 2018 to 45% in 2019, but was still higher than the figure recorded two years ago (the first full year of The Motor Ombudsman)**

Consumer awareness of The Motor Ombudsman (2017 - 2019)



In 2019, 45% of individuals surveyed were aware of The Motor Ombudsman, a decrease from the 49% figure seen in 2018. Although awareness was higher in 2019 compared to 2017, the most recent year-on-year fall in consumers knowing or having heard about The Motor Ombudsman was probably due to a reduced spend on social media and online advertising during the 12-month period. In addition, there was a higher number of consumers that had had a complaint in the 2018 sample than in 2019.

- ▶ **Versus previous years, awareness of The Motor Ombudsman was lower in 2019 amongst men, but higher amongst female consumers**

Awareness of The Motor Ombudsman amongst male and female consumers (2017 - 2019)



Overall awareness of The Motor Ombudsman amongst men and women was very similar in 2019, with only a 1% difference between the sexes. However, fewer male respondents were aware of The Motor Ombudsman in 2019 compared to 2018 (45% versus 58%), but this was still higher than in 2017 (41%). Conversely, more female consumers were aware of The Motor Ombudsman than during the previous two years (44% in 2019 compared to 42% in 2018 and 43% in 2017).

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

► **Consumers in the 18 to 24 age bracket were the most aware of The Motor Ombudsman in 2019**

Awareness of The Motor Ombudsman was highest amongst the 18 to 24 age group (58%). This is in contrast to 2018, where 64% of 25 to 34 year olds were the most familiar with the organisation. Those aged 45 years were the least likely to know about or to have heard of The Motor Ombudsman in 2019.

► **More consumers in 2019 valued the added reassurance of using a Motor Ombudsman-accredited business**

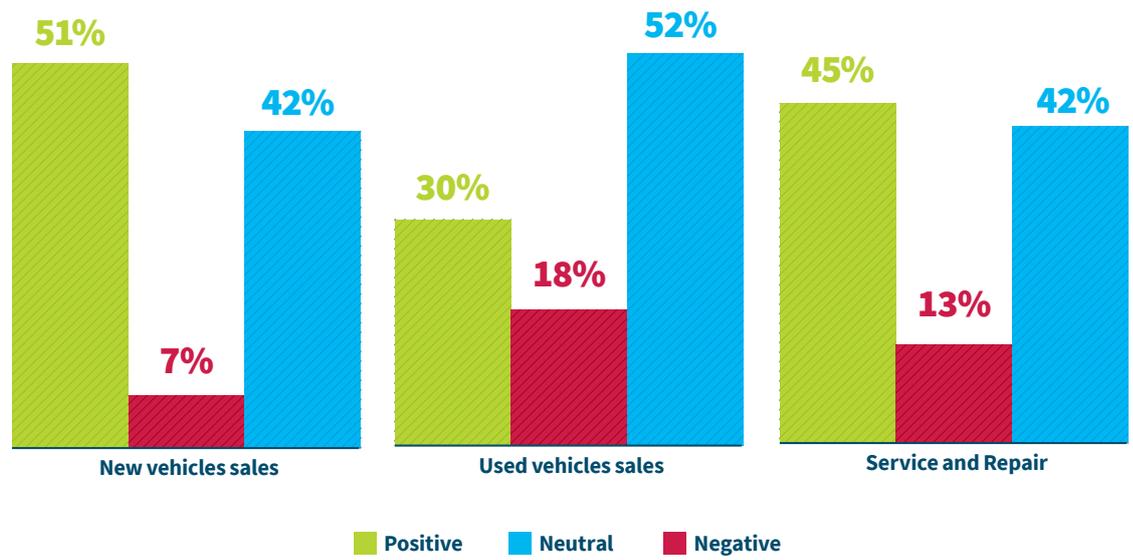


The Motor Ombudsman’s study of 1,000 consumers revealed that just over four out of five people (82%) would feel more confident using a business that is accredited to The Motor Ombudsman for their vehicle purchase, service or repair in 2019. This is a very slight rise compared to last year’s figure of 81%, and encouragingly, is only 2% down on the level recorded in 2017, the first full year of operation of The Motor Ombudsman.

► **The new vehicle sales sector was viewed by consumers as the most positive area of the automotive industry**

When questioned about how consumers viewed different areas of the automotive industry, the new vehicle sales sector received the highest proportion of responses in the ‘positive’ category compared to the used car and service and repair sectors.

**View of the automotive industry by sector in 2019**  
(Percentage of consumers who answered in each category)



## The new vehicle sales sector

2019 marked the first time that The Motor Ombudsman asked consumers for their view of the new car sales sector, and just over half (51%) of respondents considered the new vehicle sales sector to have a positive image.

Women had a less positive opinion of the new car sector than men (48% of females versus 53% of males). When broken down by age, those in the 18 to 24 bracket were far more encouraged about this area of the motor industry, with 62% expressing a positive opinion, whilst only 7% of people in this age category had a negative view. Conversely, those in the 35 to 44 age bracket were the most negative, with 10% of individuals feeling discouraged. Reasons for the adverse ratings related to the high prices of new cars and the quick drop in value after purchase (i.e. the depreciation), as well as pushy sales techniques for customers to add extra cost options to their vehicle.

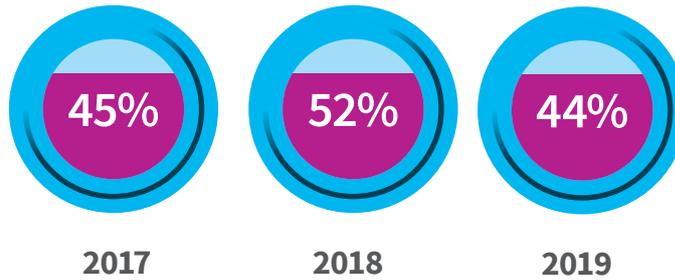
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## The used vehicle sales sector

The used vehicle sales sector was viewed far less positively year-on-year, with just 30% of respondents overall having a positive image, down from 41% in 2018. Women were more upbeat than men (34% versus 25% of respondents), and in terms of age, the younger generation of 18 to 24 year olds were the most positive age group (54%), with just 7% holding a negative view. Conversely, 35 to 44 year olds, and those in the 55+ age brackets, were the most discouraged, with around a fifth of respondents in these groups not feeling upbeat about the sector. Reasons for the negative ratings related to people feeling as though they were being misled about the history and condition of the car, not knowing whether they could trust the seller, pushy sales techniques, as well as stories of bad experiences from others.



## The service and repair sector



In 2019, just under half of the respondents surveyed (44%) had a positive view of the service and repair sector, mirroring the statistic of 45% seen in 2017.

It is also a decrease from 52% in 2018, the highest figure of the last three years. On balance, male respondents were slightly more negative about this area of the automotive industry than their female counterparts (15% versus 11%). Reasons for this pessimistic view included consumers not understanding what needed to be repaired, and having a fear of being ripped off or being overcharged for unnecessary work.

In addition, 18 to 24 year olds were the most encouraged about the sector, with nearly three quarters (72%) of respondents in this age group feeling positive about the service and repair area of the industry. Nearly half of individuals (49%) in the 25 to 34 age bracket were also encouraged by what they had seen in the sector.

► **Less consumers made a complaint in 2019 compared to the year before**

In total, **43%** of respondents said they had made a complaint to a business, this was lower than the 49% recorded last year, but in line with the figure seen in 2017 (also 43%). For 22% of the individuals that had a complaint, it related to a service or repair issue, whereas 13%

had a problem about a new car under warranty. In addition, 13% had a concern with a used car purchase, and for 5% of survey participants, the complaint originated from buying a new vehicle.

► **Fewer customers had their complaints resolved than in 2018**

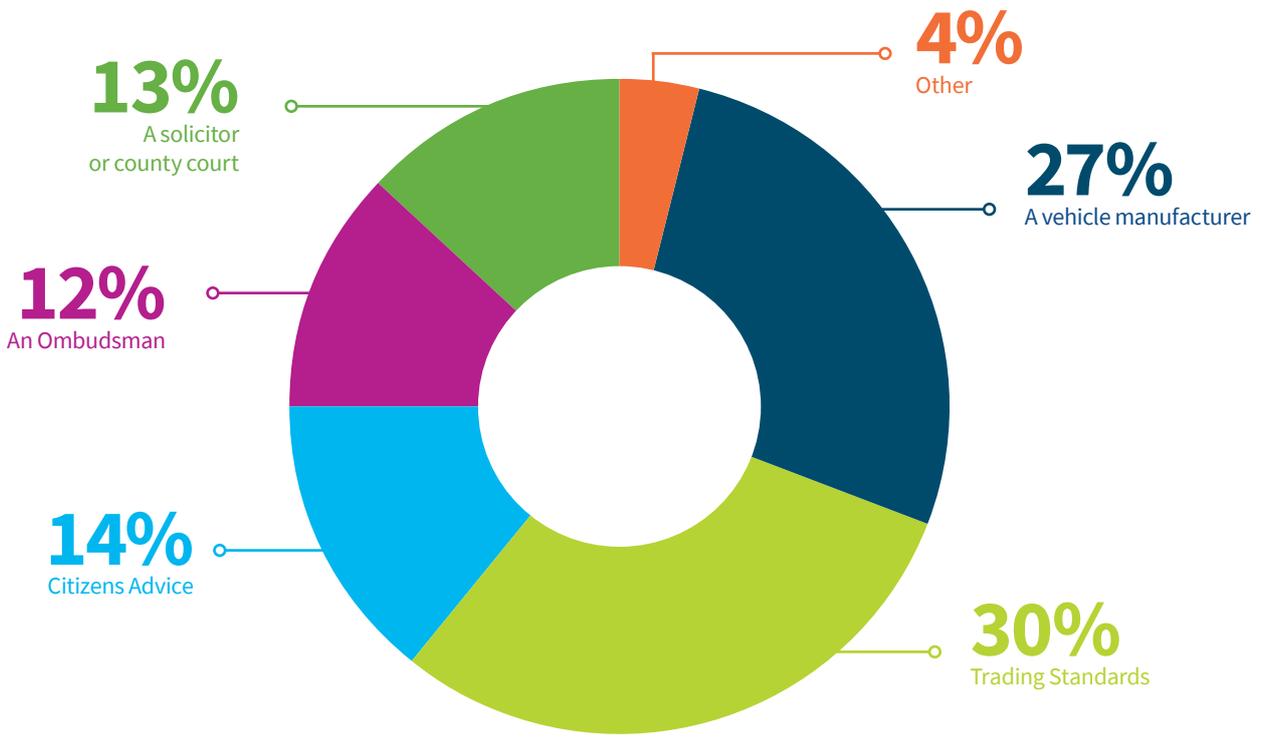
For the consumers who made a complaint in 2019, **12%** said that it had not been resolved, which is an increase on last year's figure of 7%. The majority had their problem concluded directly with the garage or dealership (69% compared to 75% in 2018). For 15%, the problem was resolved by the manufacturer (versus 16% in 2018), whereas 4% had their issue successfully concluded by a third party, an increase of 2% on last year.

► **Individuals were more likely to escalate an unresolved issue to Trading Standards than any other body in 2019**

The survey also found that the majority (30%) of consumers would take their unresolved complaint with a garage or car dealership to Trading Standards over any other organisation, including Citizens Advice (14%) and an Ombudsman (12%). This is in contrast to 2018, where a vehicle manufacturer (28% of participants) was considered to be the best port of call to sort out an issue.



### Where consumers were most likely to take their unresolved dispute with a garage or car dealership in 2019



► **Nearly half (41%) of consumers valued the existence of The Motor Ombudsman i.e. it provided someone to turn to if they could not resolve a dispute directly with a garage or car dealership**

This figure is the same as that seen in 2018, but marginally lower than that witnessed in 2017 (52%). In addition, just over a quarter (27%) of respondents valued the peace of mind that the body helps to drive up standards across the industry (compared to 29% in 2018 and 24% in 2017). In addition, 14% felt that an Ombudsman for the motor industry was important because it is not a sector that is regulated, up from 12% last year and 9% in 2017.

#### Key conclusions drawn from the 2019 consumer awareness survey data:

- ✓ Awareness of The Motor Ombudsman fell very slightly from 49% to **45%**.
- ✓ Consumers in the **18 to 24** age bracket were the most aware of The Motor Ombudsman.
- ✓ In 2019, **more** people valued the added reassurance of using a Motor Ombudsman-accredited business than in 2018.
- ✓ The **new vehicle sales sector** was viewed by consumers as the most positive area of the automotive industry.
- ✓ **Fewer** customers had their complaints resolved at point of service than in 2018.



### 1.3.2 Consumer satisfaction survey highlights

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

Satisfaction data is collected from The Motor Ombudsman's website-based survey tool, which asks customers that

have used an accredited business to rate independent garages and franchised dealers on various aspects, such as the quality of the work and the booking process. The Motor Ombudsman also receives data from surveys that vehicle manufacturers and independent garage groups conduct with their customers in relation to their satisfaction of the work and service provided, and the likelihood of them recommending the business.

The feedback received is available for all to see on the business profile pages on The Motor Ombudsman's Garage Finder. This is a valuable tool for businesses to demonstrate their credibility and high standards, as well as offering the customer the opportunity to select a garage that best suits their needs.

### Summary of results from vehicle manufacturer and independent garage group surveys

The results from the questions about a consumer's overall satisfaction with the business and their likelihood to recommend it come from surveys conducted by vehicle manufacturers and independent groups.

Category	Satisfaction levels			
	2017	2018	2019	Diff (2019 v 2018)
Overall satisfaction of the work and service provided by an accredited business	93%	92%	92%	■
Likelihood to recommend an accredited business	95%	90%	92%	▲
<b>TOTAL NUMBER OF SURVEYS SUBMITTED</b>	<b>168,523</b>	<b>200,356</b>	<b>53,133</b>	▼

The most notable difference between 2019 and 2018 has been the difficulty in obtaining satisfaction data from vehicle manufacturers about their service and repair networks. The reasons for the significant year-on-year drop in the number of surveys received (i.e. a reduction of nearly 150,000), may be mainly attributed to the impact of the General Data Protection Regulations (GDPR) and OEMs moving away from Net Promoter Score methodology to other means of measuring customer satisfaction with their dealers.

However, overall satisfaction with accredited businesses remained consistently high in 2019 at 92%, which is in line with what was achieved in 2018. The likelihood of recommending the garage to friends and family that serviced and / or repaired their vehicle was also 92%, up from 90% in 2018. This is positive to see, although it hasn't bounced back up to the score of 95% achieved in 2017. This therefore demonstrates that there is still work to be done in the service and repair sector to continue to both meet and exceed customer expectations.

### Summary of results from surveys completed on The Motor Ombudsman website

The Motor Ombudsman asks a wider range of questions about the experience and the service received by consumers. They cover areas, such as the booking process, the quality of work, as well as the information and level of customer service provided. During 2019, The Motor Ombudsman received 861 survey submissions through its website, up from 747 the previous year, which is a positive development.

Category	Satisfaction levels			
	2017	2018	2019	Diff (2019 v 2018)
Overall quality of work carried out	98%	99%	98%	▼
Level of customer service	98%	99%	98%	▼
Booking process	98%	98%	98%	■
Information provided	98%	98%	98%	■
<b>TOTAL SURVEYS SUBMITTED</b>	<b>644</b>	<b>747</b>	<b>861</b>	▲

### Overall customer satisfaction with the quality of work by accredited businesses (2017 - 2019)



The overall satisfaction with the quality of work carried out by the businesses has dropped by one percentage point from 99% in 2018 to 98% in 2019, and was in line with the result seen in 2017. Although this is still a high score, it demonstrates the importance that businesses need to continue to focus on providing the very best level of service, with procedures in place to ensure that servicing and repairs are carried out to the highest standard.

Satisfaction with the customer service offered has also seen a slight decrease from the very high score of 99% in 2018 to 98% in 2019. Again, although this continues to be a high satisfaction score, businesses need to continue to meet the high standards that consumers expect.

The vast majority of consumers have continued to score the process used by a garage to book in their vehicle for routine maintenance and ad hoc repair work highly. This is illustrated by a figure of 98%, which has remained unchanged since 2017. Furthermore, individuals are equally very satisfied with the level of information that the business provided them with, shown by a consistent score of 98% since 2017.

### Customers are also invited to leave a written review about their experience, which is published on the online Garage Finder profile of the business if they have provided consent to do so.

