



The Motor Ombudsman Annual Activity Report 2018

The Motor Ombudsman Ltd (TMO) achieved accreditation status under the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 on 24th June 2015.

Approval is granted from the Chartered Trading Standards Institute (CTSI), under arrangements delegated to them by the Secretary of State for the Department for Business Energy and Industrial Strategy.

It is incumbent on all certified providers to report to the Competent Authority on its annual statistics during each certification period as outlined in schedule 5 of the regulations.

This report is for The Motor Ombudsman Ltd during the period 1 October 2017 to 1 October 2018.

Section 1(a) – Volume of disputes received, including summary of dispute type and territory (domestic or cross border)

Enquiries are primarily categorised under the Codes of Practice we operate, (New Car, Service and Repair, Sales and Vehicle Warranty Products), where an issue does not fall under our remit or the enquiry is not about a consumer issue, the enquiry is classed as 'other'.

Not all enquiries made to TMO are formal disputes, with many consumers and businesses seeking guidance or information only and these are classed as enquiries.

Number of enquiries and cases from 1 October 2017 to 1 October 2018;

Enquiry Type	No. of Domestic enquiries	No. of domestic disputes (contacts progressed through ADR)	No. of cross border enquiries	No. of cross border disputes (contacts progressed through ADR)
Service and Repair Code	13,311	897	6	0
New Car Code	11,323	1,036	8	0
Vehicle Warranty Code	1,457	120	0	0
Vehicle Sales Code	26,459	1,732	15	4
Other	3,933	N/A	12	0
Total	56,483	3,785	41	4

Section 1(b) – Territory

TMO is only able to assist where a dispute falls within our jurisdiction, which is defined by our Codes of Practice. As we operate a self-regulatory regime, we can only assist where the dispute is with an accredited business and currently our Codes only cover UK based businesses. However any consumer, whether they are a resident in the UK or not, can access our scheme if they have a dispute with an accredited business.

While TMO predominantly receives domestic disputes due to the nature of the sectors our Codes cover, we have seen a 267% increase in cross border enquiries, and similarly, a 300% increase in the number of enquiries escalating to a case, albeit the numbers remain relatively low.

While purchasing a new car would typically take place in a local franchised dealer, vehicle sales are increasingly occurring online and at a distance. Consumers may be purchasing a vehicle in the UK and relocating abroad. Therefore, while we do not see a high volume of cross border disputes, we are seeing an increase, although this is also in line with our increased brand awareness.

Of the 41 cross border enquiries, only 15 originated from within the EU. These include enquiries from the Netherlands, Spain, Republic of Ireland, France and Cyprus. The remaining 26 enquiries were from out with the EU. These included enquiries from Israel, South Africa, Abu Dhabi and India.

Of the 41 enquiries, only four progressed to ADR and all of which related to a vehicle sales dispute, giving us an escalation rate of 10% of cross border enquiries progressing to ADR.

Section 2(a) – Details of any systematic or significant problems occurring frequently:

The Motor Ombudsman has now been providing alternative dispute resolution for over 10 years (formerly under the name Motor Codes Ltd).

The Motor Ombudsman has seen significant growth since 2016, driven in part by the rebrand of our service, which has resulted in consumer awareness increasing to 49%, but also because of the introduction of the vehicle sales code in 2016, an area previously not covered within our jurisdiction.

During the period 1st October 2017 to 1st October 2018, consumer enquiries have increased by 44% on the previous year, while case volumes have increased by 93%. Vehicle Sales disputes account for 46% of all enquiries to our service during this period.

Despite this growth, the volume of disputes being raised compared with the amount of consumer transactions taking place in the automotive sector remain relatively low. Nonetheless, for many consumers, a vehicle purchase can often be the second biggest purchase that they are likely to make after buying a house, and detriment can be significant when issues occur. This is not always limited to financial detriment, but impacts mobility with consumers who rely on their vehicle for a variety of reasons.

Positively, we continue to see low levels of advertising issues relating to service and repair transactions however, since the introduction of the Vehicle Sales Code we have seen an increase in issues relating to manufacturer advertising for new cars, with an increased correlation between these cases and sales disputes.

Following the ASA ruling on Glyn Hopkins and FCA UK Ltd, dubbed 'the used car scandal' in the media, we have seen a number of cases being raised where the vehicle history was not disclosed.

There are provisions within the Vehicle Sales Code covering this area under section 2.11 which states; ***‘the accredited business will not withhold information about a vehicle’s history or usage that may affect your decision to purchase a vehicle’***.

Only 2% of cases related to a breach of 2.11, and from a sample of these, it was clear not all were related to the vehicle history. Nonetheless, TMO issued out guidance to accredited businesses in order to help them understand the ruling and how they should comply with the requirements of the Sales Code.

The majority of sales disputes raised related to a quality issue with the vehicle.

Breakdown of Code breaches by percentage for the period 1st October 2017 – 2018:



Section 2(b) How can this problem be avoided or resolved in future?

Our Codes set out a specific set of commitments that traders should comply with, and in turn, ensures they are operating transparently and treating their customers fairly.

In the case of the used car scandal, we have issued guidance to help accredited businesses comply.

However many cases we see are borne out of an individual nature, whereas more widespread issues such as recalls would lie within the jurisdiction of the DVSA who operate a safety recall Code of Practice.

Where there is evidence of a systemic issue with a business not meeting the standards expected of an accredited business, they will then be subjected to a range of sanctions within our compliance regime. The aim of our Codes is first and foremost to raise standards as opposed to penalising businesses. TMO will offer guidance to a business in the first instance about how to improve and allow a reasonable opportunity for this to be actioned.

For more severe or persistent failures, or where a business has not improved after a reasonable period following a recommendation, then TMO may suspend or expel a business from the Code.

Expulsion is the severest sanction with a consumer warning flagged on our website for a period thereafter to warn consumers. In the last 12 months, we have only had to expel one business for non-co-operation with a case outcome.

During 2018, we have been hosting webinars for accredited businesses which allow us to reach a wider audience than our more traditional face-to-face training sessions. We have used the webinars as a proactive opportunity to promote excellent customer service and the benefits of effective complaints handling, including a focus on vulnerability.

What we will be undertaking in 2019 is an assessment of what complaints have fallen outside of our jurisdiction and a gap analysis of our Codes to ensure that they remain comprehensive and fit for purpose. Particularly as vehicle technology continues to evolve, and consumer buying behaviour with the growth of leasing products such as PCPs, allow more people to access new vehicles and change them more frequently.

We will also be looking at the potential to include micro businesses within our Code jurisdiction whilst enhancing our internal vulnerability policy so that it can also be shared with accredited businesses as best practice as is clear internal policies can often vary if indeed there is one in place at all.

We have also been investing in further training for our ADR officials, which will continue in 2019, with our remaining staff enrolling on relevant Ombudsman-approved courses with The Queen Margaret University, in addition to other legal and technical training sessions we will look to run.

3(a) – Average length of ADR proceedings

TMO operates a method of adjudication that is designed to resolve disputes within 33 working days. An early resolution procedure can be adopted at an adjudicator's discretion for any suitable cases that may be more urgent - these are usually resolved within 5 working days. More time may be taken to resolve complex cases, for example, where a party requires further time to gather evidence.

Territory	Average Case Handling Time
Domestic	66.5 days
Cross Border	88.5 days

Of all domestic adjudication cases closed during the period 1st October 2017 to 1st October 2018, these took an average of 66.5 days to close. For cross border cases these took an average of 88.5 days. While the cross border cases have a higher average as there was only four cases, three escalated to a final decision, therefore requiring an Ombudsman to complete a full and final review of the case. As a result, the average is higher due to the majority of these cases requiring a final decision, whereas only 9% of all adjudications required a final decision. This inevitably adds further time to the case and can often include cases that are more complex.

While these results remain compliant with the ADR regulations, our commitment is to deliver best in class service levels as we operate in a sector where consumers are reliant on their vehicles and can suffer further detriment if problems are not resolved quickly.

We have recently restructured our team during 2018 to improve case handling times with further enhancements being made in 2019 to utilise our systems, enhance automation and increase the data intelligence we can produce to provide greater insight.

Section 5 – Disputes rejected

Of all cases rejected, 66% were about a non-member, which has increased significantly in line with increased brand awareness. A further 22% of cases were rejected as they fell outside of our remit, and a further 8%, due to the consumer not having contacted the trader.

The remaining 4% of case rejections were made up of a mixture of reasons including cases already concluded in court or via another ADR provider.

Reason for case rejection	Volume 1st October 2015 – 1st October 2016	Volume 1st October 2016 – 1st October 2017	Volume 1st October 2017 – 1st October 2018
Have not contacted trader	74	152	218
Already using another ADR provider	6	18	23
Compensation / exceeds claim limit	6	31	16
Conflict of interest	0	0	0
Frivolous claim, already resolved	2	1	3
More than 12 months	0	1	4
Non Code remit	332	229	715
Non consumer	18	30	100
Trader not a Code accredited business	272	773	2,093
Already concluded legally	18	19	18
Vexatious claim	1	0	2
Total	729	1,254	3,192