The following is a snapshot of the consumer reviews that have been left:

*“From the first telephone call to the final drive away from the garage, Kinghams provided excellent customer service. I felt like a valued customer even in the short interactions I had with the team. It was so nice being looked after so well.”*

*Customer of Kinghams of Croydon*

*“I felt I had been mistaken for royalty from the moment I booked in my car in to the time I collected it. The icing on the cake was being offered the complimentary wash and vac. The car (and myself) felt completely refreshed from this experience. I can’t wait for the next service! Will definitely recommend and consider them for my next car.”*

*Customer of Bristol Street Motors*

*“A fantastic friendly family garage. Always prompt and give great information on work completed and anything else that may need looking at the future.”*

*Customer of Ferris Garage*

### 1.3.3 Consumer complaints about The Motor Ombudsman

In 2019, The Motor Ombudsman received a total of **87** complaints from consumers. This was a small increase of 14% versus 2018 (76), but an 89% rise when compared to 2017 (46). However, as a percentage of total contacts received, the proportion of complaints was slightly lower at 0.10% relative to that in 2018 (0.13%) and 2017 (0.11%).

Conversely, as a percentage of total cases, complaints fell from 1.70% in 2018 to 1.42% in 2019, a difference of 0.65% when compared to 2017 (2.07%).

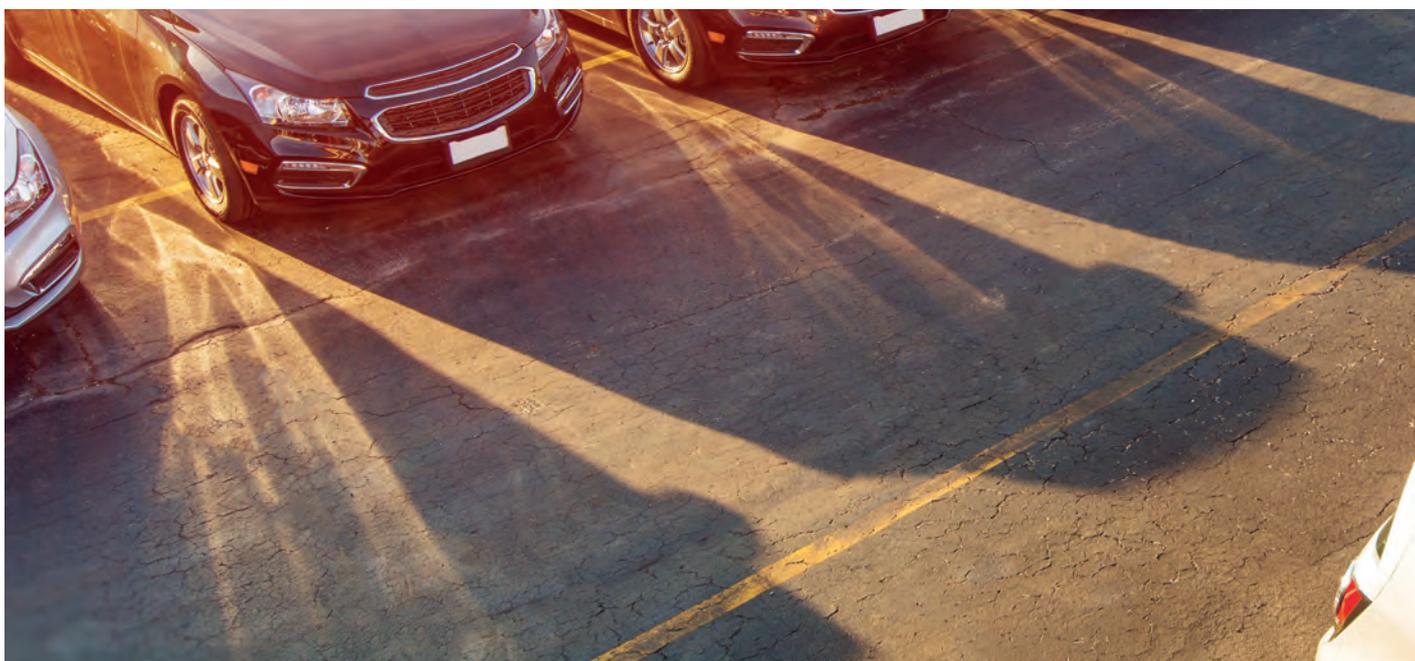
#### Contact, case and consumer complaint volumes

	Total contact volume handled by TMO	Total case volume handled by TMO	Total consumer complaints received
2019	90,718* (+ 51% v 2018)	6,114 (+ 37% v 2018)	87 (+ 14% v 2018)
2018	59,925* (+ 41% v 2017)	4,456 (+ 101% v 2017)	76 (+ 65% v 2017)
2017	42,553*	2,214	46

\*Total contacts include requests for information from businesses

#### Consumer complaints as a proportion of total contacts and cases

	Complaints as a percentage of total contacts received	Complaints as a percentage of total cases handled
2019	0.10% (-0.03% v 2018)	1.42% (-0.28% v 2018)
2018	0.13% (+0.02% v 2017)	1.70% (-0.37% v 2017)
2017	0.11%	2.07%



## Reason for consumer complaints by stage (2019 v 2018 and 2017)

Reason for the complaints about The Motor Ombudsman / stage	Year	Outcome	Process	Delay	Staff issue	Total
No. of complaints made at enquiry stage	2019	0	1	21	1	23
	2018	0	6	3	4	13
	2017	0	2	1	5	8
<b>Total for all 3 years</b>		<b>0</b>	<b>9</b>	<b>25</b>	<b>10</b>	<b>44</b>
No. of complaints made at early resolution stage	2019	0	0	0	0	0
	2018	0	0	0	0	0
	2017	0	0	0	0	0
<b>Total for all 3 years</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
No. of complaints made at adjudication stage	2019	9	2	35	1	47
	2018	10	9	17	10	46
	2017	15	10	5	6	36
<b>Total for all 3 years</b>		<b>46</b>	<b>25</b>	<b>58</b>	<b>19</b>	<b>129</b>
No. of complaints made at final decision stage	2019	3	0	13	1	17
	2018	10	2	1	2	15
	2017	0	2	0	0	2
<b>Total for all 3 years</b>		<b>13</b>	<b>4</b>	<b>13</b>	<b>1</b>	<b>34</b>
Total no. of complaints about the service	2019	12	3	69	3	87
	2018	20	17	21	16	76
	2017	15	14	6	11	46
<b>Total for all 3 years</b>		<b>47</b>	<b>34</b>	<b>96</b>	<b>30</b>	<b>207</b>

## For the 87 complaints received from consumers during 2019:



**79%** resulted from a delay in responding to consumers (up from 28% in 2018 and 13% in 2017)



**54%** of complaints arose at the adjudication stage (down from 83% in 2017 and 78% in 2018), 74% of which related to a delay



**27%** arose during the enquiry stage (up from 17% in 2018 and 2017)



**20%** of complaints occurred at the final decision stage (up from 4% in 2017)



**3%** related to the approach of staff (down from 21% in 2018 and 23% in 2017)

### 1.3.4 Negative consumer testimonials about The Motor Ombudsman

The following is a sample of negative testimonials from consumers who used The Motor Ombudsman's Alternative Dispute Resolution (ADR) service during the course of 2019, and logged a complaint about the handling of their case on Trustpilot. The table below also highlights the cause of the consumer's comments, as well as the actions that were taken by The Motor Ombudsman to help resolve the customer's concerns.

Consumer / Month review left on Trustpilot	Extract of complaint made by the consumer on Trustpilot	Reasons for the consumer's complaint about The Motor Ombudsman's service	Actions taken to address the consumer's concerns
<b>Mr. B</b> January 2019	<i>"Terrible email response time from TMO... if they respond at all. I have emailed numerous times with no response. In the latest email, I was told I would get a response as soon as the adjudicator got back from leave... this was over a month ago. Want this issue resolving ASAP as it has gone on far too long... I suspect at this rate it will be way past 12 months!!!!"</i>	<ul style="list-style-type: none"> <li>The consumer was given an estimated timeframe for their decision which wasn't met</li> <li>The adjudicator failed to respond in a timely manner to e-mails requesting an updated timeframe for a decision</li> <li>The consumer was upset about the time taken to review the case, and the lack of responsiveness from The Motor Ombudsman</li> </ul>	<ul style="list-style-type: none"> <li>The Motor Ombudsman responded promptly to the review and requested that the adjudicator responded to all outstanding e-mails from the consumer</li> <li>Following this, the case was passed to the senior adjudicator who successfully arranged a satisfactory resolution within the following month</li> </ul>
<b>Mr. H</b> March 2019	<i>"My case has now been with the Ombudsman since July 2017. In May 2018, the adjudicator ruled in my favour and the dealership appealed, meaning that my case was referred to the ombudsman. Since then, I have asked several times for updates on my case as it was dragging on and on. I even received an email just before Christmas apologising for the delay and assuring me that my case would be a top priority in the New Year and still nothing"</i>	<ul style="list-style-type: none"> <li>The consumer was unhappy with the time it took to reach a resolution to his case</li> <li>The adjudicator had partially upheld his complaint, but the business disagreed with the outcome</li> <li>The consumer felt the time taken from the initial adjudicator decision and appeal, to the issuing of a final decision by the ombudsman, was too long</li> </ul>	<ul style="list-style-type: none"> <li>The Motor Ombudsman responded to the review, and the consumer's case had been scheduled for a final decision the following month</li> <li>The case was again partially upheld in the consumer's favour by the ombudsman</li> </ul>
<b>Mr. T</b> April 2019	<i>"Terrible service. No response to complaint or answering the phone. Exceeding 90-day reply period by months. No reply to emails even though put on priority list? Pointless organisation. As pensioners, we will suffer a considerable financial loss if our complaint against major car manufacturer not addressed. TMO not fit for purpose and their marketing manager should be reading this"</i>	<ul style="list-style-type: none"> <li>The consumer was unhappy with the time taken to issue an adjudication decision, as they had received this beyond the 90-day period from when a business response is received by The Motor Ombudsman</li> <li>The consumer had not sent any e-mails to The Motor Ombudsman chasing a response, but the failure to reply to the consumer's e-mails formed part of their complaint</li> </ul>	<ul style="list-style-type: none"> <li>The Motor Ombudsman issued the decision to the consumer two weeks after the review being posted. At the time of being posted, the consumer's case was due to be assigned to an adjudicator to work on it</li> </ul>
<b>Ms. L</b> August 2019	<i>"That's now 1 year and I STILL do not have a decision. ...unbelievable!!"</i>	<ul style="list-style-type: none"> <li>The consumer was unhappy with the length of time taken by The Motor Ombudsman to issue a final decision</li> <li>They had waited longer than the allocated time for their case to be reviewed by an adjudicator, and this was prolonged due to the fact that the consumer appealed against the adjudicator's decision</li> </ul>	<ul style="list-style-type: none"> <li>The consumer's case was assigned in July for an adjudicator's decision, which was issued a week later</li> <li>However, they disagreed with the this, and the case was escalated to an ombudsman for a final decision</li> </ul>
<b>Mr. G</b> October 2019	<i>"This ombudsman service is not fit for purpose. It is advertised as somewhere a normal consumer can go to resolve motoring disputes, but I question whether there is anything more than a computer at the other end sending automated responses. It appears to be nothing more than a scheme, which garages pay to sign up to which then allows them to use the logo for credibility purposes. Where the money goes is anybody's guess"</i>	<ul style="list-style-type: none"> <li>The consumer was unhappy with the quality of service they had received up to the date of the review being posted in Trustpilot</li> <li>They had been waiting for the assignment of their case to an adjudicator, and prior to this, had only received automated updates, which did not answer some of the specific questions asked about The Motor Ombudsman's service levels and timescales for providing a decision</li> </ul>	<ul style="list-style-type: none"> <li>The Motor Ombudsman received the case in April 2019, but was not referred to a case investigator for six months, which prompted the Trustpilot review</li> <li>The Motor Ombudsman has since reviewed its automated emails following feedback from the consumer about the level of service the e-mails provided during the period they were waiting</li> </ul>

### 1.3.5 How complaints to The Motor Ombudsman are being addressed

The Motor Ombudsman recognised that there had been an increase in the amount of complaints in 2018 versus the year before across all areas of the organisation. Therefore, key steps were taken in 2019 to help improve service levels so as to reduce consumer and accredited businesses waiting times for their issues to be resolved. These included:

- ✔ Introducing the new role of case investigator to help with obtaining information from the business quickly;
- ✔ Increasing the size of the consumer contact, adjudication and ombudsman teams;
- ✔ Improving and developing the case management system, including reporting, to enable The Motor Ombudsman to have a better oversight of cases at all stages and to introduce new functionality;
- ✔ Upgrading the telephone system, giving people information at the right time, and allowing The Motor Ombudsman to answer more calls;
- ✔ Developing the online enquiry form, as well as making the process of complaining easier for consumers, and reducing the amount of time it takes to handle an enquiry; and
- ✔ Responding to Trustpilot reviews to understand the reason for customer complaints about The Motor Ombudsman, and to ensure that any issues are resolved in a timely manner.

Implementing key changes contributed to reducing the rise in complaints and resulted in only a small year-on-year increase in consumer complaints of only 14% when comparing 2019 to 2018. Real improvements in the timescales for the resolution of cases were also made, and this will remain a core focus throughout 2020, with various projects planned to further develop The Motor Ombudsman's dispute resolution service.

Pleasingly, complaints in all other areas, namely staff, process and outcomes, fell considerably. This echoed the improvement in training for new starters and existing staff, The Motor Ombudsman's commitment to fair and reasonable decisions, as well as the evolution of the case management process.



### 1.3.6 Positive consumer testimonials about The Motor Ombudsman

The following is a sample of positive Trustpilot testimonials from consumers who used The Motor Ombudsman's Alternative Dispute Resolution (ADR) service during 2019.

***"This is a fantastic service without which I would not have had a satisfactory outcome. The person that dealt with my case spent a great deal of time understanding and assessing the situation and could not have been more helpful or supportive."***

*(Ms. M, January 2019)*

***"I had a complaint regarding the performance of my car, and The Motor Ombudsman helped bring this to a satisfactory resolution. They were very thorough and kept me updated throughout the process."***

*(Mr. N, March 2019)*

***"I cannot fault The Motor Ombudsman service and I thank them very much for all their hard work, as without them we wouldn't have received the money in spite of buying the car from new from the same garage."***

*(Ms. W, May 2019)*

***"The Motor Ombudsman was extremely knowledgeable, helpful and efficient in handling the case, and reached a successful outcome. We highly recommend the service! Thank you very much!"***

*(Ms. C, July 2019)*

***"I received really clear guidance from every member of the team I spoke to at TMO, and had excellent support when submitting my case. The advice given was clear and impartial. Following the involvement of TMO, the issue was rapidly resolved. Involving TMO took all of the stress out of dealing with the dispute and it was handled in such a professional and sensitive way, that good relations have now been re-established between myself and the garage. An excellent result all round."***

*(Ms. C, August 2019)*



## SECTION 2: Code of Practice performance summary



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

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



**CONSUMER CONTACTS** are received by The Motor Ombudsman's Consumer Contact team, which can include a general query, and enquiries relating to live cases.



**EARLY RESOLUTIONS** are when complaints can be resolved simply with minimum intervention from The Motor Ombudsman.

The data reflected in the early resolution category is for the period 01st October to 31st December 2019. This is due to the introduction of more robust procedures in the last quarter of the year to speed up the resolution of less complex cases and to increase the percentage of disputes resolved at this initial stage of the ADR process.



**ADJUDICATION CASES** are raised if the business that a consumer has a dispute with is accredited to The Motor Ombudsman, the business has been given a maximum period of eight weeks to try to resolve the issue directly with the customer, and the complaint requires a formal decision.



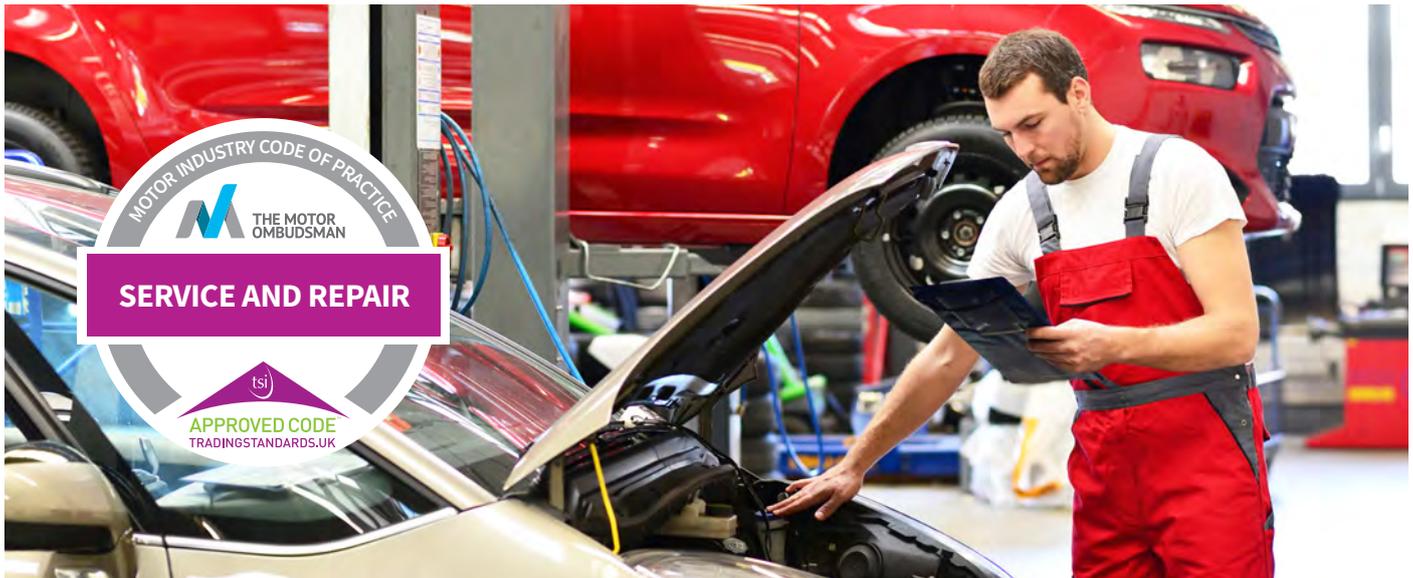
**FINAL DECISIONS** are only ever issued by the ombudsman, and are the last stage of The Motor Ombudsman's involvement in a case if a consumer or accredited business does not accept the outcome of the adjudicator.

A final decision is made independently from the adjudicators by looking at all the facts of the case, and is binding if the consumer chooses to accept it.



**ESCALATION RATE** is the proportion of consumer contacts that become adjudication cases.

## 2.1 Service & Repair Code



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

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 2019.

### 2.1.1 Service and Repair Code performance data

Accredited businesses	2017	2018	2019	Trend (2019 v 2018)
Consumer contacts	10,863	13,859	13,714	▼
Early resolutions*	7	4	10	▲
Adjudication cases**	566	1,098	1,799	▲
Ombudsman final decisions	59	89	62	▼
Escalation rate (Contacts to cases)	5%	8%	13%	▲

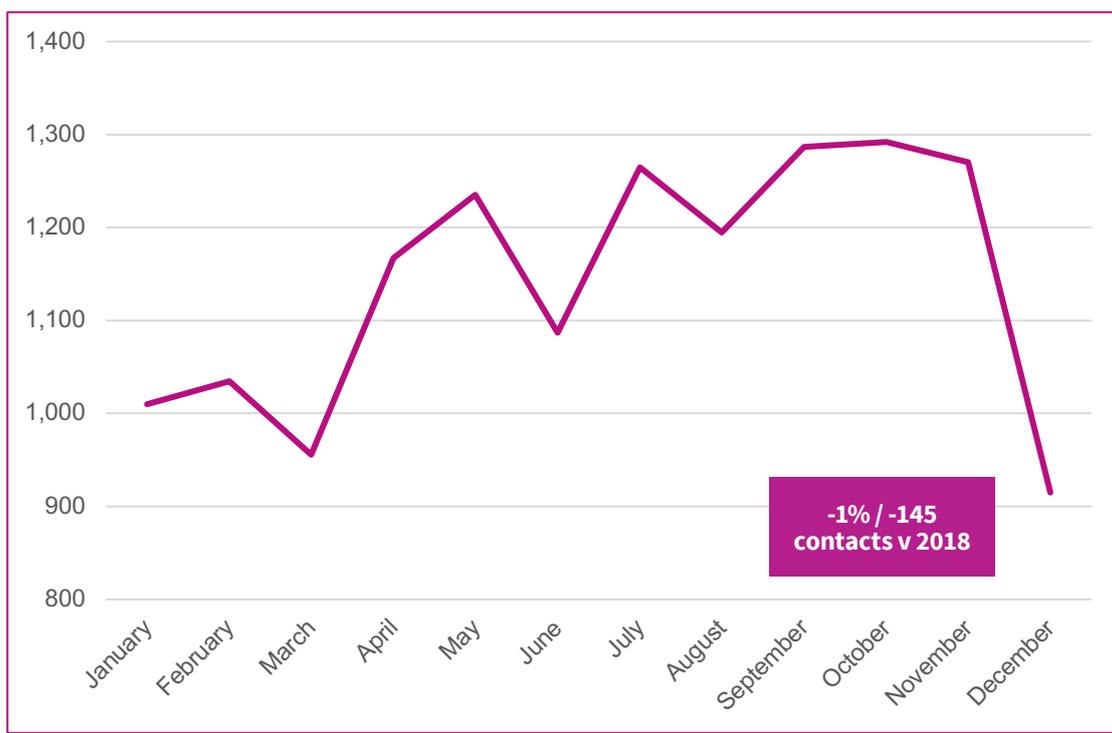
\* For the period 01st October to 31st December 2019 only.

\*\* The adjudication cases figure relates to the volume of cases passed to the case investigation stage for review.

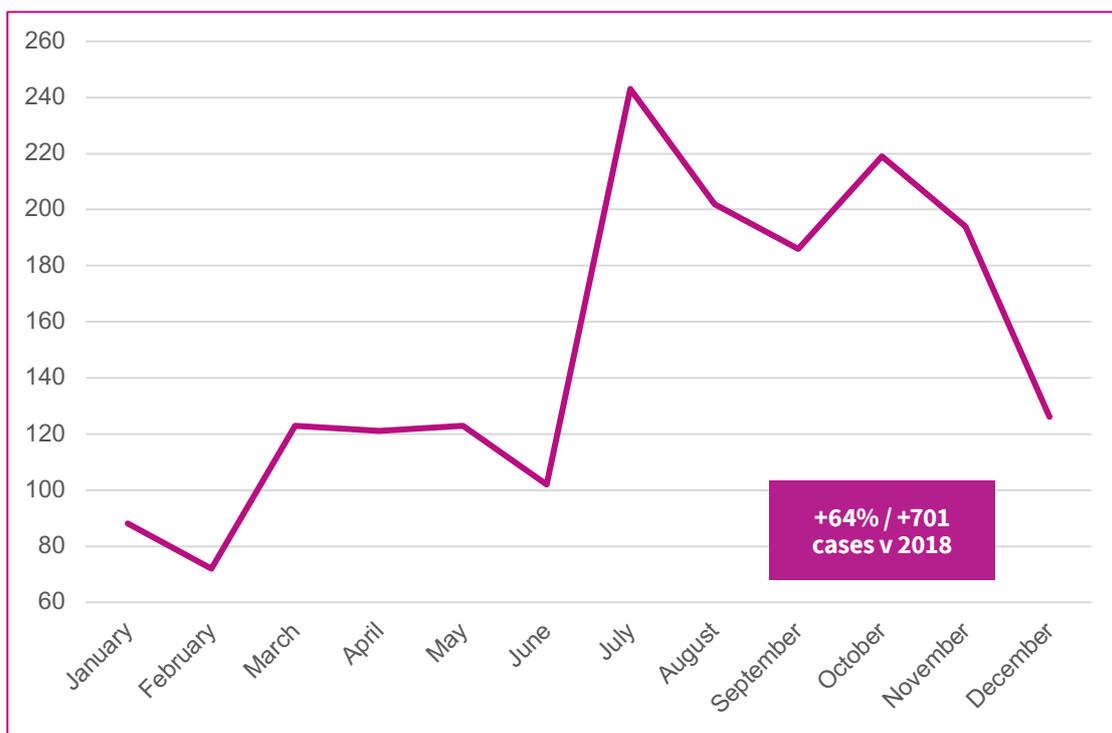
<sup>6</sup> [www.themotorombudsman.org/garage-finder](http://www.themotorombudsman.org/garage-finder)

### 2.1.2 Service and Repair Code performance charts

#### Service and Repair Code contact volumes by month (Jan - Dec 2019)



#### Service and Repair Code case volumes by month (Jan - Dec 2019)



### 2.1.3 Service and Repair Code performance analysis

Consumer contacts relating to the Service and Repair Code dipped very slightly year-on-year by only 1% when comparing 2019 to 2018. However, the escalation rate (from a consumer enquiry to the creation of a case) rose from 8% to **13%**, which equally resulted in a **64%** increase in the number of cases being passed for review by case investigators, from 1,098 in 2018 to 1,799 in 2019, the highest volume in the last three years.



### 2.1.4 Percentage of Service and Repair Code cases by Code breach

Source of breach	2017	2018	2019	Trend (2019 v 2018)
1.0 Advertising	2%	1%	4%	▲
2.0 Booking in of a vehicle	20%	21%	32%	▲
3.0 Standard of work	54%	44%	37%	▼
4.0 Billing	2%	2%	3%	▲
5.0 Approach of staff	21%	28%	23%	▼
6.0 Complaint handling	2%	4%	1%	▼

Consumer complaints relating to the Service and Repair Code in 2019 resulted from the following principal breaches:

#### The standard of work (37% of breaches):

- The accredited business did not carry out the work within the agreed timescale or exercise the expected reasonable skill and care [3.10]<sup>7</sup>;
- The work was not completed according to the scope agreed with the customer [3.0]; and
- The repairer did not undertake to guarantee the work against failure or did not inform the consumer where parts are provided with a manufacturer's warranty [3.4].

#### The booking in of a vehicle (32%):

- The accredited business did not fully explain and give clear practical advice to the consumer to help understand the work required [2.3];
- The chargeable diagnostic or exploratory work was not confirmed and agreed during the booking process, and / or the cancellation policy was not made clear to the customer [2.4]; and
- Parts removed from a vehicle during a repair were not made available to the consumer to view and examine by the consumer [2.5].

#### The approach of staff (23%):

- Work on a customer vehicle was not undertaken by supervised staff, and was not checked to ensure it was performed appropriately [5.4].
- Staff did not act in the customer's best interests to provide the best possible level of service [5.0]; and
- Staff did not complete the work accurately and efficiently, and were not attentive to the needs of customers, especially those that could be considered vulnerable [5.2].

<sup>7</sup>Numbers in brackets denote Code of Practice clause reference.

### 2.1.5 Service and Repair Code case studies reviewed by ICAP

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

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

#### Consumer's claim

Vehicle age	2 years old
Vehicle mileage	33,000
Outcome	Partial refund
Award	£680.10

Mr A purchased a brand new car from a dealership in March 2016, and 21 months later in December 2017, he started to experience problems with the clutch, meaning the vehicle wouldn't go into gear. The car was recovered back to the business and they informed him that the clutch would need replacing. However, they said that exchanging the part would not be covered under warranty, as they concluded that the damage was caused by the consumer's driving style. Therefore, Mr A paid £813.90 for a new clutch kit to be fitted on the 18th of December 2017.

Less than two months after this repair (on the 5th of February 2018), the consumer started experiencing similar problems, and again, Mr A was told that he had damaged the clutch, and therefore the clutch plate and flywheel needed replacing. As a result, he paid £680.10 under duress and asked the business to view the parts that had been removed from the vehicle.

As the dealership was returning the vehicle to Mr A's home four days later (on the 9th of February 2018), they felt that the car was not behaving correctly and took it back into their workshop where problems with the slave cylinder were found. All rectification work was carried out under warranty on this occasion at no cost to the consumer.

However, when Mr A got his vehicle back after a period of two weeks, he was told that the removed parts had been disposed of, and believed that all work to date should have been covered under the warranty. Therefore, he was seeking a refund for the £813.90 and £680.10 he had paid to date, meaning a total claim of £1,494.

#### Response of accredited business

The business did not believe that they were liable for the cost of the replacement of the two clutches, as they found that they had failed due to excessive wear and tear on both occasions, which had equally caused damage to the flywheel. When the vehicle came back to the business after the attempted delivery to Mr A's home on the 9th of February, a slight leak was found on the clutch slave cylinder, which may have been caused by the operation of a worn clutch. This was also a leak that had not been identified during the two previous repairs.

#### Adjudication outcome

The Motor Ombudsman adjudicator reviewed all of the evidence that had been submitted. They explained that the business did not have to refund the cost of the first clutch replacement, because on the balance of probabilities, the dealership had not sold a car with a faulty clutch to Mr A. However, their failure to provide him with the old part during the second round of repairs, even though these had been requested beforehand, was considered by The Motor Ombudsman to be a breach of Clause 3.6 of the Service and Repair Code, as it prevented Mr A from submitting technical evidence in support of his claim. Therefore, in order to prevent the business from benefitting from the breach, which placed an unfair evidential burden on the consumer, the adjudicator requested that the dealership refunded Mr A the cost for the second repair (i.e. the £680.10).

However, following the submission of further evidence by the dealership after this initial adjudication outcome, the adjudicator previously understood that the parts had been disposed of after the initial repairs to the clutch plate and flywheel, but before the car was returned to the customer. In actual fact, the business explained that the parts were only disposed of when the car was returned to Mr A, and that they were only asked for after the customer had regained possession of the vehicle in February.

The other complication was that the communications between Mr A and the business about returning the removed components were verbal, and with the adjudicator being unable to accept one

person's word against the other, plus the consumer's failure to satisfy the evidential burden of demonstrating that their recollection of events to be most likely, no award could be made to Mr A. As a result, the offer of £680.10 was rescinded, as no breach of the Code had actually occurred. The customer did not agree with this outcome, as he did not believe that it was his fault that the dealership has disposed of the faulty parts, and requested a final decision from the ombudsman.

#### Ombudsman's final decision

The ombudsman reviewed the evidence submitted on both repairs, and came to the following conclusions. For the first repair that took place on the 18th of December 2017, Mr A had driven the car for almost two years and covered approximately 33,000 miles. This was considered by The Motor Ombudsman to be above average use, plus there was insufficient evidence to show that the clutch was faulty or of unsatisfactory quality when the car was sold. Based on the above, the ombudsman was unable to award a refund of the initial cost of £819.70 paid by Mr A.

In terms of the second repair that was undertaken in February 2018, it was noted that the new clutch had failed less than two months after being fitted. As such, the ombudsman concluded that it was not possible for the consumer to have caused such severe damage during this short period when he had previously driven the car for almost two years and covered 33,000 miles without any issues. Furthermore, there was no evidence to show that Mr A had asked the dealership to retain the parts until three days after they had collected the vehicle, by which time the business had disposed of the clutch.

Even after this second repair, the car required additional work, as the business had noticed the slave cylinder was faulty. Although this component was covered under the warranty, it was quite probable that the slave cylinder had caused the damage to the clutch and the business had failed to identify this during the repairs. As such, the ombudsman asked the dealership to refund the full cost of the second repair (i.e. the amount of £680.10). Mr A accepted the ombudsman's final decision, and the case was closed.

## 2.1.5 Service and Repair Code case studies reviewed by ICAP (continued)

### Consumer's claim

Vehicle age	13 years old
Vehicle mileage	35,000
Outcome	Partial refund
Award	£320

Mr B, an elderly gentleman, bought a used '55-registration hatchback from his brother in September 2016, and in July 2018, he called the breakdown recovery service, which found a combustion failure in engine cylinder one. They replaced one of the coils and three spark plugs, but the engine still continued to misfire and an error light showed on the dashboard. The car was taken to a franchise dealer, and following the diagnostics, the business changed all three ignition coil packs, but Mr B claimed that this had not fixed the fault.

The consumer was equally under the impression that the dealership was looking to make more money than needed from the work, so he requested that the old parts were returned to him. The business also stated that the front suspension console bushes were replaced, as they were found to be split, but Mr B explained that these were not needed, and the business had intentionally damaged them with a screwdriver. The brake pad warning light was also investigated by the dealership and they replaced all wiring and connectors.

The car was returned to Mr B with the same original power issue, and therefore, he did not believe that the dealership's diagnostics system was fit for purpose. He then complained to the vehicle manufacturer, and they instructed the dealership to take the car back in for further diagnostics, which showed that the original fault still remained according to the consumer.

As the problem was deemed to have not been solved by Mr B following the second visit to the dealership, he was requesting a refund of the £746.90 he had paid thus far.

### Response of accredited business

The business explained that Mr B had brought the car to them after the breakdown recovery service had replaced an ignition coil, as they had diagnosed a "misfire". Following their investigation, they found that the coil pack in cylinder three needed replacing, and therefore recommended that the remaining coil packs were also swapped, as the other ones were also likely to fail in the near future.

Mr B agreed to have the three coils replaced, and following a free seasonal health check, the business informed the consumer that suspension bushes needed to be changed and that the brake pad wiring loom was damaged. Mr B also authorised this work. However, instead of allowing the business to investigate the engine issue further, Mr B took his car back.

Nevertheless, he returned a more than a month later in September 2018, as the engine warning light was on. The diagnostics was carried out free of charge, and it revealed a misfire in cylinder number one. A further inspection showed that there was a lack of compression in the cylinder, a new fault which was not present before, although the symptoms may have appeared to be similar to the ones that the consumer experienced previously.

Mr B felt that the business had caused the issues with his car and wanted his money back, but the dealership did not believe this to be the case, as it was a different cylinder that failed and had nothing to do with poor workmanship. Also, when Mr B collected his car the second time in September, the car drove well since he last visited the business, and therefore, it could not have been suffering from a lack of compression during this period.

The business concluded that, whilst Mr B's car had very low mileage, it was not unheard of for a car that is 13 years of age to develop such faults and, as a result, the £746.90 was not refunded to the consumer.

### Adjudication outcome

Based on the evidence provided, it appeared the majority of the faults found during the diagnostic check were resolved, but a month later, misfiring in the cylinders had happened again. Therefore, the adjudicator understood why Mr B wanted a full refund, as he deemed the repairs to not have been carried out with reasonable care and skill.

The business stated that, although the same problem occurred in a short space of time, the failure happened in two different mechanical parts (i.e. cylinder number one and cylinder number three). Therefore, this could not be attributed to the workmanship of the business, and based on the evidence submitted, this did not support their claim.

According to the job cards for the visits in July and September, the vehicle technician noted that the misfire was detected in cylinder number one. However, in the e-mails between the Aftersales Manager at the dealership and Mr B, it stated that the misfiring was happening in both cylinders one and three. With inconsistencies in what was said and what was noted, the adjudicator could recognise Mr B's frustrations, as he deemed that any reasonable person would feel confused and misled by this.

The adjudicator concluded that a partial refund was due to Mr B for the cost of the repairs made to the cylinders since the invoices completed at the time both state that there was a fault with cylinder number one. This meant that it appeared more likely than not that only cylinder one was faulty. The adjudicator therefore awarded Mr B a refund of £320 (from the total of £746.90 he had paid to date), made up of £82.50 for the initial diagnostics fee and £237.50 for the cost of replacing the three ignition coil packs. Both parties accepted the outcome, and the case was closed.



### 2.1.5 Service and Repair Code case studies reviewed by ICAP (continued)

#### Consumer's claim

Vehicle age	6 years old
Vehicle mileage	59,000
Outcome	Complaint not upheld
Award	None

Ms C purchased a used '12-registration car in March 2017, and two months later, there was excess noise coming from the engine bay. The issue was fixed under warranty by the dealership, but in June 2017, she noticed smoke coming from behind the turbo area. The cost of repair was split between Ms C and the business on this occasion. However, the same fault re-occurred, and she ended up taking the vehicle back to the dealership eight times within an eight-month period for repairs, and the issue was still not fixed.

The consumer was told each time by the Service Manager that it was the Diesel Particulate Filter (DPF) carrying out its emissions burn, and that the smoke was perfectly normal for this type of car. Each of the times that the business had the car in, Ms C recorded the smoke issues on her mobile phone, and provided images to the business so that they could see the problem for themselves. The final time that Ms C took her car to the business in January 2018, she asked for a written explanation to justify the smoke issue, but she received no reply. The case was brought to The Motor Ombudsman in April 2018, and Ms C was looking for the business to rectify the problem at no cost to her.

#### Response of accredited business

The business confirmed that Ms C's car had been at the business on a number of occasions to have the issue looked at and rectified. On the consumer's first visit, they were able to identify an oil leak from the top of the engine/rocker cover area, which was causing oil to collect in the mesh/gauze around the exhaust downpipe flexi joint. This resulted in the burning of oil off the hot exhaust, and smoke rising from the back of the engine. The oil leak was fixed, and oil residue was removed before the car was returned to Ms C.

Shortly after collecting the vehicle, Ms C returned to the business with the same original issue, and this time, they identified that further cleaning of the exhaust flexi joint was needed, as oil residue remained, thereby causing smoke to rise from the back of the engine. After extensive flushing of the mesh/gauze, the business carried out a number of extended road tests, with Ms C's permission, but they could not replicate the issue, so they were confident that the problem had been solved, and returned the car to the customer.

Once again, Ms C came back to the business, and stated that the same problem was still happening. A further inspection was carried out, but no signs of an oil leak or residue were found. Road tests were also conducted, but the business could not replicate Ms C's concern of smoke rising from the back of the engine and into the cabin. As the oil leak had been rectified, the customer was experiencing the smell of the hot exhaust system during the DPF regeneration process. It was explained to the consumer that this was a normal process that a diesel vehicle

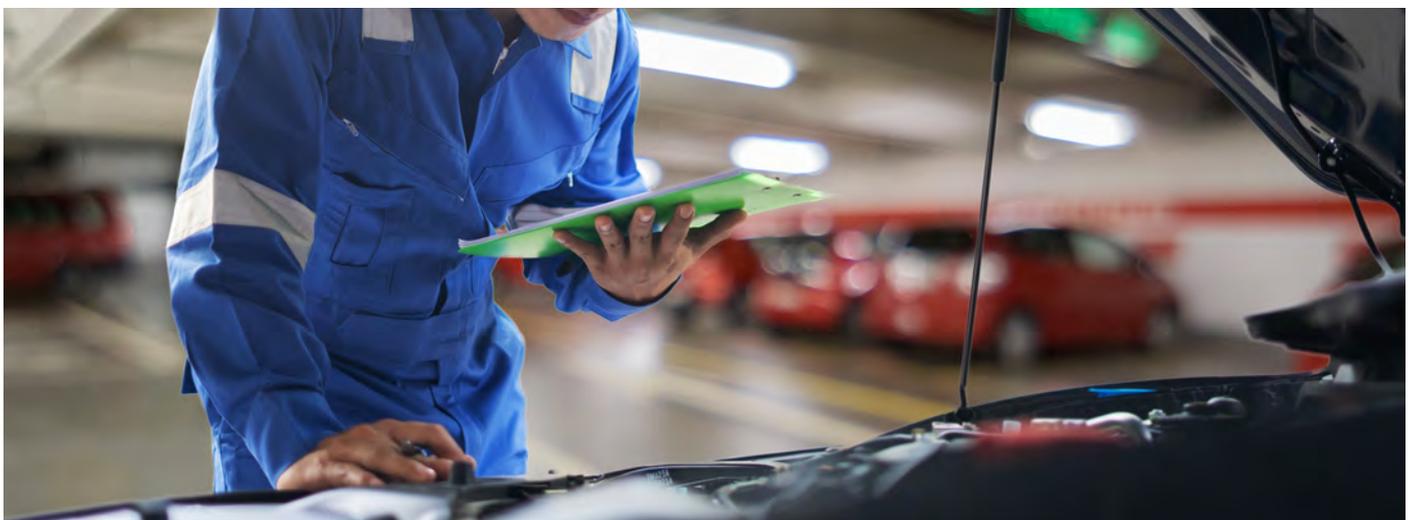
goes through periodically to burn off any soot accumulation within the DPF, but can sometimes give off a smell due to the heat required to do so.

Although the symptoms were similar to that of the original complaint, the business confirmed that no oil leaks were present and that the previous repairs had been successful. They therefore offered the opportunity to Ms C to inspect the vehicle once again should she experience any further issues.

#### Adjudication outcome

The Motor Ombudsman Motor Industry Code of Practice for Service and Repair states that businesses are required to exercise reasonable care and skill when working on a customer's vehicle. The adjudicator appreciated that Ms C believed the issue to be reoccurring due to the business not rectifying the issue, and understood her frustration with the smoke being emitted. However, the business informed The Motor Ombudsman that what Ms C was experiencing was the DPF regeneration process, and therefore, there was nothing wrong with the consumer's car.

Ms C was informed by the adjudicator that she would need to provide technical evidence to demonstrate that the work the business carried out was not successful and did not rectify the issue that she originally took her car in for, or indeed technical evidence to demonstrate that the smoke coming from the vehicle had been caused as a result of something the business had done. The adjudicator therefore concluded that, in the absence of any information to support the former, the complaint could not be upheld in Ms C's favour. Neither party contested this outcome, and the case was closed.



## 2.2 New Car Code



First launched in 1976, and endorsed by the Office of Fair Trading (OFT) 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 being misled by adverts, and advises businesses that documentation supplied with a vehicle is easy to understand, that the terms of a warranty will be respected if the car is serviced according to the recommended guidelines, and that any complaints will be handled swiftly. In 2019, a total of **38** businesses were accredited to the New Car Code, meaning that around **99%** of all new vehicles sold across the UK were covered by it.

### The New Car Code covers the following principal areas:

- Advertising;
- The availability of replacement parts and accessories; and
- New car provisions;
- Complaints handling.
- Manufacturer new car warranties;

No changes were made to the New Car Code in 2019.

### 2.2.1 New Car Code performance data

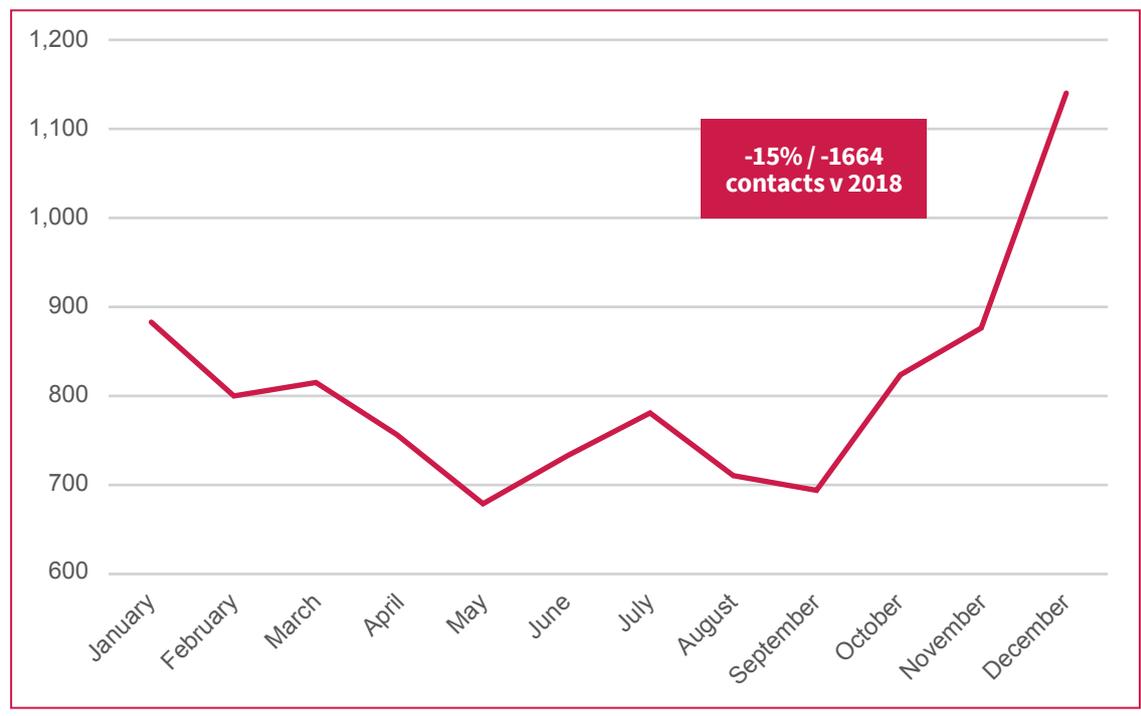
	2017	2018	2019	Trend (2019 v 2018)
Consumer contacts	9,806	11,335	9,671	▼
Early resolutions*	112	35	28	▼
Adjudication cases**	514	1,206	1,405	▲
Ombudsman final decisions	61	101	62	▼
Escalation rate (Contacts to cases)	7%	11%	15%	▲

\* For the period 01st October to 31st December 2019 only.

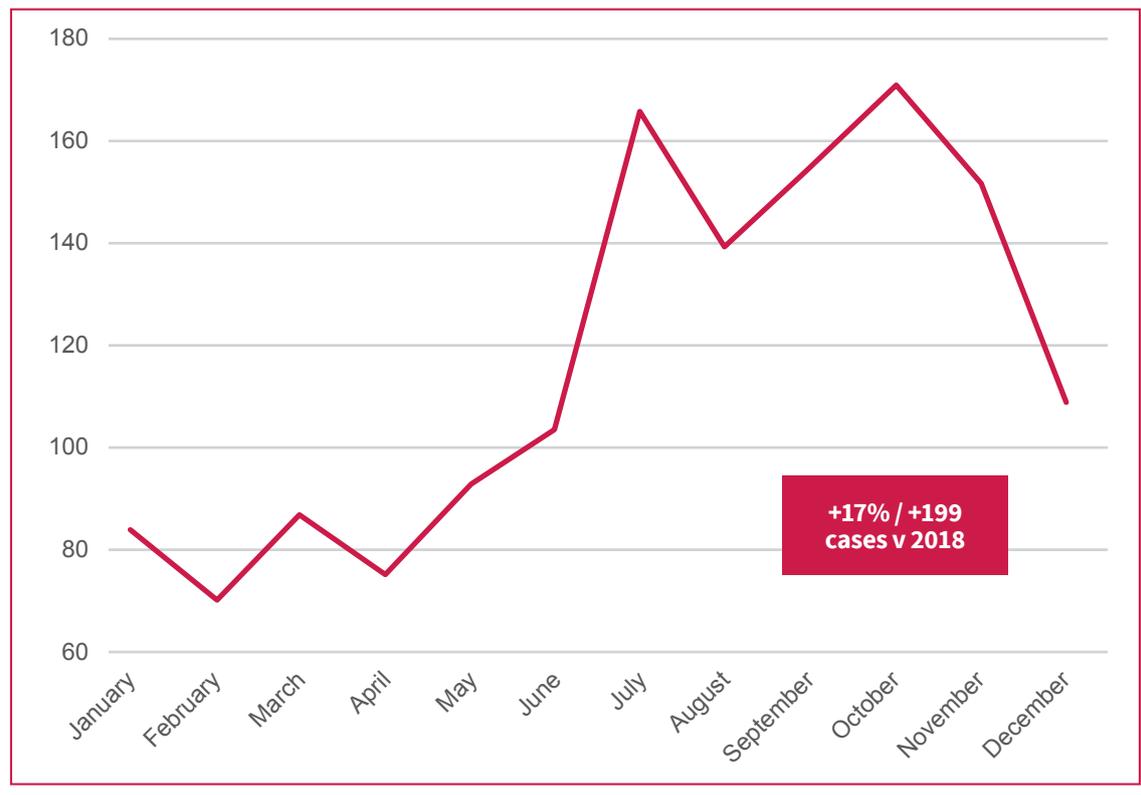
\*\* The adjudication cases figure relates to the volume of cases passed to the case investigation stage for review.

### 2.2.2 New Car Code performance charts

#### New Car Code contact volumes by month (Jan - Dec 2019)



#### New Car Code case volumes by month (Jan - Dec 2019)



### 2.2.3 New Car Code performance analysis

Consumer enquiries relating to the New Car Code fell by 15% between 2018 and 2019 to 9,671, the lowest level for the last three years. However, the escalation rate rose from 11 to **15%**, which meant that The Motor Ombudsman handled nearly **200** more cases than the previous year (1,405 versus 1,206), and was triple the amount compared to 2017 (514).



### 2.2.4 New Car Code cases by breach

Source of breach	2017	2018	2019	Trend (2019 v 2018)
1.0 Advertising	33%	25%	19%	▼
2.0 New car provisions	15%	18%	3%	▼
3.0 Manufacturers' new car warranties	43%	49%	73%	▲
4.0 Availability of replacement parts and accessories	5%	4%	3%	▼
5.0 Complaints handling	4%	4%	1%	▼

Consumer complaints relating to the New Car Code in 2019 resulted from the following principal breaches:

#### Manufacturers' new car warranties (73% of breaches):

- The manufacturer's new car warranty was not supplied to the customer on the delivery of their vehicle [3.0]<sup>8</sup>.
- A repairer who was not part of the manufacturer's network carried out repair work under the new car warranty, causing it to be invalidated [3.4]; and
- The customer was unable to continue to benefit from the manufacturer's new car warranty whilst the car was serviced to the manufacturer's recommendations, even if it was carried out by an independent service garage [3.1].

#### Advertising (19%):

- The words 'guarantee' or 'warranty' were used by the accredited business in an advertisement without the full terms of the agreement being set out or being available to the customer at the point of sale [1.6];
- Where a rust/corrosion-proofing process was advertised, the limitations were not made available to consumers [1.7]; and
- Advertisements and promotional material contained misleading content, or that which was likely to be misunderstood [1.1].

#### New car provisions (3%):

- The car supplied to the retailer was not manufactured to a high quality standard, and did not meet customer expectations [2.0].

#### Availability of replacement parts and accessories (3%):

- Spare parts were not made available for the model at launch, during production or for a reasonable period thereafter [4.3]; and
- Parts supplied to dealers were not of a satisfactory quality or fit for the purpose [4.1].

<sup>8</sup>Numbers in brackets denote Code of Practice clause reference.

## 2.2.5 New Car Code case studies reviewed by ICAP

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

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

### Consumer's claim

Vehicle age	3 years old
Vehicle mileage	31,000
Outcome	Goodwill
Award	Not known

Mr D purchased a used '15-plate convertible in June 2016 with 2,800 miles on the clock. Whilst covered by the warranty, he took the car to the franchise dealership on several occasions to resolve a vibration coming through the seat that was very evident when the engine was idling. At the time, the business agreed that this level of vibration was excessive for a vehicle of this kind and proceeded to try and resolve the issue.

They changed the dual-mass flywheel (DMF) and the exhaust gas recirculation (EGR) valve, both of which proved ineffective, and the vibration persisted. After returning the car to the business on several further occasions, they advised Mr D that this vibration was indeed normal for the model that he owned.

However, the consumer's belief was that there was an inherent fault with the build of the vehicle, as the issue was not apparent with any of the manufacturer's other V6 diesel variants. As he was not happy with the dealership's response, he approached the head office of the car manufacturer that stated that this was a characteristic of this make and model, and would therefore not investigate the problem.

As the manufacturer was unable to rectify the issue, Mr D was seeking compensation for a car that the consumer felt was significantly undervalued because a prospective buyer would notice this fault at the point of sale, so would either demand a cheaper price or walk away from a potential deal.

### Response of accredited business

The vehicle manufacturer acknowledged Mr D's concerns about the vibration when the engine was idling. They explained that they had contacted the franchise dealer to confirm that an investigation had been carried out surrounding the issue on the same engine and chassis configuration as that found on Mr D's car, and stated that all identical models performed in the same manner. Therefore, they recommended that no technical change should be applied to the customer's vehicle. The manufacturer's technical team also said that no further technical bulletins advising of any other fixes or alterations to the vehicle were available. As a result, it would not be carrying out any further repairs to Mr D's car on this occasion.

### Adjudication outcome

The adjudicator reviewed the evidence provided by both parties, and considered the fact that it was not fair for Mr D to be told that the vibration was a characteristic of the car, and that nothing could be done. They also took into account that this was a three-year-old vehicle with relatively low mileage, which the customer had paid a lot of money for.

Therefore, to resolve this complaint, the adjudicator recommended that the manufacturer offered Mr D a goodwill payment of £500 in light of the issues he had faced and would continue to experience until a fix was made available. Nonetheless, the consumer rejected this amount as he didn't feel that it reflected the loss of value of his vehicle and requested a final decision from the ombudsman. Mr D also went on to obtain an independent report which recommended that the vibration wasn't normal and further investigation was required. The adjudication outcome however, remained unchanged.

### Ombudsman final decision

In light of the information provided, the ombudsman came to a different conclusion to that of the adjudicator. This is because a vehicle manufacturer is only responsible for covering the cost of repairs for a defect that has come to light during the warranty period, and only if the fault has arisen as a result of a manufacturing defect. The manufacturer did not have a sales contract with Mr D, and therefore, they were not responsible for the overall quality of the car.

Whilst some repairs were carried out under warranty to try and resolve the vibration, which were not successful, plus there were not any known fixes, the manufacturer was not contractually obliged to provide any compensation or a price reduction to Mr D. In addition, as the car was purchased using a finance agreement, it is the seller and the finance provider who are equally liable under the Consumer Rights Act 2015 to supply a car that is of satisfactory quality, fit for purpose and as described. If any of these requirements aren't met, then Mr D may be able to ask for a repair, replacement, price reduction or a rejection of the vehicle. However, a claim for these cannot be made against the manufacturer.

Whilst the adjudicator advised that the manufacturer made a goodwill payment of £500 to the customer, this recommendation could not be enforced, as they were not liable for the overall quality of the car. However, with the manufacturer having a responsibility to cover repairs under warranty, and as no further solutions were available, the ombudsman recommended that they considered some form of appropriate goodwill gesture to acknowledge their inability to cover a repair under warranty. She also explained that Mr D could look to gain a price reduction for the vibration he was complaining about, by pursuing his dispute against the seller of the car or the finance provider. Mr D accepted the ombudsman's final decision, and the case was closed.

## 2.2.5 New Car Code case studies reviewed by ICAP (continued)

### Consumer's claim

Vehicle age	8.5 years old
Vehicle mileage	62,000
Outcome	Complaint not upheld
Award	None

Mr E bought an '09-registered two-seater sports car in December 2017, and brought his complaint to The Motor Ombudsman two months later. The reason for his dispute was due to paint blisters on the offside front wing, which were located above the plastic separator between the wing and bumper. He took the vehicle to a franchise bodyshop for an inspection, and they made a request to the vehicle manufacturer for a repair under warranty, but this was rejected, as the car had a previous body repair.

The consumer confirmed that damage caused by vandals was repaired in 2012, where the door panel and a key scratch were fixed and painted, and assumed that the wing was partially painted at the same time to blend in with the door. Mr E stated that there was no blistering on the door panel repair, but he believed the cause of the blisters along the lower edge of the wing was due to the body panel rusting from the inside out (i.e. it was perforated by corrosion).

Furthermore, the vehicle was serviced annually, as shown by the digital records, and during these inspections, no reference was made to rust or blisters, and no visible damage was documented. Mr E therefore asked the vehicle manufacturer to reconsider its decision on the basis that the body panel was defective, and requested that the corroded wing was replaced at no cost to him.

### Response of accredited business

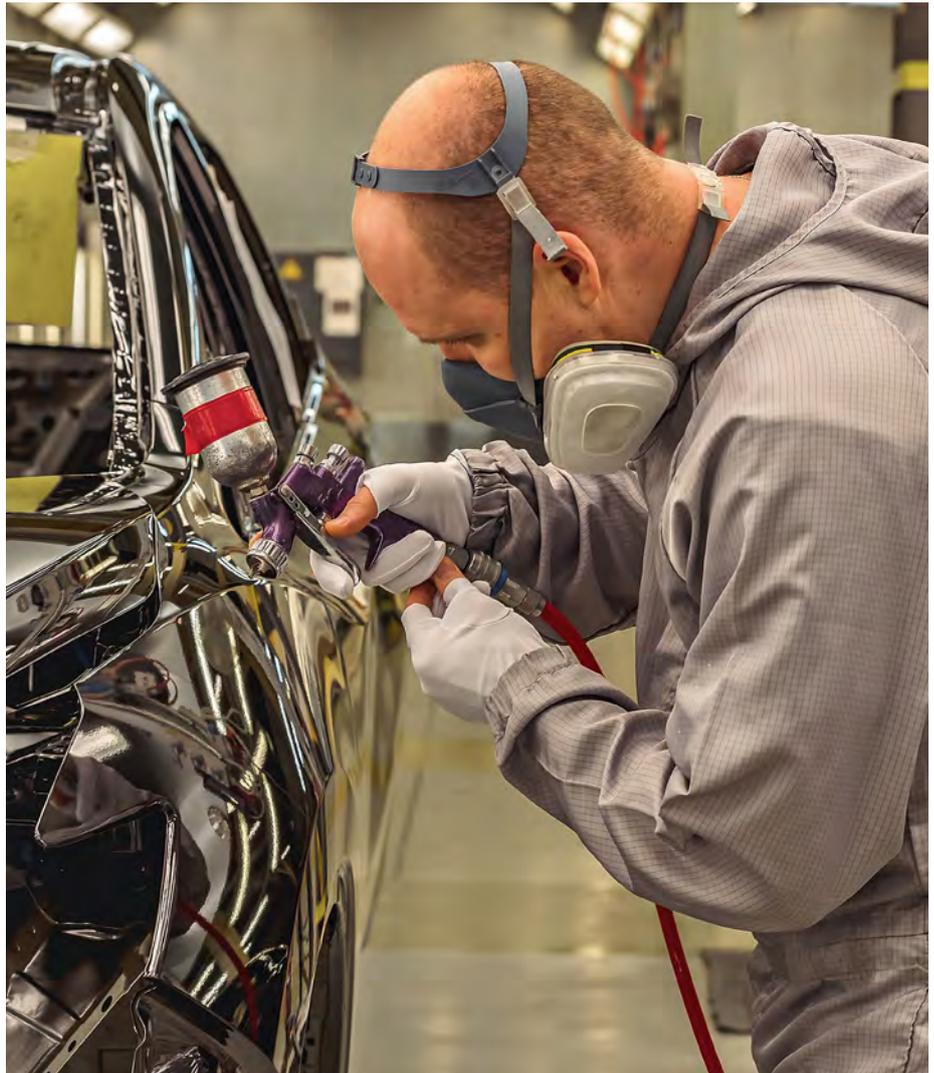
The vehicle manufacturer explained that their warranty against perforation through corrosion did not apply when evidence of a previous body repair has been established, as was found to be the case with Mr E's car. The vehicle manufacturer however, passed on the customer's claim to their Goodwill Department, where several factors are taken into consideration in order to determine whether goodwill is awarded, such as whether the car has been maintained by a franchise retailer, age and mileage, and the damage in question.

Nevertheless, having looked at all of the former criteria, goodwill was not approved by the vehicle manufacturer, and therefore, no contribution was made towards Mr E's cost of repairing the panel. They recommended that the customer took up the matter with the bodyshop or to speak to his insurance company.

### Adjudication outcome

The Motor Ombudsman adjudicator concluded that the consumer and the business had both confirmed that repairs had been made to the body of the vehicle. The terms and conditions of the warranty against perforation through corrosion stipulated that a claim could not be made if an area being complained had already been subject to repair works.

Even though these were carried out prior to Mr E's ownership of the car from December 2017 onwards, the vehicle manufacturer was still within their rights to decline his warranty claim. This meant that the adjudicator could not uphold the case in Mr E's favour, and as the consumer was subsequently unable to provide any evidence to dispute the decision, he accepted the adjudication outcome and the case was closed.



## 2.2.5 New Car Code case studies reviewed by ICAP (continued)

### Consumer's claim

Vehicle age	3 years old
Vehicle mileage	29,000
Outcome	Complaint not upheld
Award	None

Mr F bought a used five-month-old hatchback from a dealership in August 2016. In 2018, he noticed bubbling to varying degrees on the alloy wheels. He asked the business to inspect them on three separate occasions that year.

Following the last assessment in October 2018, the dealership sent photos of the alloy wheels to the vehicle manufacturer as part of a warranty claim, but the claim was declined as the manufacturer deemed the cause of the bubbling to be due to Mr F's lack of maintenance, rather than it being a defect.

The consumer disagreed with this conclusion based on how well his car was maintained. In addition, he also explained that the rust led to bubbling under the surface of the alloy wheels, which was unlikely to be the result of a lack of care, as the surface was also not cracked, chipped or scraped.

As the vehicle manufacturer declined any goodwill assistance to replace the alloy wheels, Mr F still wished to pursue his case with The Motor Ombudsman to get a remedy to this problem, as he feared that, as time passed, the condition of the alloys would get worse and affect the value of his car.

### Response of accredited business

The images of the alloy wheels on Mr F's car, that were provided to the vehicle manufacturer by the dealership, showed clear signs of discolouration and residual brake dust. This led them to believe that the bubbling was due to a lack of cleaning. Therefore, as this was considered to be the result of an external influence and not a manufacturing defect, the warranty claim was rejected, and no gesture of goodwill could be offered to Mr F.

### Adjudication outcome

While there appeared to be no disputing the fact that the wheels on Mr F's car were showing signs of corrosion, The Motor Ombudsman adjudicator had no evidence to show that it was the result of poor workmanship or materials used during the manufacturing process.

As the onus was on Mr F to show the issues with his vehicle's wheels were due to a manufacturing defect, his complaint could not be upheld based on the existing evidence. The consumer was advised that he could instruct a technically qualified individual to inspect his vehicle, and to then submit their findings if it supported his claim. However, the case was closed due to neither party disputing the outcome.



## 2.3 Vehicle Warranty Products Code



Unveiled in 2009, the **Motor Industry Code of Practice for Vehicle Warranty Products** aims to drive up standards across a wide range of automotive warranties, including coverage of both insured and non-insured products, by committing accredited businesses to higher standards than those required by law. The Code currently represents about 70% of the industry's major providers that administer around two 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 2019.

### 2.3.1 Vehicle Warranty Products Code performance data

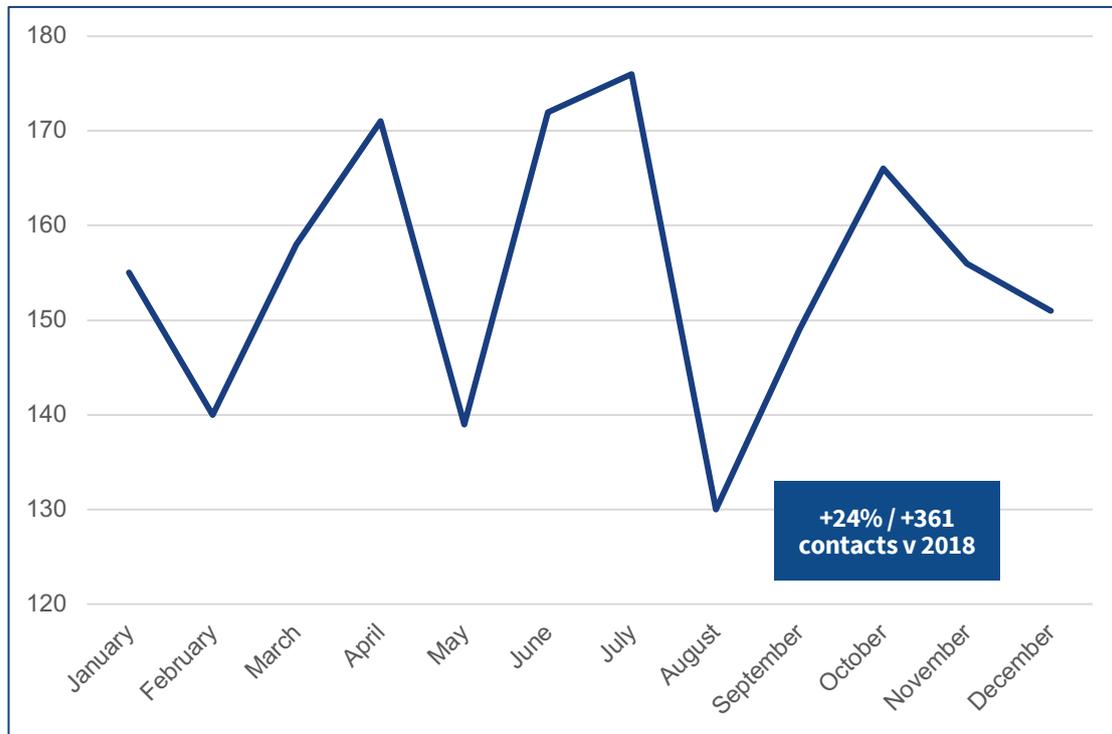
	2017	2018	2019	Trend (2019 v 2018)
Consumer contacts	1,294	1,502	1,863	▲
Early resolutions*	1	0	2	▲
Adjudication cases**	70	162	287	▲
Ombudsman final decisions	4	16	9	▼
Escalation rate (Contacts to cases)	6%	11%	15%	▲

\* For the period 01st October to 31st December 2019 only.

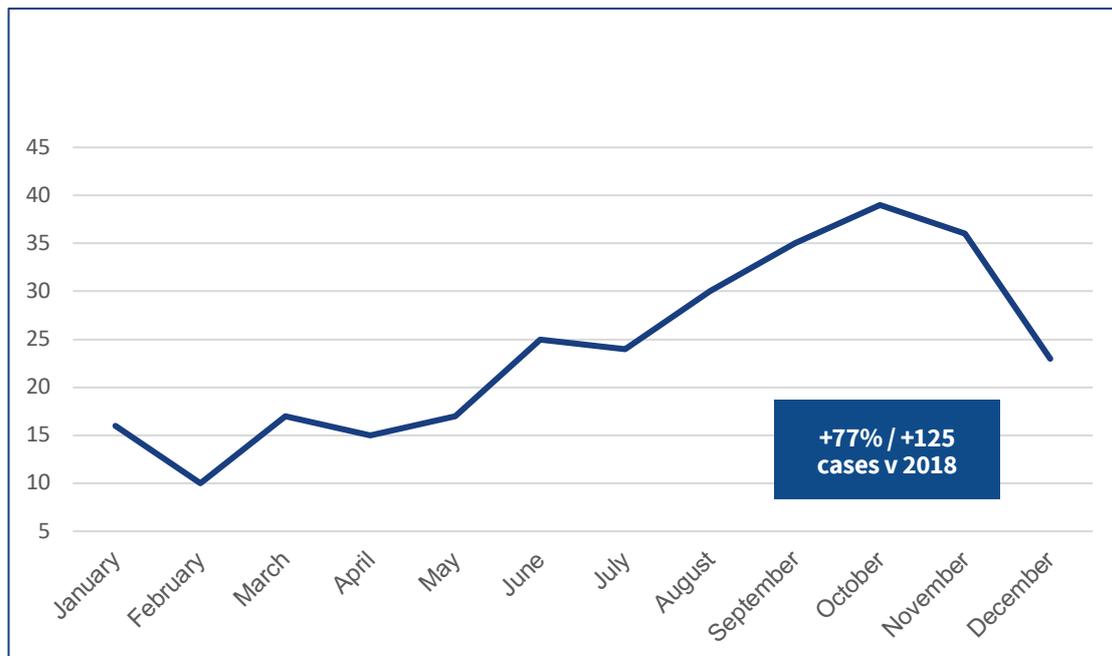
\*\* The adjudication cases figure relates to the volume of cases passed to the case investigation stage for review.

### 2.3.2 Vehicle Warranty Products Code performance charts

Vehicle Warranty Code contact volumes by month (Jan - Dec 2019)



Vehicle Warranty Code case volumes by month (Jan - Dec 2019)



### 2.3.3 Vehicle Warranty Code performance analysis

During 2019, the Vehicle Warranty Code saw both a rise in the number of contacts and cases during the year, with the latter rising most substantially (**77%**) versus 2018. Similarly, the number of consumers getting in touch with The Motor Ombudsman in relation to breaches of this Code grew by nearly a quarter (**24%**), but with marked falls in the volume of contacts during the months of February, May and August.



### 2.3.4 Vehicle Warranty Products Code cases by breach

Source of breach	2017	2018	2019	Trend (2019 v 2018)
1.0 Advertising	5%	10%	3%	▼
2.0 Point of sale	44%	52%	30%	▼
3.0 Clarity of information	25%	11%	50%	▲
4.0 Claims handling	26%	27%	17%	▼

Consumer complaints relating to the Vehicle Warranty Products Code in 2019 resulted from the following principal breaches:

#### Clarity of information (50% of breaches)

- Warranty terms and conditions were not written in plain English, and were ambiguous or difficult to understand [3.1]<sup>9</sup>;
- The consumer was not fully informed about which components were and were not covered by the warranty product [3.4]; and
- Product information was not written in plain English [3.0].

#### Point of sale (30%):

- The consumer was given insufficient information to enable them to understand fully and decide whether to buy a product [2.10];
- The customer was not provided with appropriate information regarding key terms of the product(s) and cover prior to them signing a contract [2.2]; and
- High-pressure selling techniques were used by the accredited business [2.11].

#### Claims handling (17%):

- The accredited business did not have a simple claims procedure in place to fairly and promptly process the consumer's claim [4.0];
- The warranty provider took too long to make a decision on the claim [4.2]; and
- The accredited business did not pay any costs, when covered by the warranty, either to the repairer or to the consumer if the repairer was outside of the network of the accredited business [4.12].

<sup>9</sup>Numbers in brackets denote Code of Practice clause reference.

### 2.3.5 Vehicle Warranty Products Code case studies reviewed by ICAP

The following case studies in relation to The Motor Ombudsman's Motor Industry Code of Practice for Vehicle Warranty Products illustrate the diverse range of adjudication outcomes that were reached in 2019.

#### Consumer's claim

Vehicle age	3.5 years old
Vehicle mileage	36,000
Outcome	Complaint not upheld
Award	None

Mr G bought a brand new premium SUV in May 2015, and experienced clutch slippage when the car had just 700 miles on the clock and was less than a month old. It was found on this occasion that the clutch had been installed incorrectly and was replaced. Subsequent to this defect, amongst others, Mr G took out an extended warranty policy because of the lack of reliability he had experienced with this vehicle.

Mr G serviced his car according to the required intervals and had an MOT in May 2018 where no problems were raised. However, in September 2018, the consumer was towing his caravan whilst on holiday and his SUV suffered another clutch failure. The car was taken to a dealership to be repaired, and Mr G paid £2,459 for the clutch to be replaced, and asked to keep the parts that had been removed from the vehicle.

Mr G contacted the vehicle warranty provider to claim back the cost of the repair, but they refused to refund the money as they deemed the cause to be wear and tear, meaning the issue was not covered by the policy. The consumer didn't agree with these findings and showed the removed components to contacts with mechanical experience. They found that the clutch had burned out and that there was no evidence of prolonged clutch slippage. Mr G therefore asked the vehicle warranty provider to re-assess their position and invited them to inspect the old clutch.

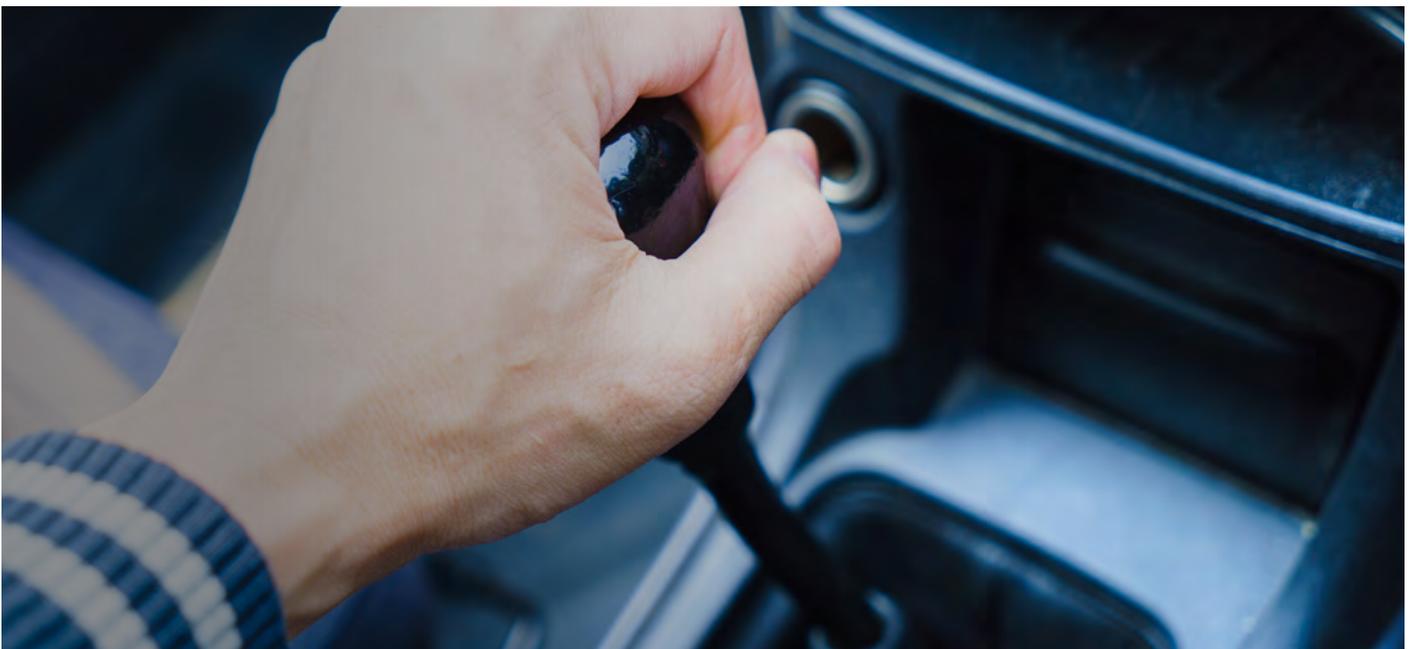
However, the consumer's appeal failed, and they stood by their original conclusion of wear and tear, as there was no evidence of a sudden mechanical or electrical failure. Mr G therefore brought his case to The Motor Ombudsman in October 2018 requesting that the warranty provider reimbursed the sum of £2,459 paid for the new clutch.

#### Response of accredited business

The vehicle warranty provider reviewed the photographic evidence provided by the dealership, which showed that the friction material on the clutch drive plate had worn, which was caused by overheating on the plate itself, and had resulted in the friction material disintegrating. The business explained that wear and tear deterioration was not covered under the definition of mechanical or electrical failure and would therefore not be covering the cost of the clutch replacement.

#### Adjudication outcome

The adjudicator explained that the onus was on the consumer to show that the fault with the clutch was included within the terms of the warranty agreement. The business was only obliged to pay the customer for the costs of the repair if a covered component suffered from a mechanical or electrical failure, meaning general wear and tear, as well as metal fatigue were excluded. In the case of Mr G, the evidence did not demonstrate that the clutch failed as a result of a mechanical or electrical defect, and was therefore not covered by the terms of the warranty. With no information from the consumer to suggest the contrary, the vehicle warranty provider was not found to be in breach of the Vehicle Warranty Products Code, and was not obliged to reimburse Mr G for the sum of £2,459. The outcome was not disputed by either party, and the case was closed.



### 2.3.5 Vehicle Warranty Products Code case studies reviewed by ICAP (continued)

#### Consumer's claim

Vehicle age	10 years old
Vehicle mileage	60,000
Outcome	Complaint not upheld
Award	None

Ms H bought an eight-year-old two-seater sports car in June 2016, and renewed her extended warranty policy the following year. In 2018, she had a recurring red engine light on the dashboard, and visited a garage to have the issue diagnosed at a cost of £300. The business partially dismantled the engine and suspected an issue with a piston on cylinder number one due to a misfire, but ruled out any problems with the injector, coil pack and spark plug. The consumer deemed this to be a “sudden mechanical breakdown of a covered component” i.e. the engine, as per the terms and conditions of the warranty, and so made a claim for repairs costing £3,050 so that she could continue to use her vehicle.

After reviewing the evidence, the warranty provider declined it, as the cause was considered to be wear and tear as per the engineer's technical inspection report commissioned by the warranty company. She appealed against the decision, but was unsuccessful, so she brought her case to The Motor Ombudsman.

#### Response of accredited business

The vehicle warranty provider commissioned their own technical report, which found that, after stripping the engine, piston number one was operating freely and not broken, but there was evidence of an oil bypass to the piston rings in cylinders two and three. They concluded that the cause of this was consistent with the expected wear and deterioration of the piston rings. Therefore, the failure that Ms H experienced was not covered under the terms of her warranty as it was not deemed to be a sudden breakdown. They explained that, as per the definitions section of the agreement, “Breakdown means the sudden and unexpected failure of a component.”

#### Adjudication outcome

The vehicle warranty provider is only obliged to cover repair costs when a listed component suffers a sudden and unexpected failure for a reason other than wear and tear or gradual deterioration, due to use over time.

The warranty company provided a copy of the independent technical report stating that the pistons failed due to gradual deterioration caused by general use, and therefore, the failure was not covered by the agreement.

As such, the evidence showed that the pistons failed as a result of gradual deterioration and wear and tear, meaning that the warranty provider did not have an obligation under the warranty agreement to cover Ms H's repair costs of £3,050. Neither party disputed the adjudication outcome, and the case was closed.



### 2.3.5 Vehicle Warranty Products Code case studies reviewed by ICAP (continued)

#### Consumer's claim

Vehicle age	6 years old
Vehicle mileage	87,000
Outcome	Early resolution
Award	Goodwill - £500

Mr I bought a '51-registration executive coupé from a private seller in August 2017, and took out a two-year extended warranty policy. In early October, the car broke down due to an issue with the gearbox, and it was recovered to a garage specialising in the make of the consumer's vehicle.

The business was unable to find the exact cause of the problem, and was directed by the vehicle warranty provider on the 12th of October 2017 to carry out extensive diagnostics, which involved lowering and stripping the gearbox. Mr I acknowledged that he would be liable for the cost of £200 if his warranty claim was not successful.

The specialist garage took the car to another business for the dismantling of the gearbox, and they found that the issue related to a faulty mechatronic system (the computerised control unit of the gearbox). The warranty company was informed of this, but responded on 27th October to say that Mr I's claim was unsuccessful on the basis that the fault was pre-existing as highlighted in the previous visit to the garage. The consumer disagreed and explained that

the warranty provider had not sent out an engineer to inspect the vehicle before coming to a conclusion that the fault was pre-existing. The car had also been well-maintained using genuine parts.

Mr I lodged an appeal with the warranty provider, and was unsuccessful, but the vehicle warranty provider did offer to send out an engineer on the 03rd of November to determine the condition of the gearbox. However, the consumer was concerned that he would have to pay another £200 to strip the transmission once more, simply because the warranty provider had forgotten to provide an independent inspection when the gearbox had previously been stripped.

A manager at the warranty company acknowledged a lapse in the process, but continued to reject Mr I's claim on the basis that a particular part of the mechatronic system was not covered under the policy – a narrative which was different to that provided by the claims team. To help resolve the issue, the manager offered Mr I £500 towards the cost of the repair, but couldn't offer anything more as the consumer still had two instalments remaining on his policy.

As far as the customer was concerned, the fault was never raised in prior visits to a garage and an engineer was not sent out to inspect the car. Therefore, Mr I was looking for the warranty provider to cover the full cost (£2,400 including VAT and labour) of replacing the mechatronic solenoid and wiring kit.

#### Response of accredited business

The vehicle warranty provider reiterated that they must treat all customers equitably, so they were unable to cover pre-existing non-listed component claims. They also highlighted their goodwill gesture of £500 towards the cost of the repair, but as Mr I still had £300 of instalments left to pay, they could not offer a 50% refund of the total repair cost.

#### Adjudication outcome

Mr I accepted the £500 goodwill gesture as an early resolution and settlement to his case. Therefore, there was no requirement for an adjudicator to deliver an outcome on this occasion and the case was closed with no further action taken.



## 2.4 Vehicle Sales Code



Launched in 2016, **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.<sup>10</sup>

The Vehicle Sales Code covers the following principal areas:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Advertising;                            | <input checked="" type="checkbox"/> The provision of warranty products; |
| <input checked="" type="checkbox"/> The presentation of used cars for sale; | <input checked="" type="checkbox"/> The provision of finance products;  |
| <input checked="" type="checkbox"/> The presentation of new cars for sale;  | <input checked="" type="checkbox"/> Aftersales support; and             |
| <input checked="" type="checkbox"/> The vehicle sales process;              | <input checked="" type="checkbox"/> Complaints handling.                |

No changes were made to the content of the Vehicle Sales Code in 2019.

### 2.4.1 Vehicle Sales Code performance data

	2017	2018	2019	Trend (2019 v 2018)
Consumer contacts	16,780	27,977	25,608	▼
Early resolutions*	12	4	5	▲
Adjudication cases**	944	1,993	2,623	▲
Ombudsman final decisions	97	161	155	▼
Escalation rate (Contacts to cases)	6%	7%	10%	▲

\* For the period 01st October to 31st December 2019 only.

\*\* The adjudication cases figure relates to the volume of cases passed to the case investigation stage for review.

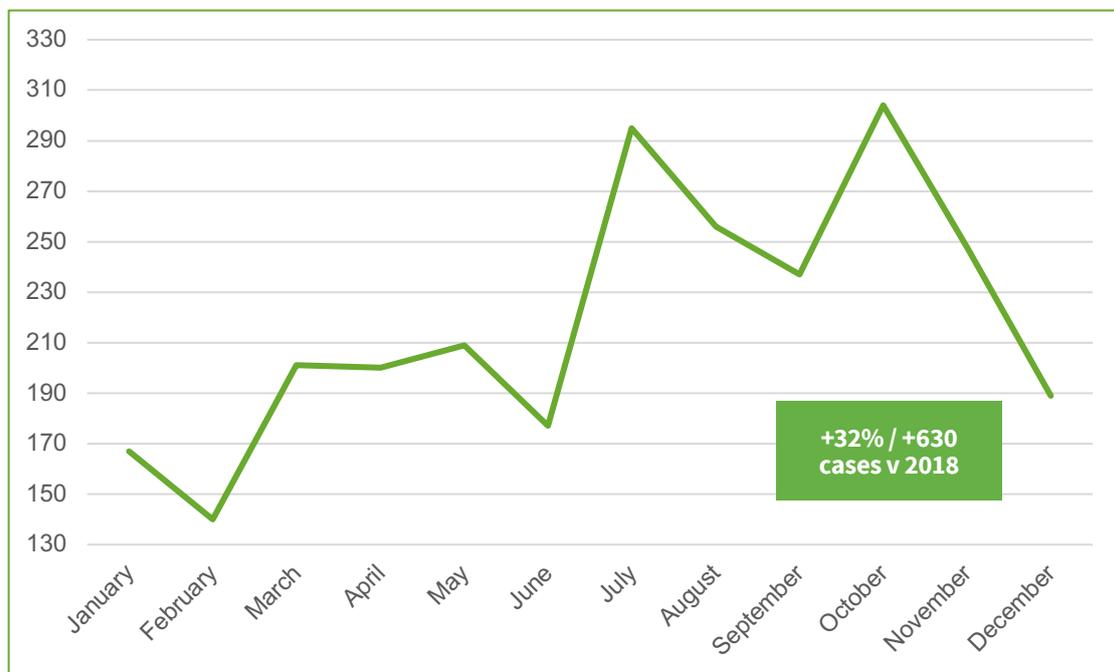
<sup>10</sup>[www.themotorombudsman.org/garage-finder](http://www.themotorombudsman.org/garage-finder)

## 2.4.2 Vehicle Sales Code performance charts

Vehicle Sales Code contact volumes by month (Jan - Dec 2019)



Vehicle Sales Code case volumes by month (Jan - Dec 2019)



### 2.4.3 Vehicle Sales Code performance analysis

Although the amount of consumer contacts decreased year-on-year by 8% to just over 25,600, the volume of cases associated with potential breaches of the Vehicle Sales Code grew by nearly a third (32%) to 2,623, equating to a significant rise of 630 versus the number of cases seen in 2018.



### 2.4.4 Vehicle Sales Code cases by breach

Source of breach	2017	2018	2019	Trend (2019 v 2018)
1.0 Advertising	6%	11%	7%	▼
2.0 Presentation of used cars for sale	5%	6%	9%	▲
3.0 Presentation of new cars for sale	2%	2%	2%	▬
4.0 The vehicle sales process	11%	11%	7%	▼
5.0 Provision of warranty products	1%	0%	1%	▲
6.0 Provision of finance products	6%	2%	1%	▼
7.0 Quality of a vehicle at the point of purchase	64%	55%	48%	▼
8.0 Aftersales support	4%	12%	25%	▲
9.0 Complaints handling	1%	1%	1%	▬

Consumer complaints relating to the Vehicle Sales Code in 2019 resulted from the following principal breaches:

#### Vehicle purchase quality (48% of breaches):

- The seller of the vehicle did not meet its legal obligations to the consumer, and the car was not fit for purpose, of satisfactory quality, and as described [7.4]<sup>11</sup>; and
- The accredited business did not ensure that the vehicle supplied to the consumer was of a high-quality standard [7.0].

#### Aftersales support (25%):

- The accredited business did not meet its legal obligations to the consumer [8.5];
- The consumer was not made aware of the aftersales support available by the vehicle retailer [8.1]; and
- The aftersales support and the seller's facilities did not operate in line with The Motor Ombudsman's Motor Industry Code of Practice for Service and Repair [8.3].

#### Presentation of used cars for sale (9%):

- The accredited business withheld information which would have influenced the consumer's purchasing decision [2.11]; and
- The customer did not receive information that could affect have affected the transaction [2.13].

<sup>11</sup>Numbers in brackets denote Code of Practice clause reference.

### 2.4.5 Vehicle Sales Code case studies reviewed by ICAP

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

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

#### Consumer's claim

Vehicle age	5 years old
Vehicle mileage	61,000
Outcome	Complaint not upheld
Award	Goodwill - £375

In November 2017, Mr J bought a four-year-old coupé from a dealership under their Approved Used Car programme. Nine months later, in August 2018, the car failed its MOT at another business due to a defective handbrake. The Approved Used programme included MOT test failure cover if the vehicle failed its next MOT, thereby covering the cost of repairing, replacing or altering parts up to the value of £750 for cars over two years of age.

Mr J called the dealership that sold him the car, and informed them that it had not passed its MOT, and the business came to collect the vehicle. After inspecting it, they told the consumer that he would have to pay £750 to repair the handbrake. When Mr J explained that he had bought the car under the Approved Used Programme, the dealership said that the brakes were not covered, but as a gesture of goodwill, he was offered a 50% discount (i.e. £375). The customer responded to the business, explaining that, when he purchased the vehicle, it would be fixed free of charge if it failed the MOT, a benefit that was also highlighted on the dealership's website.

Mr J therefore thought that this was false advertising by the business, and it was an influential factor in his decision to buy the car. He was therefore looking for the business to fix the handbrake free of charge.

#### Response of accredited business

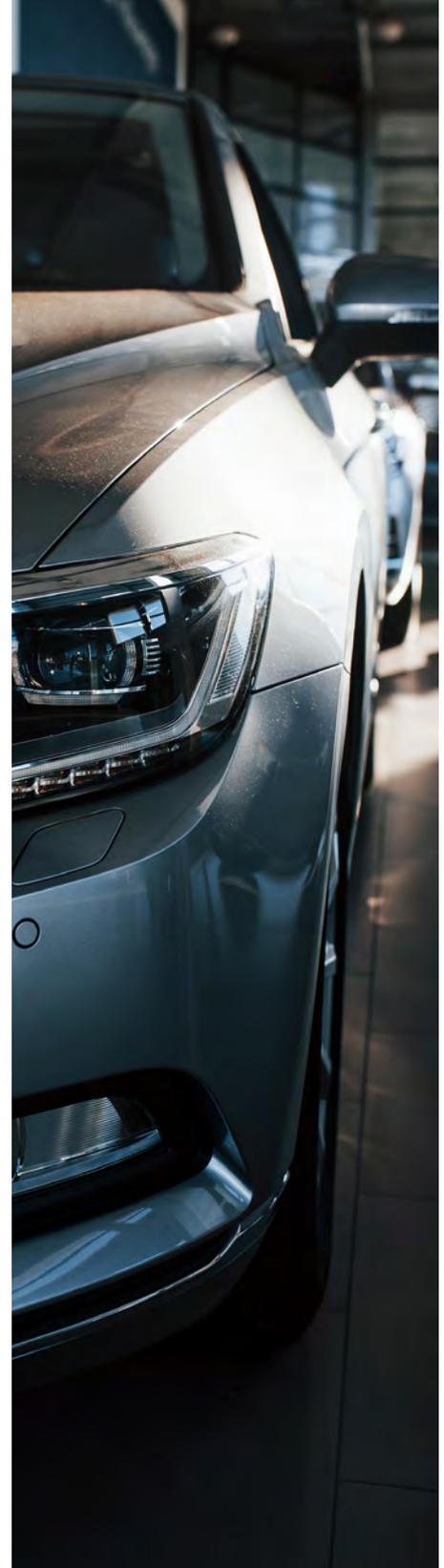
When the vehicle was purchased, it was out of warranty, and a one-year Approved Used Warranty was applied to the vehicle when it was sold to Mr J. The business confirmed that they had always looked to resolve the concerns of the consumer and had offered a 50/50 split as a goodwill gesture on this repair, but this was firmly rejected by Mr J.

#### Adjudication outcome

The Motor Ombudsman adjudicator noted that the vehicle was sold with an additional year's warranty, which stated that, should the vehicle fail its MOT, the cost of the repair or replacement parts would be free of charge. However, this was subject to terms and conditions, and the warranty specified parts that were and were not covered.

The adjudicator was satisfied that the dealership explained correctly to Mr J that brake friction material and general wear and tear were excluded under the terms of the warranty. The business identified that the handbrake had failed due to the handbrake shackles seizing, which eroded the linings on the shoes that provide the friction needed to stop the vehicle from moving. Although these are subject to less wear and tear than regular brake pads, they do suffer from wear and tear and corrosion.

Therefore, the evidence provided to the adjudicator did not demonstrate that the issue with the handbrake was present at the time the car was purchased, and did not reasonably illustrate a breach of the sales contract between the dealership and the consumer. As a result, Mr J's complaint was not upheld in his favour, but the offer made by the business to cover 50% of the repair costs as a gesture of goodwill was considered a reasonable resolution to his dispute. Both parties accepted the adjudication outcome, and the case was closed.



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

### Consumer's claim

Vehicle age	12 months old
Vehicle mileage	9,000
Outcome	Complaint upheld
Award	£500

On the 08th of July 2018, Ms K part exchanged her existing '59-plate vehicle for a used '17-registration hybrid car on a hire purchase finance agreement. However, Ms K claimed that when paying the deposit, she was not aware that it was "non-refundable". The amount of £500 was suggested by the sales representative for the down payment (thereby leaving £17,500 still to be paid), as the consumer was not aware of a deposit amount that was considered reasonable.

Furthermore, the initial payment was also made by Ms K before she had received or signed any paperwork to acquire the vehicle, and the deal subsequently fell through, as the figures on the documents, which were subsequently provided, did not match those that had been agreed verbally between the business and Ms K. The consumer was therefore looking for her deposit of £500 to be returned, but the dealership refused to refund it.

### Response of accredited business

This contract between the business and Ms K clearly showed the correct amount of £17,500 to finance the purchase, and was signed and actioned as per the terms and conditions of the contract. They therefore did not accept the consumer's request for the cancellation of the contract on the grounds that it had been mis-sold and did not agree to return Ms K's deposit. As a result, the dispute was taken by the consumer to The Motor Ombudsman.

### Adjudication outcome

The evidence presented to the adjudicator did not show that the business provided incorrect information to Ms K about the financing for the purchase. As a result, The Motor Ombudsman did not find the business to be in breach of the sales contract, as no incorrect information was provided.

However, the card payment for the deposit was made by Ms K at 13:43 on the 08th of July 2018, whilst the order form stated a time and date of 14:02 on the 08th of July 2018. This showed that Ms K paid the deposit to the dealership 19 minutes before she signed the sales agreement, which meant that the down payment was made before Ms K was informed that it was "non-refundable".

Therefore, since the consumer had not read or agreed to the terms and conditions prior to putting down the deposit, the business was unable to withhold it. As the business had essentially failed to inform Ms K of the terms of the contract prior to accepting payment, The Motor Ombudsman adjudicator recommended that the business returned the sum of £500 to Ms K. Both parties accepted the outcome and the case was closed.



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

### Consumer's claim

Vehicle age	2 months old
Vehicle mileage	400
Outcome	Complaint partially upheld
Award	Apology from the business

Mr L took delivery of a brand new supermini from a dealership on the 24th of October 2018. However, on the 21st of November 2018, the engine management light appeared with 350 miles on the clock when he was on the way to the airport to go on holiday. At the time, the vehicle was less than 30 days old, so the consumer made the seller aware that he wished to reject the vehicle in accordance with the terms of the Consumer Rights Act, and asked for a full refund (approximately £12,000).

On returning from his vacation a week later, Mr L handed back the keys, the documents and the car to the retailer on the 29th of November 2018 and asked if a diagnostics machine was available, but it was not due to staff sickness. The New Car Sales Manager informed the consumer that they would only give Mr L his money back if there was evidence of a serious safety or engine defect.

Mr L also made it clear that he would not accept the repair of any diagnosed faults and was also not authorising any work to be done on the car. Nevertheless, the consumer claimed that the dealership reset the error codes and updated the vehicle's outdated software, as they explained that this might have been the cause of the light coming on.

On the 5th and 10th of December 2018, the dealership asked the consumer to

collect the car, as they had not been able to replicate the fault, but he refused to do so as he had rejected it and did not accept that a new car was of satisfactory quality if it had to be returned so soon after purchase.

The business sought legal advice and subsequently threatened the customer with court action and storage charges of £15+VAT per night, and due to the deadlock, the business advised Mr L on the 27th December that the dispute could be taken to The Motor Ombudsman to be resolved through the ADR process. As a remedy to his complaint, Mr L was looking for a full refund of the purchase price and any other award that was considered appropriate in the circumstances.

### Response of accredited business

Following tests and diagnostics whilst the vehicle was on their premises, the dealership confirmed that no faults had been replicated or had been found. A software update was carried out, as suggested to them by the vehicle manufacturer, to ensure that the communication modules had the latest synchronisation settings.

Whilst the business was aware and understood that the reason for the customer's rejection was due to a lack of confidence in the vehicle, this did not constitute sufficient grounds for rejection and a full refund. Therefore, the dealership advised that the car was ready for collection or requested that the consumer provided a suitable date for the return of his vehicle to his home address.

### Adjudication outcome

After reviewing the evidence, the adjudicator stated that both the Consumer Rights Act 2015 and The Motor Ombudsman's Vehicle Sales Code require that a vehicle is fit for purpose intended, of satisfactory quality and as described when sold by a business.

The adjudicator appreciated Mr L's concerns that the vehicle was brand new, and that he should not have expected warning lights to appear so soon after purchase. However, the Consumer Rights Act did not give the consumer the ability to automatically reject the vehicle within the first 30 days of

ownership. He was informed that he must be able to demonstrate that the vehicle was faulty if he was looking for a short-term right to reject.

The fact that the engine management light came on did not in itself prove that the vehicle was faulty or of unsatisfactory quality. The light simply indicated that there was a problem that needed to be checked, and on some occasions, nothing is found to be wrong with the vehicle.

Furthermore, the business informed The Motor Ombudsman the dealership's technicians did not find any faults, and once the update had been applied, the vehicle was found to be running correctly with no further issues. Therefore, the adjudicator concluded that there was no proof of a breach of contract, and that the warning light did not render the vehicle faulty or of unsatisfactory quality.

Nevertheless, Mr L was right in his claims that the vehicle should have been sold with all relevant updates already applied, and that the amends to the vehicle's software should not have been applied without his consent (a breach of The Motor Ombudsman's Service and Repair Code of Practice). In light of this, the adjudicator asked the business to issue a formal apology to the consumer.

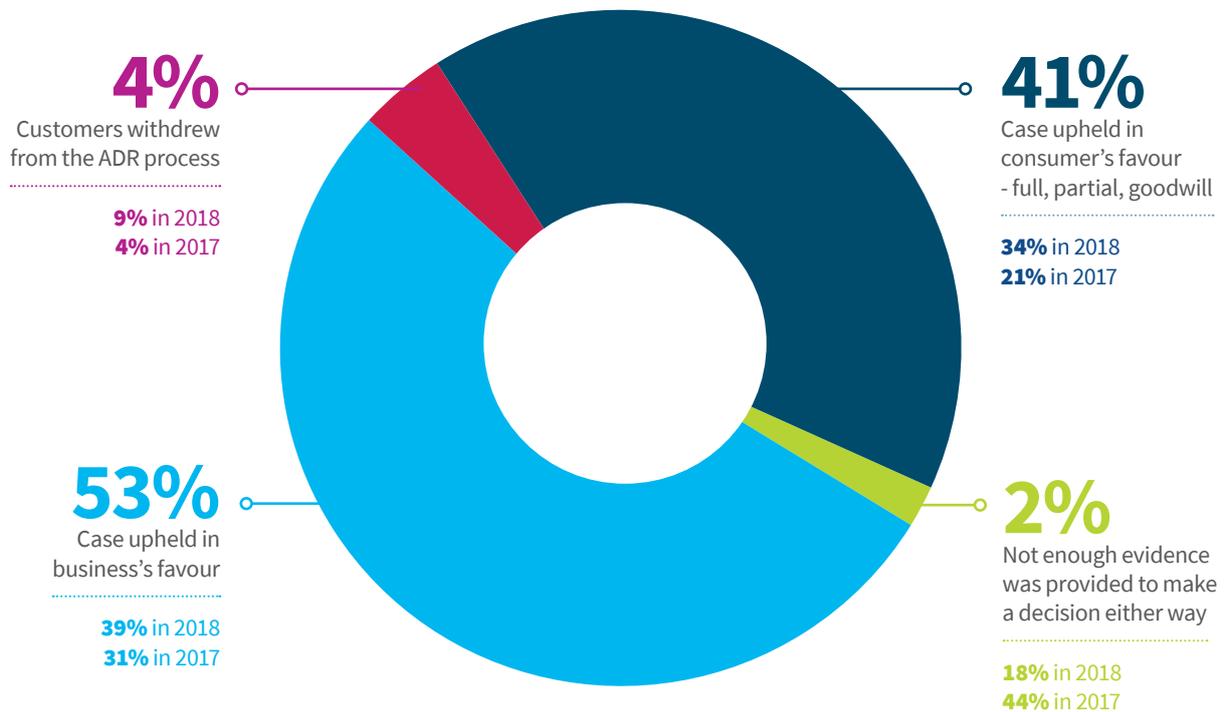
Having taken all of the above into account, the adjudicator stated that they could not support Mr L's rejection of your vehicle, as it would be deemed to be a disproportionate remedy in this case. Mr L disagreed with the adjudication outcome and asked for his case to be reviewed by an ombudsman.

### Ombudsman's final decision

The ombudsman reviewed the facts of the case, and because the engine management light illuminated once, and no actual fault had been identified, rejection wasn't considered a proportionate remedy, and the ombudsman couldn't conclude that the car was of unsatisfactory quality. However, she did direct the dealership to formally apologise to Mr L for carrying out a software update on the car without his consent. Both parties agreed with the final decision and the case was closed.



## SECTION 3: Breakdown of case outcomes in 2019



**NB:** There a variety of reasons for why we do not uphold complaints across all four Codes of Practice. Some examples include:

- Insufficient evidence, particularly technical, being provided to support the complaint;
- Complaints about minor defects that do not make vehicles of satisfactory quality or unfit for purpose; and
- Faults being due to normal wear and tear or caused by other external influences.

We are currently looking at the burden of proof and ensuring we are balanced in how we request evidence from businesses and consumers, to make sure our investigations remain proportionate, fair and reasonable.

### Case outcome summary:

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 refund), we provided in excess of **£1.13 million** as redress during 2019 (compared to more than **£1.2 million** in 2017 and **£1.7 million** in 2018). The amount claimed by consumers, but not awarded, was **£8.24 million** (e.g. requests to reject a vehicle), compared to **£2.3 million** in 2017 and **£4 million** in 2018. This is usually due to rejection requests, which are the highest value disputes considered by The Motor Ombudsman, and are often where we are able to find alternative remedies that are more proportionate. This can include, for example, repairing the vehicle or a price reduction to take into account the issue that was experienced.



## SECTION 4: Business compliance monitoring

Business compliance monitoring remained a core focus in 2019. The Motor Ombudsman increased engagement with customers, businesses and regulatory bodies, such as the Chartered Trading Standards Institute (CTSI), to address and resolve non-compliance issues as and when they arose.

### 4.1 Online self-assessments and physical audits

#### 4.1.1 Online self-assessments

Once an independent garage or franchised car dealership has expressed interest in joining The Motor Ombudsman, the completion of an online self-assessment is required when applying for accreditation to the Service and Repair, and/or Vehicle Sales Codes for the first time to demonstrate that they are compliant with the requirements of the Code(s). It asks businesses to complete information on subjects, amongst others, such as their staff training programme, their internal complaints process, as well as the advertising and sale of vehicles. The same self-assessment applies upon the renewal of the annual Code accreditation, and all businesses are asked to complete the assessment within 30 days of it being sent to them.

To November 2019, **655 online self-assessments** were completed for Service and Repair Code-accredited businesses (of which **123** businesses failed). In addition, **211 online self-assessments** for Vehicle Sales Code-accredited businesses were undertaken (of which **46** failed).

In the event of failed self-assessments, further guidance is provided by The Motor Ombudsman to resolve any outstanding requirements, which are then assessed prior to being awarded a "Pass".

#### 4.1.2 Physical on-site audits

Every year, physical on-site audits are carried out on a random sample of businesses within The Motor Ombudsman's nationwide accredited business network to ensure that

they continue to meet the necessary high standards for accreditation. To November 2019, The Motor Ombudsman completed a total of 211 physical on-site audits at Service and Repair Code-accredited businesses. Of these, three failed due to the lack of sufficient information provided, but they were subsequently contacted with the necessary remedial steps to meet the necessary standards.

A total of 77 physical assessments were carried out on businesses accredited to the Vehicle Sales Code, of which two failed.



## 4.2 Managing non-compliance

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

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

### \*Continued non-response and non-compliance

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

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

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

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

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

### \*\*Closer scrutiny

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

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

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

Once placed on the register at the discretion of The Motor Ombudsman, a business will be informed of any corrective action and the evidence required to remove them from it. If the concern is not resolved, suspension and / or a referral to ICAP may be required.

### 4.3 Accredited business suspensions in 2019

One accredited business was suspended in July 2019 pending review of the case by the Independent Compliance Assessment Panel (ICAP) in November 2019.

### 4.4 Accredited business expulsions in 2019

One accredited business was expelled by The Motor Ombudsman at a meeting of ICAP members in November 2019. This followed their earlier suspension in July 2019 and their subsequent failure to comply with an adjudication outcome in favour of the customer.

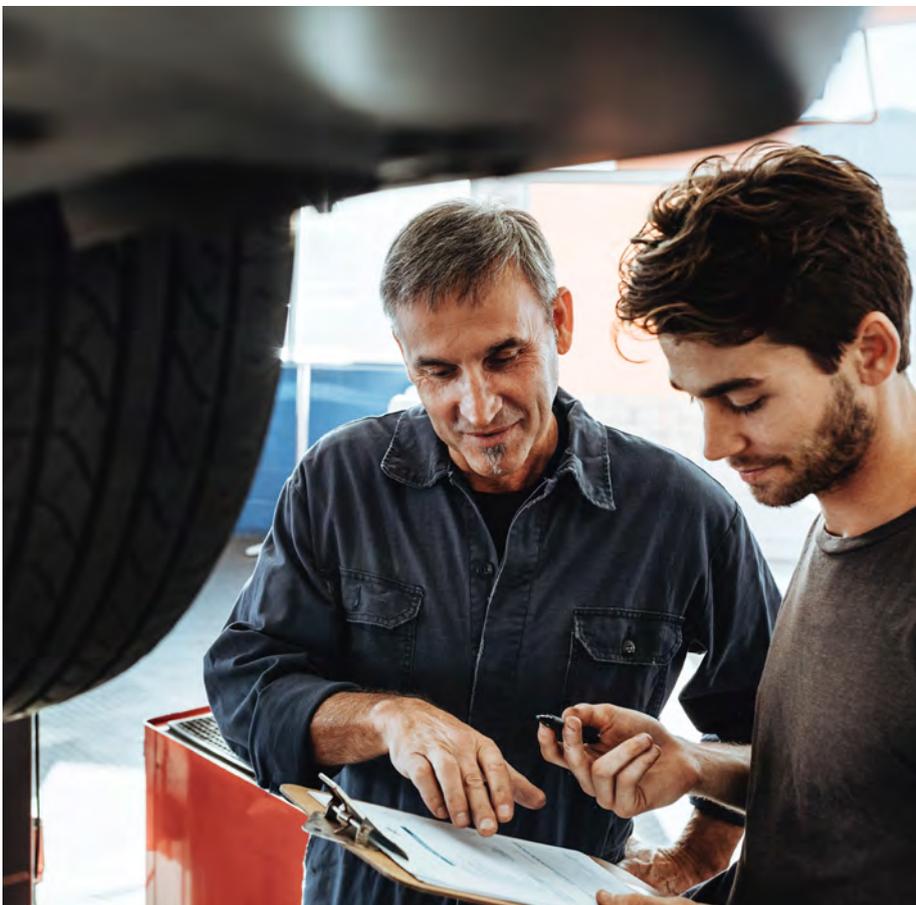
### 4.5 CTSI compliance



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

Therefore, to significantly increase the volume of subscribers showing the Approved Code logo and that of The Motor Ombudsman, an electronic Smart Badge 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 2020. A record will be kept of which organisations are featuring the Approved Code logo, and which remain outstanding in order for The Motor Ombudsman to have a "live" picture of business compliance.





#### 4.6 Compliance with the Ombudsman Association's Service Standards Framework

The OA's Service Standards Framework came into effect in May 2017. It provided a 'roadmap' that members of the OA, such as The Motor Ombudsman, can use to raise their own performance, to 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 being complained about.

The Framework provides five key measures for members that specifically relate to the service supplied to both the complainants and to the organisations that are the source of the dispute. The individual metrics are as follows:

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

In 2019, The Motor Ombudsman undertook the following actions in-line with the five measures detailed within the Service Standards Framework:

<p><b>1.0 Accessibility</b></p>	<p>TMO:</p> <ul style="list-style-type: none"> <li> Improved the online enquiry form;</li> <li> Increased the amount of information provided through the telephone system; and</li> <li> Added a question to the enquiry form asking if customers need any adaptations to our process.</li> </ul>
<p><b>2.0 Communication</b></p>	<p>TMO:</p> <ul style="list-style-type: none"> <li> Reviewed the information provided to customers at all stages of the ADR process;</li> <li> Looked at the language used in communications to make sure it is easy to understand and consistent; and</li> <li> Increased the number of factsheets provided on a range of subjects.</li> </ul>
<p><b>3.0 Professionalism</b></p>	<p>TMO:</p> <ul style="list-style-type: none"> <li> Improved new starter training, as well as increasing the range of learning and development for existing staff;</li> <li> Held a range of sessions with accredited businesses, using the complaints seen to help them develop and improve; and</li> <li> Worked on case management processes and internal reporting to improve the overall customer experience.</li> </ul>
<p><b>4.0 Fairness</b></p>	<p>TMO:</p> <ul style="list-style-type: none"> <li> Looked at case outcomes to identify any themes and trends;</li> <li> Introduced an unacceptable actions policy to ensure customers are treated fairly, whilst protecting staff; and</li> <li> Strengthened the sign-off process for new adjudicators and ombudsmen; and</li> <li> Revised the ICAP Constitution.</li> </ul>
<p><b>5.0 Transparency</b></p>	<p>TMO:</p> <ul style="list-style-type: none"> <li> Added lots of new articles to the Knowledge Base; and</li> <li> Published more case outcomes than ever before, as part of the online case study library.</li> </ul>

#### 4.7 Expansion of The Motor Ombudsman's online training portfolio

In September, The Motor Ombudsman added a fourth module to its Chartered Trading Standards Institute (CTSI)-approved online training portfolio, on the subject of **distance sales** in the automotive sector.

Suitable for any organisation in the UK selling new or second-hand cars (regardless of whether they are accredited to The Motor Ombudsman), it joined the existing suite of web-based courses on Alternative Dispute Resolution (ADR), the Consumer Rights Act 2015 and the General Data Protection Regulation (GDPR) introduced in 2018.

#### 4.8 Delivery of bespoke webinars

In December, The Motor Ombudsman delivered a webinar on the **legal changes** having the biggest impact on the automotive sector. It was attended by nearly 60 people, and covered topics, such as how climate change continues to impact the motor industry, data security and finance compliance.



## SECTION 5: ICAP member comments

### After reviewing this report, the Panel remarked that:

- ✓ It was content that The Motor Ombudsman had fulfilled its obligations, subject to the information supplied in the monitoring of the organisation, and compliance with the required standards of the Ombudsman Association, CTSI and ADR;
- ✓ The recent changes to the ICAP Constitution better reflected the areas of focus and KPIs, albeit they were a little more demanding on time;
- ✓ The breakdown of case outcomes chart illustrates the decisions made, and provides a tool to compare data in relation to previous years;
- ✓ The supplied glossary at the beginning of the report provides readers with The Motor Ombudsman's terms and descriptors;
- ✓ Consumer awareness of The Motor Ombudsman was noted as being down on previous years, especially in relation to male respondents.
- ✓ The new vehicle sales sector had the highest proportion of responses in The Motor Ombudsman's consumer awareness survey, and there were less complaints made about businesses in the automotive sector in 2019 when compared with 2018;
- ✓ Trading Standards was seen as the "go-to" for consumers when they had an unresolved complaint with a garage or dealership, despite The Motor Ombudsman's obvious role in dispute resolution. It was also slightly disappointing that 13% of complainants were happy to proceed down the court claim route despite the provision of ADR as a quicker and cheaper alternative, thereby reflecting a lack of understanding of different organisations in the landscape;
- ✓ Virtually all complaints made about The Motor Ombudsman's service by consumers in 2019 were in relation to a delay in responding to them, but changes put in place are expected to see a reduction in the volume of complaints in this area going forward;
- ✓ Considering the potential impact of recall notices on problems experienced by consumers is relevant to The Motor Ombudsman's work;
- ✓ It is important to protect consumers where problems of business non-compliance occur. Two follow-up points were agreed at the meeting in relation to this. The first was to ensure that a referral to Trading Standards is part of The Motor Ombudsman's expulsion protocol, so that action can be taken under consumer protection regulations or unfair terms rules. The second action was for The Motor Ombudsman to recommend to The Chartered Trading Standards Institute (CTSI) that they develop a policy to prevent "Code hopping" by expelled businesses.
- ✓ For the Vehicle Sales and Service and Repair Codes, checking for updates on recalls, and details on vehicles, should be made included in the guidance provided to case investigators;
- ✓ In the event that consumers need to obtain expert technical evidence to substantiate a complaint, it was recommended that guidance should be developed by The Motor Ombudsman on the qualifications required for technical experts, as well as when reports are deemed to be of "a court standard". This is so as to ensure that vehicle owners receive the best value for money when commissioning technical reports, thereby avoiding unnecessary expenditure;
- ✓ It should be ensured that vehicle warranty providers make all possible endeavours to avoid potential mis-selling through ambiguous statements made by third party agents about policy cover; and
- ✓ In respect of business compliance, The Motor Ombudsman was asked to look into providing a data analytics dashboard to ICAP members, so that key issues and trends could be identified over a chosen period.



Panel members also noted the following for each of The Motor Ombudsman's four Codes of Practice:



- There was disappointment that dealers were reluctant to share customer satisfaction data for collation by The Motor Ombudsman
- It was noted that complaints about the quality of a repair were down from 54% in 2017 to 37% in 2019, with the booking in process being the second highest service and repair complaint
- There were 13,714 contacts, 1,799 adjudications and 62 final decisions in 2019
- The service and repair customer experience noted in this report may help accredited businesses make improvements in the booking in of a vehicle and the approach of staff



- The volume of customer contacts in 2019 was similar to that in 2017 (9,671 versus 9,806), but adjudications went up from 514 in 2017 to 1,405 in 2019
- New car warranty complaints accounted for 73% of Code breaches, with advertising reducing year-on-year, but remaining in second place at 19%
- One of the principal breaches given for this Code – a manufacturer's new car warranty was not supplied to the customer on delivery of their vehicle, appears to be an easy-to-implement improvement for accredited businesses



- A steady rise in contacts was noted from 1,200 in 2017 to 1,800 in 2019, reflected by a rise in adjudications from 70 to 287 respectively
- Clarity of information was recorded as the largest Code breach, up from 18% in 2018, to 50% in 2019
- There was disappointment that high-pressure sales tactics were noted in point of sale scenarios. Exploring cases involving high pressure sales might be useful for accredited businesses to understand what consumers are experiencing. Unfamiliarity with the situation may be a factor contributing to this pressure
- As seen in previous years, wear and tear exemptions were a common complaint



- It was noted that consumer contacts were down from 28,000 in 2018 to 25,600 in 2019
- The Code recorded the highest number of adjudications for three years at 2,600, compared to 1,993 in 2018 and 944 in 2017
- Ombudsman decisions were down however at 153, from 161 in 2018
- The quality of the vehicle, as in previous years, was the largest Code breach at 48%, followed by aftersales support at 25%, up from 12% in 2018